



BMCE BANK OF AFRICA

ANNUAL REPORT

20
18



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Othman BENJELLOUN
Chairman & Chief Executive Officer

BMCE Bank of Africa Group's achievements in 2018 continue to demonstrate its diverse expertise, its extensive geographical footprint, the sound choices made in relation to its international strategy and its deep-seated interest in the many communities that are impacted by its every action.

The benefits of focusing to a large extent on the African continent can be seen in the latter's growing contribution to its operational and financial performance. The Group has also bolstered its European operations to serve the needs of Africa's economies and the diaspora more effectively. Since being privatised almost 25 years ago, BMCE Bank of Africa Group is embracing the future with a sense of optimism, buoyed by the success of a series of strategic plans that have enabled it to become one of the leading pan-African banking groups.

BMCE Bank of Africa Group's achievements in 2018 should be seen in a context of balance sheet optimisation, enabling it to bolster its capital adequacy ratios. The new Strategic Development Plan for the period 2019-2021 is consistent with the Group's desire to continue to bolster, over the long term, its international coverage and its multi-business expertise.



BMCE Bank of Africa has had a presence in Beijing for nearly two decades. In 2018, it underlined its longstanding affinity for China by opening the BMCE Bank of Africa Shanghaï Branch, becoming the first African bank to open a branch in Shanghaï.

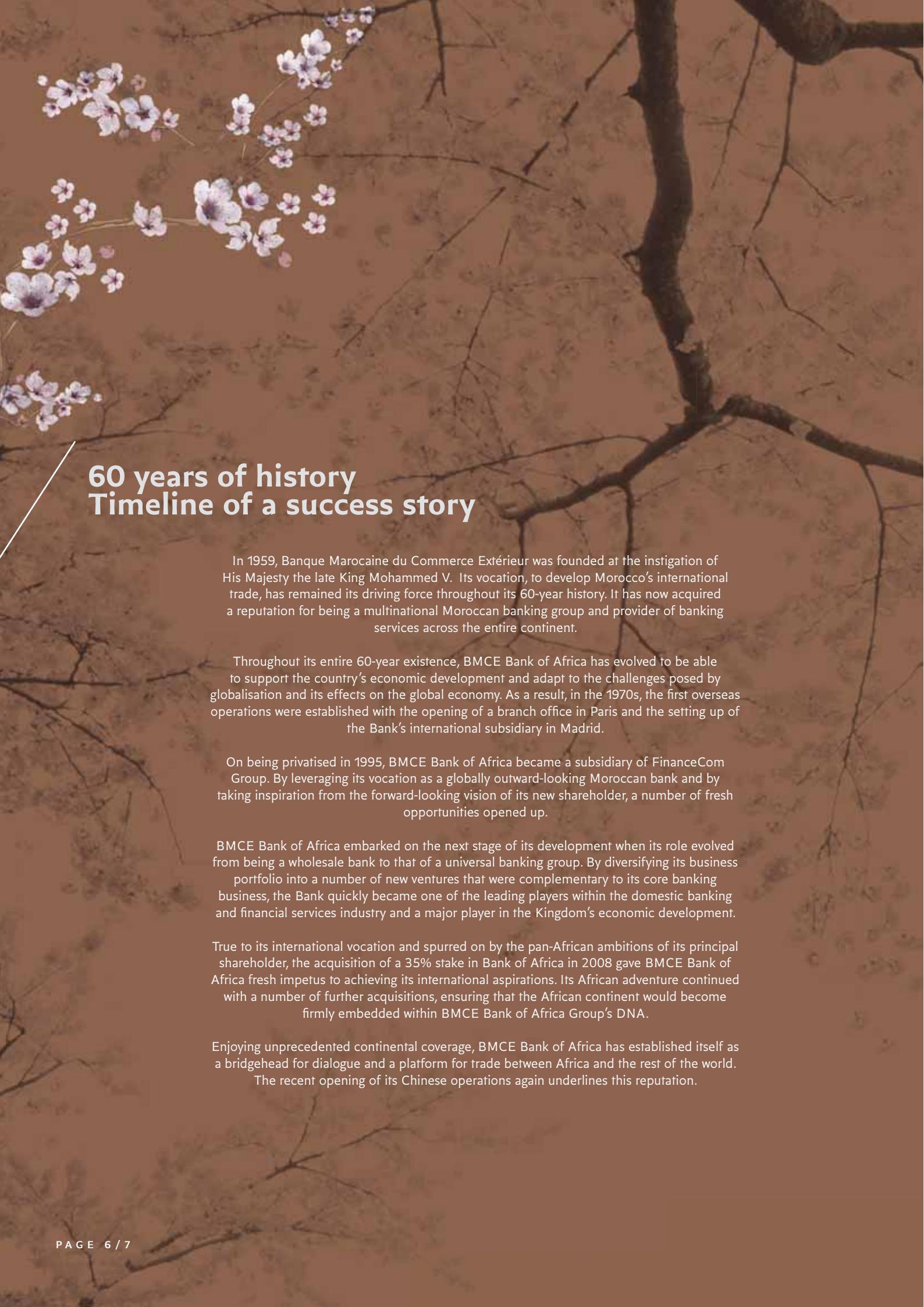
This new branch will enable BMCE Bank of Africa Group to play a part in China's 'One Belt, One Road' initiative, which aims to foster a new form of globalisation that is mutually beneficial, as well as contributing to Sino-African trade.

BMCE Bank of Africa's forward-looking vision aims to serve the Kingdom's best interests. Forever inspired by a desire to contribute to the development of the Moroccan economy, it has partnered large-scale projects such as the Tangier Med Port, which have comprehensively transformed Morocco. In 2016, in Beijing, BMCE Bank of Africa Group also played an active role as catalyst to the signing of a 'strategic partnership' between His Majesty King Mohammed VI and His Excellency the President of the People's Republic of China, Xi Jinping, the upshot of which has been one of Africa's large-scale projects, the Mohammed VI Tangier Tech Industrial City.

The future Mohammed VI Tower, a symbol of Morocco's and Africa's growing stature, is another flagship project. With its inspirational and original design, it is part of an ongoing process that aims to enhance Morocco's urban environment and promote the country's image at home and abroad.

Now more than ever, BMCE Bank of Africa stands out as a multi-dimensional Group that is able to generate not only economic value year after year but social value also. Its commitment to corporate social responsibility is now integral to its corporate culture. Responsibility for the Group's initiatives in promoting Positive Impact Finance and its efforts at encouraging entrepreneurship as a catalyst for economic and human development lies in this multi-dimensional approach. It is also inspired by the work of the BMCE Bank Foundation, whose achievements in rural education in Morocco and Africa are often held up as a role model.

On the eve of its 60th anniversary, BMCE Bank of Africa is steadfastly determined that the African continent will become a major component of the global economy and Morocco a platform and talent pool within Africa, the cradle of humankind.



60 years of history Timeline of a success story

In 1959, Banque Marocaine du Commerce Extérieur was founded at the instigation of His Majesty the late King Mohammed V. Its vocation, to develop Morocco's international trade, has remained its driving force throughout its 60-year history. It has now acquired a reputation for being a multinational Moroccan banking group and provider of banking services across the entire continent.

Throughout its entire 60-year existence, BMCE Bank of Africa has evolved to be able to support the country's economic development and adapt to the challenges posed by globalisation and its effects on the global economy. As a result, in the 1970s, the first overseas operations were established with the opening of a branch office in Paris and the setting up of the Bank's international subsidiary in Madrid.

On being privatised in 1995, BMCE Bank of Africa became a subsidiary of FinanceCom Group. By leveraging its vocation as a globally outward-looking Moroccan bank and by taking inspiration from the forward-looking vision of its new shareholder, a number of fresh opportunities opened up.

BMCE Bank of Africa embarked on the next stage of its development when its role evolved from being a wholesale bank to that of a universal banking group. By diversifying its business portfolio into a number of new ventures that were complementary to its core banking business, the Bank quickly became one of the leading players within the domestic banking and financial services industry and a major player in the Kingdom's economic development.

True to its international vocation and spurred on by the pan-African ambitions of its principal shareholder, the acquisition of a 35% stake in Bank of Africa in 2008 gave BMCE Bank of Africa fresh impetus to achieving its international aspirations. Its African adventure continued with a number of further acquisitions, ensuring that the African continent would become firmly embedded within BMCE Bank of Africa Group's DNA.

Enjoying unprecedented continental coverage, BMCE Bank of Africa has established itself as a bridgehead for dialogue and a platform for trade between Africa and the rest of the world. The recent opening of its Chinese operations again underlines this reputation.

KEY DATES

NEW CORPORATE NAME ADOPTED, BMCE BANK OF AFRICA GROUP, THEREBY BOLSTERING THE GROUP'S AFRICAN CREDENTIALS

STAKES RAISED IN BOA TO 75%, IN BANQUE DE DÉVELOPPEMENT DU MALI TO 32.4% AND IN LCB BANK TO 34%

LAUNCH OF THE AFRICAN ENTREPRENEURSHIP AWARD

ACQUIRES A 35% STAKE IN BANK OF AFRICA

2008

1ST NON-EUROPEAN BANK IN MOROCCO TO BE AWARDED A CORPORATE SOCIAL RESPONSIBILITY RATING

2004

BANK PRIVATISED

1995

OPENS ITS 1ST OVERSEAS OPERATIONS, A BRANCH OFFICE IN PARIS

BANK ESTABLISHED

1959

LISTED ON THE CASABLANCA STOCK EXCHANGE

2019 BMCE BANK OF AFRICA SHANGHAI BRANCH OFFICE OPENS

2017 PARTICIPATES IN THE OFFICIAL LAUNCH OF THE 'PRINCIPLES FOR POSITIVE IMPACT FINANCE' INITIATIVE

2016 1ST BANK TO ISSUE A 'GREEN BOND' AT THE COP 22 CONFERENCE

2013 USD 300 MILLION EUROBOND IS-SUED ON INTERNATIONAL MARKETS

2007 BBI LONDON STARTS OPERATIONS

2000 REPRESENTATIVE OFFICES OPENED IN LONDON AND BEIJING

2007-2019
...And now a multinational group

1995-2006
... To a universal bank ...

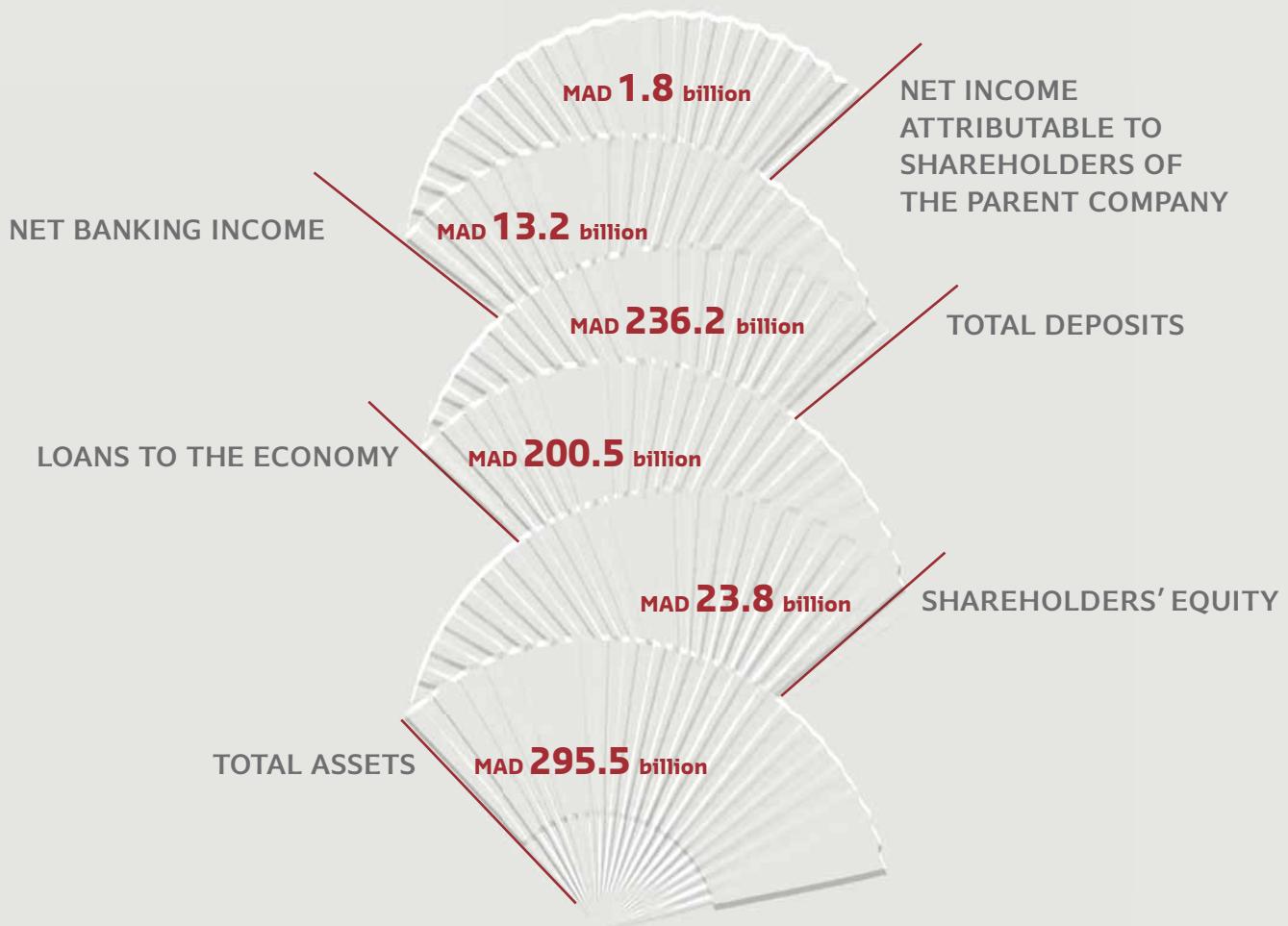
1959-1994
From a state-owned bank...

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BMCE Bank of Africa today

Over its 60-year history, BMCE Bank of Africa has established a solid set of fundamentals that will help drive future growth. In 2018, the Group reaffirmed its position as a leading player in the banking and financial services industry in Africa and as a multinational banking group.



A Member of FinanceCom Group

BANKING IN MOROCCO

- ◆ BMCE Bank: A universal bank, Morocco's 3rd largest bank with a 12.76% share of the loan market and a 13.48% share of the deposit market.
- ◆ RMA: One of Morocco's leading insurance companies with a 15.8% overall market share.
- ◆ RMA Capital Holding: RMA's asset management company.

GROWTH DRIVERS

- ◆ Meditelecom-Orange: The Kingdom's 2nd global telecommunications operator with 15.3 million subscribers.
- ◆ Agribusiness: Adarouch Ranch, Africa's largest bovine and organic beef producer and Morocco's No. 1 red meat slaughtering, cutting and processing operation.

PRIVATE EQUITY

- ◆ Fintech: A group of companies specialising in new information technologies structured around two main business lines: Energy & Infrastructure Division and Systems & Technologies Division.
- ◆ Other investments: CTM, Air Arabia Maroc and Brico Invest.

REAL ESTATE

- ◆ CAP ESTATE: The Group's real estate subsidiary with MAD 225 million of share capital.
- ◆ REVLY'S: A joint venture between FinanceCom Group and Aman Resort, specialising in financing tourism projects.
- ◆ Argan Capital: A real estate investment management company.

INTERNATIONAL

- ◆ FinanceCom International: A subsidiary overseeing the Group's asset management and real estate companies around the world.



INTER- NATIONAL

FINANCECOM
INTERNATIONAL

GROWTH DRIVERS

MEDITELECOM
-ORANGE-
CTM
AGRIBUSINESS
BIO BEEF
RANCH ADAROUCH
GREEN OF AFRICA
DEVELOPMENT
GREEN OF AFRICA
INVESTMENT

CORE BUSINESS

BMCE BANK
OF AFRICA
BANK OF AFRICA
BMCE
CAPITAL
BMCE BANK
INTERNATIONAL
MAGHREBAIL
SALAFIN
MAROC
FACTORING
LOCASOM
RM EXPERTS
RMA
RMA
CAPITAL

PRIVATE EQUITY

FINATECH
AIR ARABIA
BRICO INVEST

REAL ESTATE & TOURISM

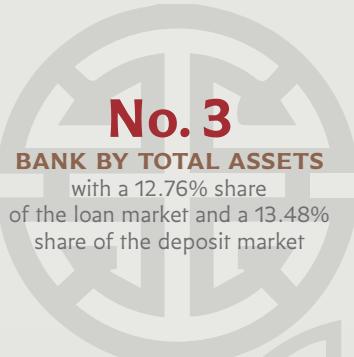
CAP ESTATE
RISMA
VILLAJANA
ARGAN INVEST
ACTIF INVEST
COLLIERS
INTERNATIONAL
MAROC
O TOWER
REVLYS

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A multi-business,
multi-brand banking group

Throughout its entire history, BMCE Bank of Africa has continued to build on its initial vocation by developing a number of businesses that are complementary to its core banking business as well as expanding its international footprint. The Group's operations are underpinned by two core business lines, banking in Morocco together with specialised financial services and international operations.



MOROCCO

INTERNATIONAL

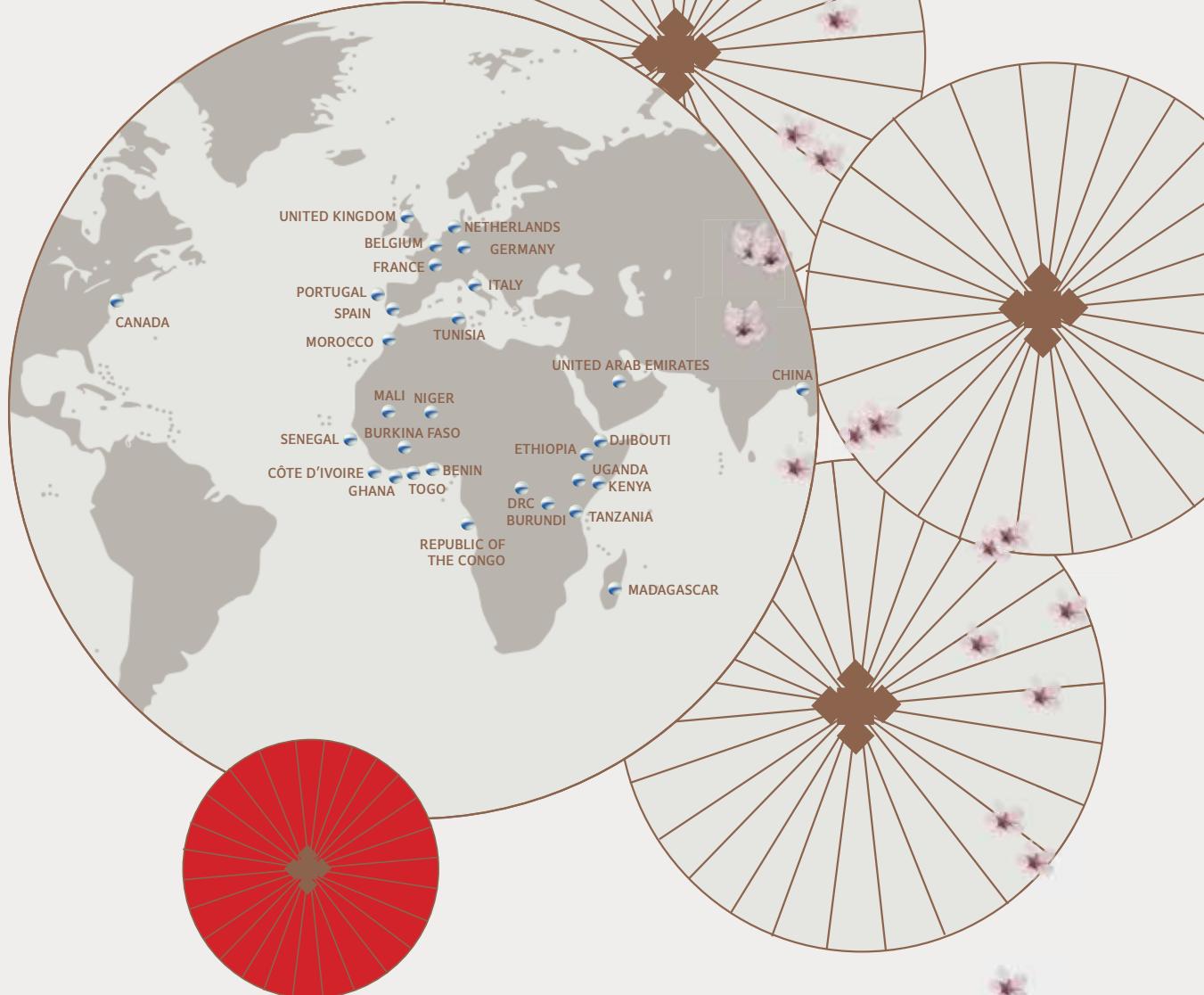
COMMERCIAL BANKING	SPECIALISED FINANCIAL SERVICES	INVESTMENT BANKING	OTHERS	AFRICA	EUROPE	ASIA
BMCE BANK PLC			LOCASOM	BANK OF AFRICA	BMCE INTERNATIONAL HOLDING	BMCE BANK OF AFRICA SHANGHAI BRANCH OFFICE
	MAROC FACTORING	BMCE CAPITAL	EULER HERMES ACMAR	LCB BANK	BMCE EUROSERVICES	
	MAGHREBAIL	BMCE CAPITAL GESTION	EURAFRIC INFORMATION	BANQUE DE DÉVELOPPEMENT DU MALI		
	SALAFIN	BMCE CAPITAL BOURSE	CONSEIL INGÉNIERIE ET DÉVELOPPEMENT			
	RM EXPERTS		AFRICA MOROCCO LINKS			
	BTI BANK					

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THE GROUP'S INTERNATIONAL OPERATIONS

An unrivalled global presence and pan-African market leader



BMCE Bank of Africa's overseas operations have been an integral part of the Group's DNA since it was founded. Historically, BMCE Bank Of Africa was the first Moroccan bank to venture beyond domestic borders when it opened a branch office in Paris in 1972. It was also the first Moroccan bank to set up operations in Africa and Asia.



1st

- Bank to establish international operations when it opened a branch office in 1972 in Paris
- Bank to establish operations in sub-Saharan Africa after restructuring Banque de Développement du Mali in 1989
- Moroccan Bank to have operations in East Africa and Southern Africa
- Bank to open a representative office in Beijing, China in 2000

INTERNATIONAL OPERATIONS

31 countries

BRANCH NETWORK

1 675 branches

PERSONNEL

15 244 employees

CUSTOMERS

more than 6 million

PRESENCE IN AFRICA

20 countries

INTERNATIONAL SUBSIDIARIES

4

BMCE BANK INTERNATIONAL HOLDING,
BANK OF AFRICA, BANQUE DE DÉVELOPPEMENT
DU MALI, LCB BANK

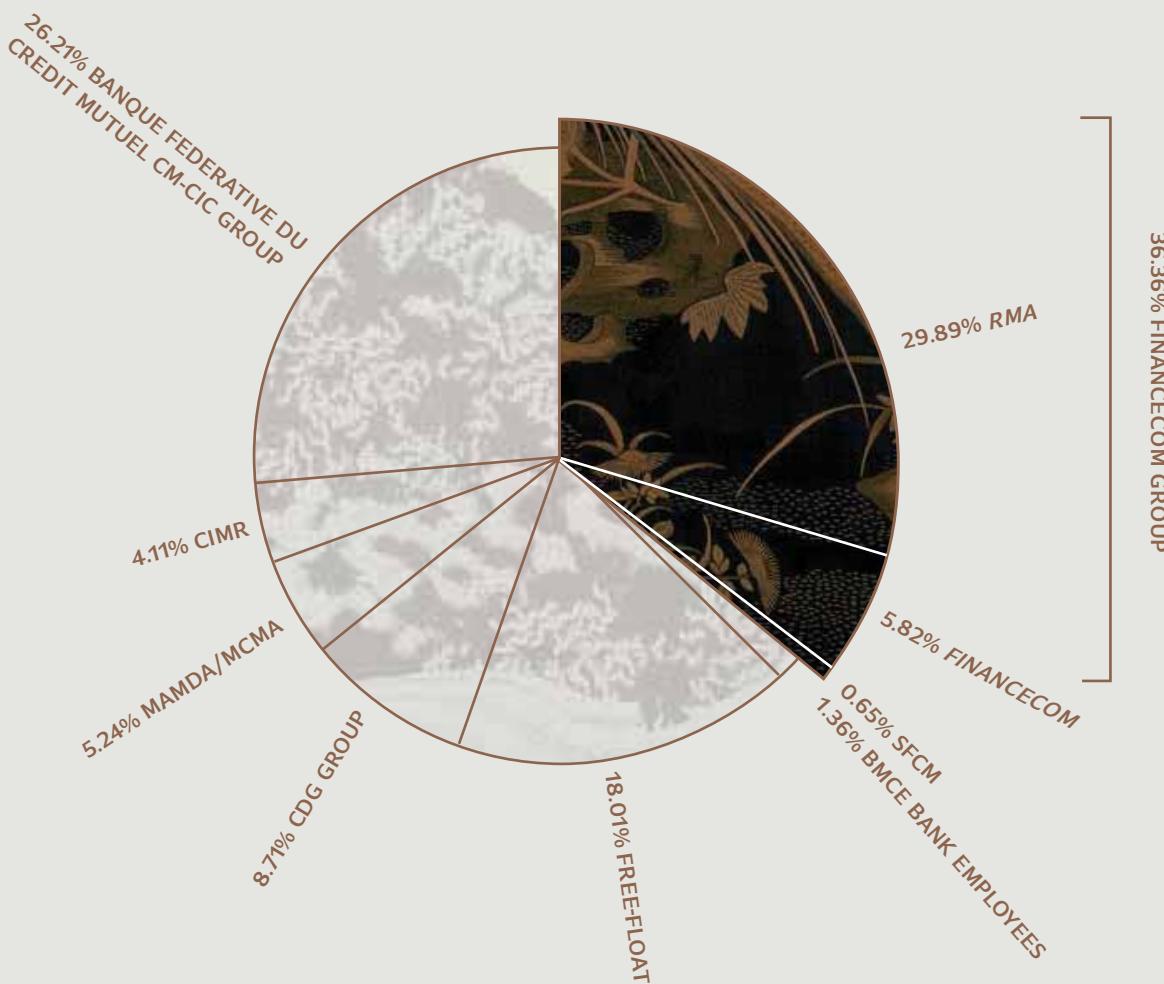
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A solid, well-diversified and stable shareholder base

When BMCE Bank Of Africa was privatised, a number of leading institutions invested in the Group. Over the years, its shareholder base has been bolstered with the arrival of other leading institutions that have underlined their confidence in the Group's potential by supporting it in its development.

SHAREHOLDER STRUCTURE
AT END-MAY 2019



FINANCECOM

A leading private sector Moroccan Group with pan-African coverage and operations in a variety of high growth sectors such as banking, insurance, telecoms and media.

CDG GROUP

Morocco's No.1 institutional investor and a benchmark domestic institution with interests in businesses such as public investment finance and investment management.

BFCM-CM-CIC GROUP

A major player in France in retail banking, bank-insurance, bank cards and banking for professionals.

RMA

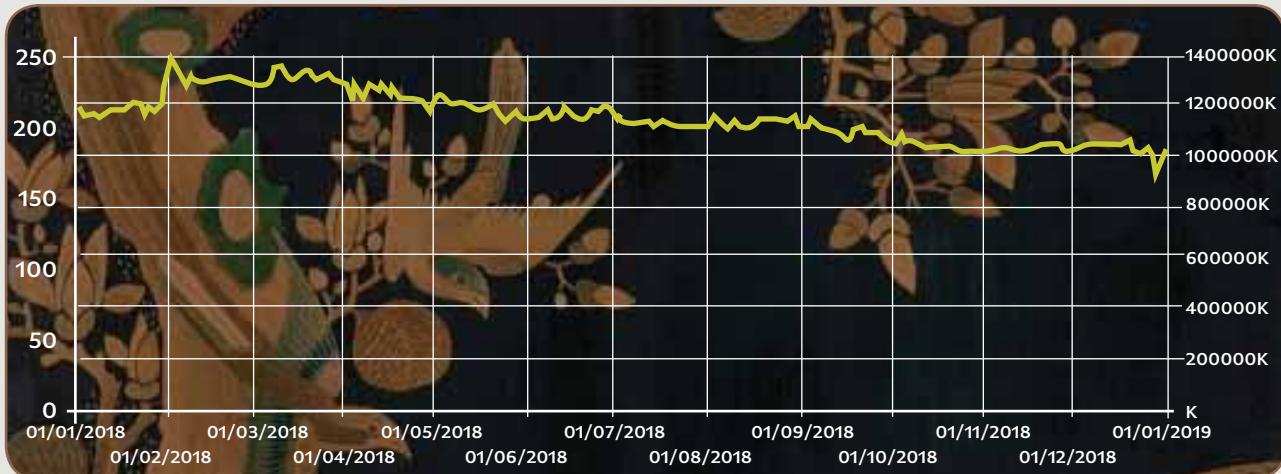
A key player in the insurance and bank-insurance market and one of North Africa's leading companies with an extensive and solid distribution network.

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SHARE PRICE AND FINANCIAL RATING

SHARE PRICE PERFORMANCE IN 2018



BMCE Bank of Africa's share price was broadly stable in 2018. The most pronounced move came in early February when the stock rose to reach a peak of MAD 250. It then remained at around that level for nearly a month before falling back to more sustainable levels.

MAIN SHARE PRICE INDICATORS

CLOSING PRICE	MAD 183.1
MARKET CAPITALISATION	MAD 32.9 BILLION
PER	17.9X
P/B	1.38X
D/Y	2.7%

FINANCIAL RATING

MOODY'S FEBRUARY 2019	FITCH RATINGS MARCH 2019	CAPITAL INTELLIGENCE SEPTEMBER 2018
<p>BANK DEPOSITS IN DIRHAMS: BA1</p> <p>FOREIGN CURRENCY BANK DEPOSITS: BA2</p> <p>FINANCIAL STRENGTH: D</p> <p>OUTLOOK: STABLE</p>	<p>LONG-TERM FOREIGN CUR- RENCY DEPOSITS: BB+</p> <p>SHORT-TERM FOREIGN CURRENCY DEPOSITS: B</p> <p>LONG-TERM LOCAL CUR- RENCY DEPOSITS: BB+</p> <p>SHORT-TERM LOCAL CUR- RENCY DEPOSITS: B</p> <p>VIABILITY RATING: bb-</p> <p>OUTLOOK: STABLE</p>	<p>LONG-TERM FOREIGN CURRENCY DEPOSITS: BBB-</p> <p>SHORT-TERM FOREIGN CURRENCY DEPOSITS: A3</p> <p>FINANCIAL STRENGTH RATING: BBB-</p> <p>SUPPORT RATING: 2</p> <p>OUTLOOK: STABLE</p>

In its most recent report on BMCE Bank of Africa, Fitch Ratings, the international credit rating agency, reaffirmed the Bank's overall Issuer Default Rating at BB+ with 'stable outlook'. It upgraded the Bank's viability rating from b+ to bb-.

Viability ratings measure the Bank's intrinsic (stand Alone) creditworthiness. The reason for the upgrade was that the Bank's risk profile improved in the wake of changes to the Group's growth strategy in Africa, thereby alleviating pressure on its capital adequacy ratios.

Corporate governance meeting the highest international standards

**BMCE Bank of Africa
has always adopted the
most stringent standards
of good corporate
governance, regardless of
whether such standards
have been set by the
country's regulatory
authorities or prudential
rules established by
international bodies.**

BMCE Bank of Africa's good governance system, the product of decades-long experience, is primarily based on the efficient functioning of corporate governance and management bodies. The latter comprise a well-diversified Board of Directors, which favours a collegial approach to decision-making, supported by bodies that are responsible for applying the strategic guidelines. Board members also include a number of independent domestic and international banking and finance experts.

BOARD OF DIRECTORS



from left to right
Othman BENJELLOUN
Lucien MIARA
Abdellatif ZAGHNOUN
Zouheir BENSAID
Hicham EL AMRANI
Azeddine GUESSOUS
François HENROT
Brian C. McK. HENDERSON
Philippe DE FONTAINE-VIVE
Christian DE BOISSIEU
Abdoun BENSOUDA
Brahim BENJELLOUN-TOUIMI

BMCE Bank of Africa Group's Board of Directors comprises twelve directors, four of whom are Independent Directors.

OTHMAN BENJELLOUN

Chairman & Chief Executive Officer of BMCE Bank of Africa Group
Date initially appointed: 1995¹
Current term of office: 2019-2025

BANQUE FEDERATIVE DU CREDIT MUTUEL CM-CIC GROUP

Represented by Lucien MIARA
Date initially appointed: 2005
Current term of office: 2014-2020

CAISSE DE DEPOT ET DE GESTION

Represented by Abdellatif ZAGHOUN
Date initially appointed²: 2010
Current term of office: 2016-2022

RMA

Represented by Zouheir BENSAID
Date initially appointed: 1994
Current term of office: 2019-2025

FINANCECOM

Represented by Hicham EL AMRANI
Date initially appointed: 2001
Current term of office: 2015-2021

AZEDDINE GUESSOUS

Intuitu Personae
Date initially appointed: 2017³
Current term of office: 2017-2023

FRANÇOIS HENROT

Independent Director
Date initially appointed: 2016
Current term of office: 2016-2022

BRIAN C. MCK. HENDERSON

Independent Director
Date initially appointed: 2016
Current term of office: 2016-2022

PHILIPPE DE FONTAINE-VIVE

Independent Director
Date initially appointed: 2016
Current term of office: 2016-2022

CHRISTIAN DE BOISSIEU

Independent Director
Date initially appointed: 2016
Current term of office: 2016-2022

ABDOU BENSOUDA

Intuitu Personae
Date initially appointed: 2018
Current term of office: 2018-2024

BRAHIM BENJELLOUN-TOUIMI

Group Executive Managing Director
and Chairman of Bank of Africa
Date initially appointed: 2004
Current term of office: 2016-2022

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¹ Each term of office shall take effect from the date on which the Annual General Meeting is held to rule on the previous year's financial statements.

² CDG had a seat on BMCE Bank's Board of Directors from 1966 to 1997 and was then reappointed at the Annual General Meeting of 26 May 2010.

³ Mr Azeddine GUESSOUS had a seat as an Intuitu Personae Director from 2005 to 2008, then as RMA's permanent representative before being appointed again as an Intuitu Personae Director in 2017.

**GROUP
EXECUTIVE
COMMITTEE**

Assumes responsibility for steering the Group's corporate strategy by acting as the operational bridgehead for the Board in making strategic proposals and implementing strategic decisions taken by the Board.

**GROUP RISKS
COMMITTEE**

Assists the Board of Directors in matters of strategy and risk management by ensuring that overall risk policy is adapted to the risk profile of both the Bank and the Group.

**GROUP AUDIT
AND INTERNAL
CONTROL
COMMITTEE**

Assists the Board of Directors in matters of internal control by ensuring that the internal control system functions correctly and is adapted to the Group's organisational structure and that the financial information intended for the Board of Directors and third parties is reliable and accurate. It also examines the parent company and consolidated financial statements prior to submitting them to the Board of Directors for approval.

**CORPORATE
GOVERNANCE,
APPOINTMENTS
&
REMUNERATION
COMMITTEE**

Advises and makes recommendations to the Board on how to adopt and maintain a good governance policy.

MANAGEMENT BODIES



GROUP GENERAL MANAGEMENT COMMITTEE

Assumes responsibility for translating and monitoring the Group's corporate strategy into operational initiatives and measures.

OPERATING COMMITTEE

Is the body that is responsible for reporting and information-sharing. It rules on any issue relating to the Bank's day-to-day operations.

GROUP INTERNAL CONTROL COORDINATION COMMITTEE

Assists the Group General Management Committee in matters of effectively managing and monitoring control system operations at Group level.

GROUP RISK STEERING AND MANAGEMENT COMMITTEE

Assists the Group General Management Committee in matters of effectively managing and monitoring the Group's risk steering policy at the operational level.

GROUP ALM COMMITTEE

Assumes responsibility for drawing up and implementing the Group's asset-liability management strategy in line with the strategy determined by the Board of Directors.

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Business transformation driving sustainable growth

As one of the forerunners that have contributed to the Kingdom's and the continent's development, BMCE Bank of Africa is on a permanent quest for self-renewal. For many years, the Group's evolution has been shaped by its economic and social development mission. As a result, it has seized every possible opportunity brought about by changing circumstances and has made change a genuine catalyst for value creation.

Driven by a deep-seated ambition to become a major player on the domestic, continental and international financial stages, BMCE Bank Of Africa adopted a clear vision, which was to continuously evolve and undergo transformation as a means of supporting the development and transformation of the Moroccan and African economies.

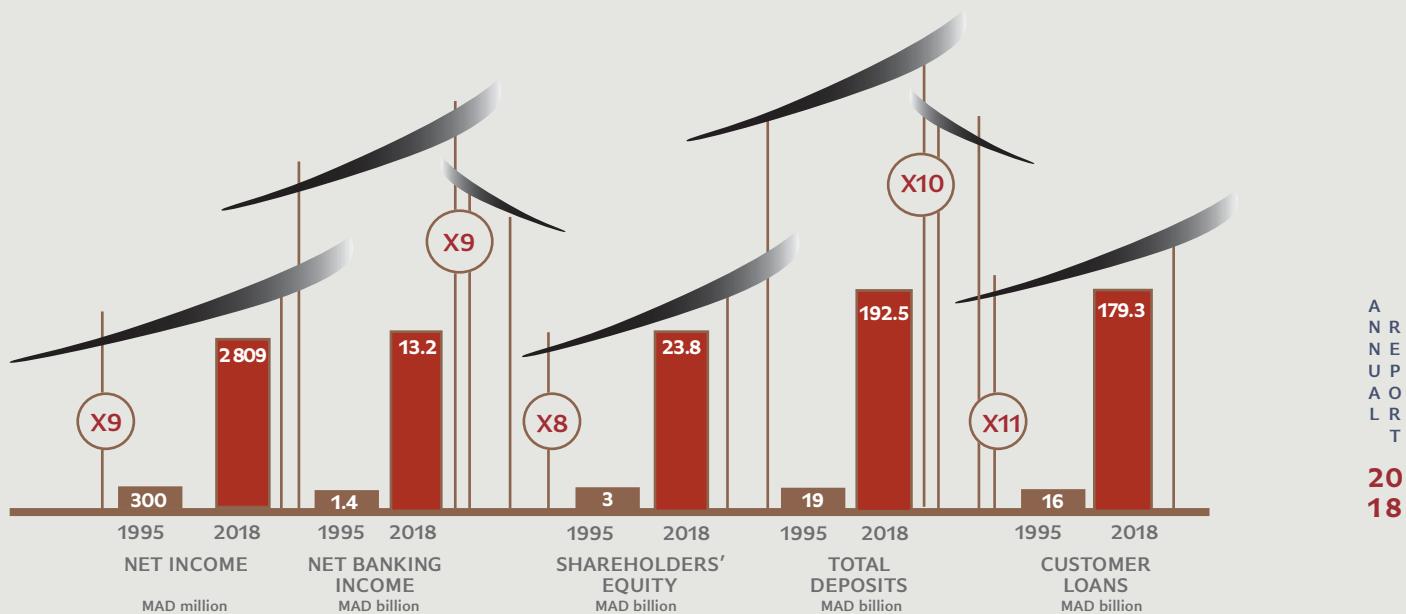
BMCE Bank of Africa is today a flagship institution and is recognised domestically, in Africa and internationally as being expert in banking and financial matters.

1995, a visionary group is born

Under the impetus of its entrepreneurial and innovative shareholder, BMCE Bank of Africa, since being privatised in 1995, has evolved from being a state-owned bank specialising in international trade into a universal bank and now a multinational group with operations in 31 countries.

The visionary spirit that has inspired the Group over the years can be seen in the various strategic choices that it has made, with the result that it is now regarded as an example when it comes to internationalisation.

Over the past decade, BMCE Bank of Africa has undergone a real transformation, resulting in an ongoing improvement in its fundamentals and operational and commercial efficiency, while enhancing its vocation as a pioneering and outward-looking Moroccan banking group.



Strategic Development Plan 2012-2015, an unmitigated success

Since being privatised, BMCE Bank of Africa has stood out from its peers with its pioneering and forward-looking approach, with the result that it has grown rapidly to become one of the leading banking groups within the Kingdom. Whether it is international shareholders acquiring a stake in the Bank, its initial acquisitions in sub-Saharan Africa or the setting up of specialised subsidiaries, the Group has never stopped innovating and expanding. This has enabled it to deliver double-digit growth over a number of years.

Leveraging its achievements to date and strong fundamentals, BMCE Bank of Africa reached a decisive turning point when it adopted the Strategic Development Plan 2012-2015, a roadmap that foreshadowed the Bank's transformation and whose implementation was to have a very positive impact on its performance.

The Strategic Plan 2012-2015, whose ultimate aim was to improve the Group's earnings potential and profitability, was structured around six major goals:



The 2012-15 period saw a series of initiatives implemented, organically as well as externally, in terms of restructuring and investment. As a result, BMCE Bank of Africa's business model was comprehensively transformed, impacting every aspect of its business and opening up a new avenue of possibilities.

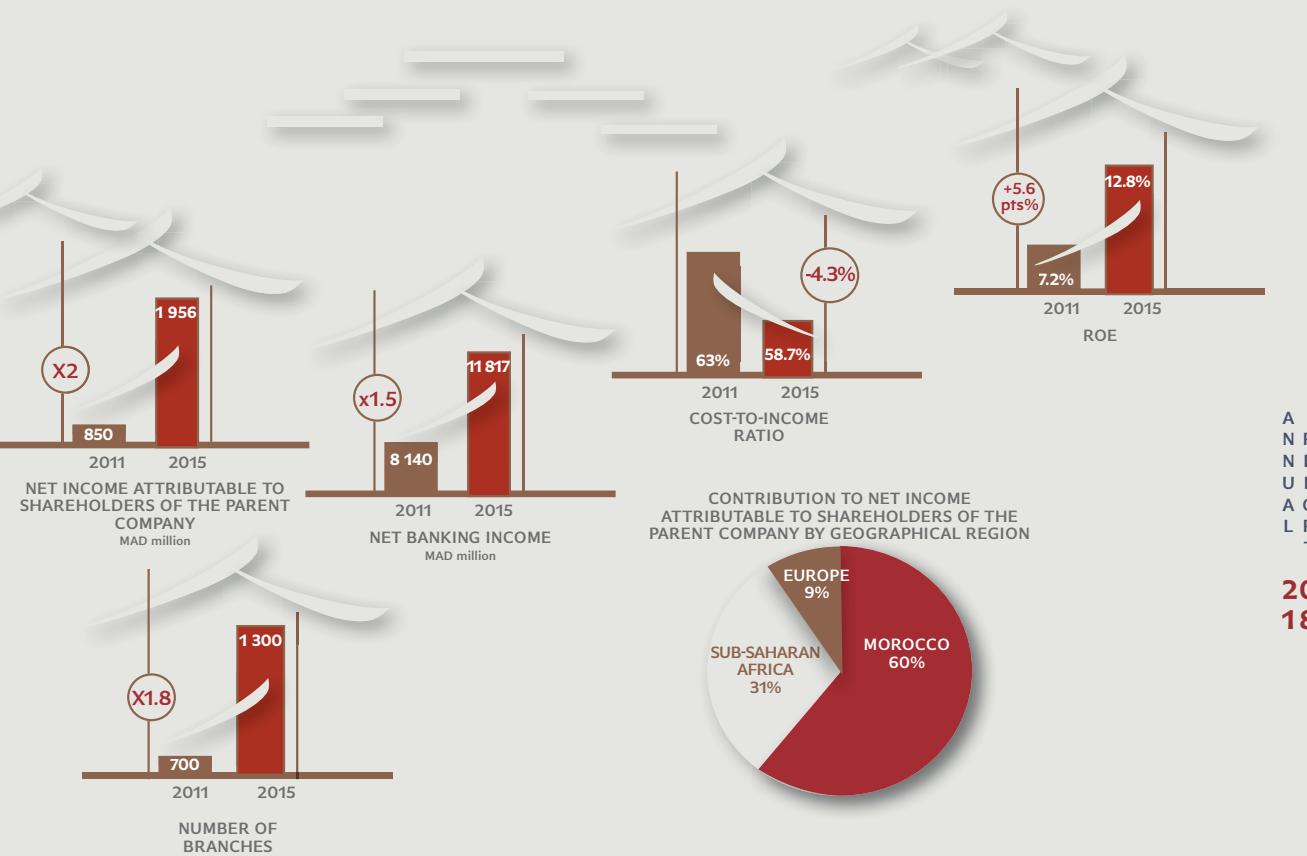
The Bank's Moroccan operations enjoyed strong growth, largely due to an increase in the rate of branch openings and improved commercial operating practices, with the search for greater efficiency a constant priority.

By the end of the Strategic Plan period, BMCE Bank of Africa had emerged as Africa's second-largest banking group in terms of coverage with operations in 20 countries, encompassing 4 of the continent's 5 main economic regions.

The Bank also significantly expanded its branch network on the African continent by opening around 50 branches each year, which resulted in the Group having a total of 1,230 branches and 2 million accounts on the continent. A third of the Group's profits were generated by its African operations.

The Group's European platform also underwent a reorganisation, resulting in it becoming its third-largest profit centre and generating a sizeable share of the Group's profits.

By the end of the plan, BMCE Bank of Africa Group's profitability had increased significantly, its fundamentals were solid, and risks were well under control at Group level, while the international business properly reflected its expanded geographical footprint.



2016-2018, a period in which the Group has consolidated and sustained its gains

BMCE Bank of Africa's achievements in the wake of the Strategic Plan 2012-2015 have been encouraging and have enabled the Group to tackle head-on the various industry challenges posed by tighter regulatory requirements.

Throughout the 2016-2018 period, BMCE Bank of Africa showed it was really able to adapt. As a result, the Group was able to register a respectable rate of growth in a context which saw new prudential rules adopted and new provisioning measures introduced. During this period, particular emphasis was placed on bolstering the Group's various ratios as well as optimising its balance sheet.

Whilst maintaining its core values, BMCE Bank of Africa undertook a vast transformation project in which digitalisation has played a vital role.

Maintaining its reputation for being a pioneer in innovation, the Group initiated a number of projects during this period, projects that have enabled it to become the forerunner within the industry as far as the digitalisation of banking and financial services is concerned. This innovation drive has enabled BMCE Bank of Africa to differentiate itself in what is a highly competitive industry by offering new solutions such as a mobile app in 2015 and enhanced functionality as well as introducing customer accounts on BMCE Direct.

Strategic Development Plan 2019-2021, a new growth era

Inspired by its long-term vision, the Strategic Development Plan 2019-2021 underlines BMCE Bank of Africa's commitment to ensuring that its development is underpinned by sustainable and long-term growth.

In Morocco, the retail banking and corporate banking businesses, particularly the SME segment, are expected to experience a new growth trajectory. The new plan also envisages the development of new niche businesses such as the 'green' business and participatory banking via BTI Bank. Both these businesses have strong growth potential.

A major priority for the Group is to accelerate the development of digital banking. The Group is resolutely committed to developing multichannel banking and aspires to become a market leader in this area in both Morocco and Africa.

After enhancing its image as a pan-African banking group of international stature, BMCE Bank of Africa is determined to breathe new life into its African business.

On the international front, the new Strategic Plan provides for the reconfiguration of the BMCE International Holding's operations and those of BMCE Euroservices for Moroccans living abroad in addition to bolstering the Bank's China business through its new branch in Shanghai.

Inspired by a determination to again deliver a rate of growth that the Bank previously enjoyed during the 2012-2015 period, the Plan's main goal is to breathe fresh impetus into its various businesses while improving operational efficiency.

Firmly embedded in its corporate culture, sustainable development, both in its social and environmental aspects, is at the top of BMCE Bank of Africa's list of priorities. This three-year plan will enable the Group to enhance its reputation as a major player in Positive Impact Finance as well as offering an institutional dimension to the various social and societal commitments that it has honoured for several decades through its Foundation and through a variety of initiatives.

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2018, a pivotal year in the Group's transition towards a new development era

Thanks to the wise strategic choices made, the Group now possesses a balanced universal banking model of international standing, with each business line making a decent contribution to the Group's profits.

In 2018, BMCE Bank of Africa Group reiterated its determination to make Morocco an economic and financial hub, consistent with the wishes expressed by His Majesty King Mohammed VI. A good example of this is the Mohammed VI Tangier Tech City project, in which the Group is heavily involved alongside local authorities as well as partners in China.

Extending Morocco's relations with the rest of the world

BMCE Bank of Africa's international calling is borne out year after year. Its forward-looking corporate culture underpins the development of its business worldwide and contributes to the success of its various subsidiaries, making it a truly international banking group.

The growing importance of the Group's international operations is reflected in its 2018 results, with an increased contribution from the overseas business to BMCE Bank of Africa Group's profits, despite the challenging global environment. The growing importance of international operations clearly justifies the decision taken by the Group upon privatisation to adopt an international diversification strategy.

CONTINUED EXPANSION IN AFRICA

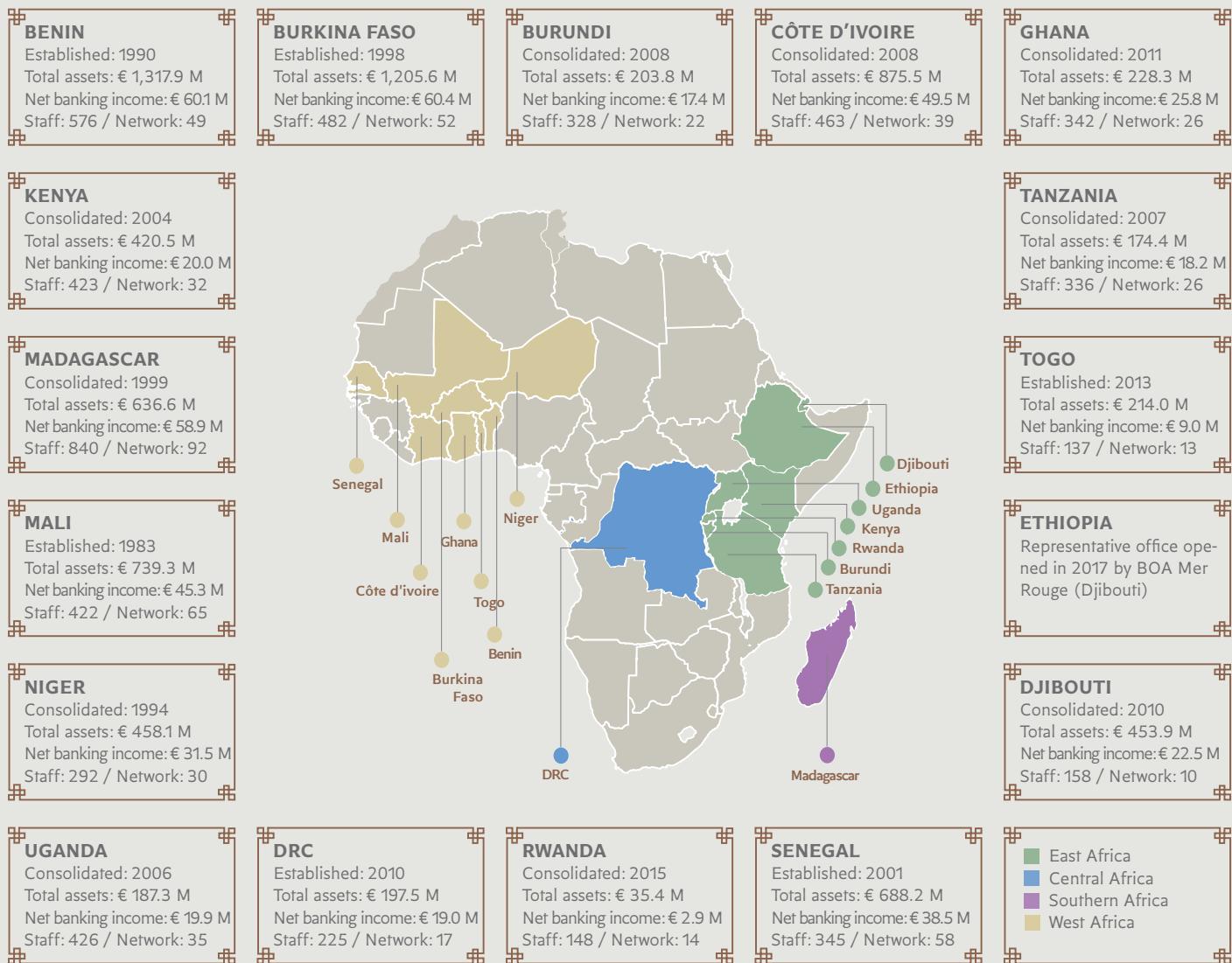
A footprint proportional to the size of the African continent

As with the continent itself, Bank of Africa's footprint is impressive as far as its branch network and regional diversity are concerned. In 2018, despite the relatively modest increase in the number of branch openings (+15 openings), BoA Group's business grew by nearly 369,000 accounts, bringing the cumulative number of accounts to 3.9 million at 31 December 2018.

BANK OF AFRICA IN FIGURES AT 31 DECEMBER 2018



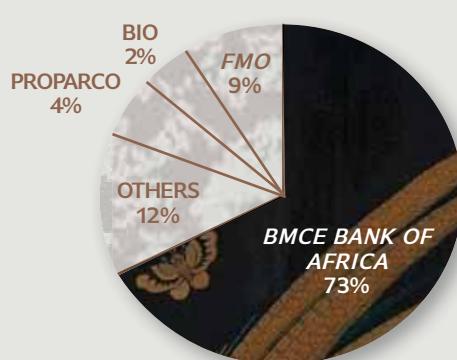
BANK OF AFRICA'S AFRICAN OPERATIONS



A shareholder base that brings together key players around a unique concept

Bank of Africa is first and foremost a concept, that of a well-diversified shareholder base comprising a number of the continent's institutions alongside its reference shareholder, BMCE Bank of Africa, and international development partners, Proparco, FMO and BIO. Such diversity gives the Group unrivalled legitimacy as a key player on the African banking stage, with a unique and singular identity.

SHAREHOLDERS AT 31 MARCH 2019



The story of an African bank, built by Africans for Africans

Born of a desire to create an African bank for Africans, Bank of Africa was established in Mali in 1982 under the impetus of private sector shareholders who wished to support the continent's growing economy.

Bank of Africa's development outside Mali began in 1991 out of a desire to become the banking partner of choice for various African countries; at first in the WAEMU zone, with subsidiaries set up in Niger, Côte d'Ivoire and Burkina Faso, and then in other economic zones and countries across the continent.

Bank of Africa's geographical footprint has continued to expand over time to become a leading institution on Africa's banking stage and market leader in several countries.

Today, Bank of Africa's solid fundamentals are commensurate with its size and exposure, with total assets of EUR 7,667 million and shareholders' equity of EUR 567 million at 31 December 2018.

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BANKING IN SUB-SAHARAN AFRICA, AN ONGOING IMPROVEMENT IN PROFITABILITY

Over the years, Bank of Africa's contribution to the Group's performance has increased thanks to the strategic choices made by BMCE Bank of Africa and the support given to the various subsidiaries in sub-Saharan Africa.

Aggregate net banking income of BOA's various subsidiaries rose by 5.2% year-on-year to EUR 498m at 31 December 2018 versus EUR 473.3m the previous year.

This improvement was also reflected in BOA Group's cumulative net income, which stood at EUR 132.8 million at 31 December 2018, an increase of 5.2% year-on-year. The improvement was seen across all businesses. Subsidiaries in the WAEMU zone saw their cumulative net income grow by 12.3%. The aggregate net income of non-WAEMU zone subsidiaries rose by 10.9%.

As a result of a branch network expansion policy reflecting Bank of Africa's determination to be close to its customers, the number of Bank of Africa branches increased. 16 new branches were opened, bringing the total number of Group outlets to 585 at 31 December 2018.

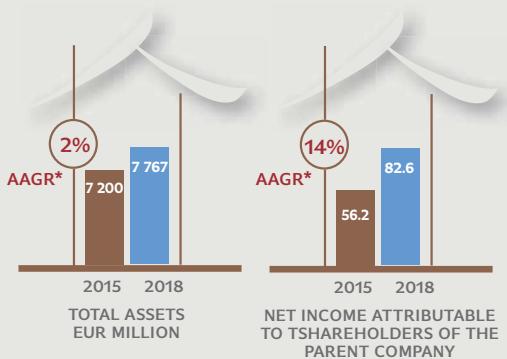
Business growth remaining robust due to the strategic choices made

Inspired by the strategic priorities of its reference shareholder, Bank of Africa's Three-year Plan 2015-2018 has given fresh impetus to the Group's African operations.

These achievements reflect the strategic priority of the Group's banks of focusing on the Small and Medium-sized Enterprise (SME) market segment. The latter is more profitable than the Large Enterprise segment, which has now reached maturity and is coveted by all financial players.

A major effort has also been made to bolster risk management systems with the Bank investing heavily in its IT infrastructure as part of the IT Master Plan (DSI) initiated in 2016.

As well as overseeing the modernisation and standardisation of Bank of Africa Group procedures and those of its subsidiaries, the Three-year Plan 2015-2018 saw changes made to the Group's business model with a number of operational aspects digitised. This has enabled customers to benefit from innovative digital solutions.



* Average Annual Growth Rate

Transformation drive continuing

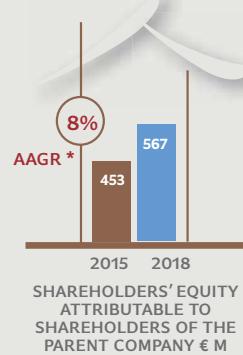
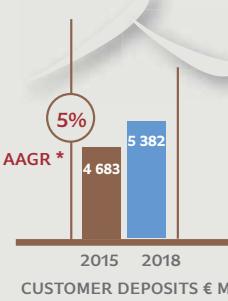
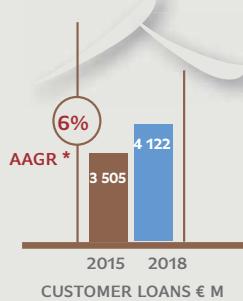
Leveraging the success of the Three-year Plan 2015-2018, Bank of Africa is aiming to accelerate implementation of the new IT Master Plan, a strategic pillar of its transformation strategy. As well as guaranteeing effective risk management, this approach will enable Bank of Africa to rapidly implement its digital transformation strategy.

Bank of Africa also intends to bolster its status among SME customers thanks to potential synergies with BMCE Bank of Africa Group and knowledge transfer in corporate banking.

After impressive initial results in introducing bank card platforms in a number of countries in which it has operations, Bank of Africa intends to extend electronic payment means to other African countries to support sub-Saharan Africa's emerging middle class.



IMPACT FROM THE THREE-YEAR DEVELOPMENT PLAN 2015-2018



* Average Annual Growth Rate

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BMCE INTERNATIONAL HOLDING, CONNECTING AFRICA WITH THE REST OF THE WORLD

The growth of BMCE Bank of Africa Group's international banking business reflects BMCE International's status as partner to global energy and commodity firms, by helping them to manage their flows and financing their operations in Africa.

Through its operations in Europe's major capitals – London, Paris and Madrid – BMCE International Holding offers its customers high value-added banking and financial services in trade finance, project finance and structured finance as well as a sure means of penetrating the African market.

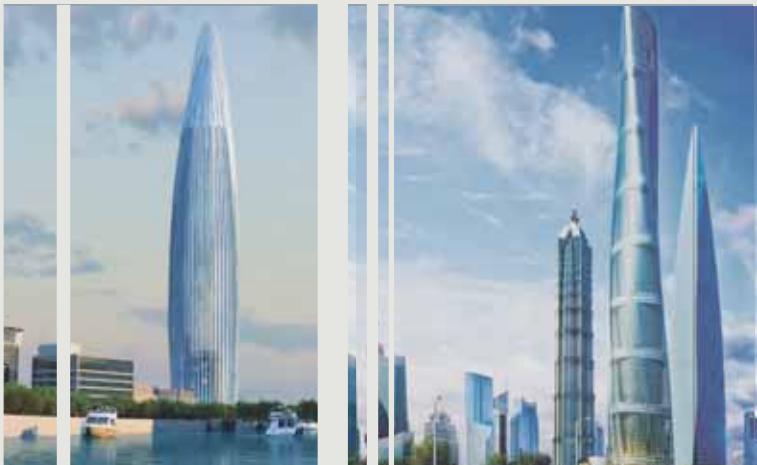
BMCE Bank International PLC London

Leveraging its status as a member of a pan-African group and its expertise acquired over a number of years in trade finance and project finance, BMCE Bank International London has developed a high level of trust among European energy and commodity firms.

In 2018, the Group's London subsidiary was impacted by the challenging economic environment in Europe due to concerns over Brexit. Operating expenses rose as a result of efforts made to implement cornerstone regulatory projects.

After a previous year filled with a number of exceptional items such as capital gains on the disposal of assets in the Capital Markets business, the performance was weaker in 2018. Overall net banking income fell by 15% year-on-year to GBP 17.2 million in 2018.

To counter a possible slowdown in its business and, in light of the fast-evolving European political context, BMCE Bank International London is continuing to implement its transformation plan. Its aim is to diversify its business lines, bolster control systems to better meet the requirements of an evolving regulatory framework and extend geographical coverage by opening representative offices in Zurich and Dubai.



BMCE Bank International Madrid

In addition to reviewing and improving processes and corporate governance, in 2018, BMCE Bank International Madrid bolstered its position as the partner of choice for European firms wanting to finance their international trade transactions with African and Middle Eastern countries.

The bolstering of the subsidiary's correspondent banking operations and the growing importance of trade finance resulted in strong growth in its indicators across the board in 2018. In fact, BMCE Bank International Madrid's net banking income rose by 11% to EUR 19.7 million. This performance was largely due to a sharp rise in foreign trade financing operations, which registered a 67% increase in flows to EUR 4,439 million as well as in trade finance flows, which rose by 35% to EUR 627 million.

The ongoing improvement in the performance of the BMCE Bank International Madrid subsidiary was also reflected in the continued upward trend in its profitability, which stood at 10.4% at 31 December 2018 versus 7.9% and 6.4% in 2017 and 2016 respectively.

The impressive achievements of the BMCE Bank International Madrid subsidiary were all the more remarkable considering the efforts made by the central bank, Banco de España, to introduce new regulatory measures and the improvement in its Liquidity Coverage Ratio.

On the basis of these results, BMCE Bank International Madrid is expected to continue with its current strategy which aims to generate synergies with Group entities worldwide, particularly in Africa, and leverage its expertise in foreign exchange and trade finance with domestic and international companies.

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BMCE BANK OF AFRICA SHANGHAI

BMCE Bank of Africa ouvre une succursale à Shanghai

Installée à Beijing depuis 2000, BMCE Bank of Africa ouvre une succursale à Shanghai. Première banque marocaine à être opérée par les autorités chinoises, BMCE Bank of Africa met son réseau continental au service d'un renforcement des relations d'affaires sino-africaines. À travers des offres de financement adaptées et un accompagnement personnalisé de ses clients, BMCE Bank Of Africa Shanghai Branch - facilitera les échanges commerciaux entre la Chine et l'Afrique favorisant ainsi l'essor des entreprises marocaines sur le marché émergent.

BMCE BANK OF AFRICA
البنك المغربي للتجارة الخارجية
摩洛哥外贸银行

Succursale: Shanghai Shanghai Tower, Room 5001-5002 Middle Yincheng Road Number 501 - Pudong New District - Shanghai
bmcebank.ma

BMCE Bank of Africa Shanghai Branch, a new stage in the Group's international development

After several years developing trade flows with China through its representative office in Beijing, BMCE Bank of Africa now has a branch office in Shanghai.

Reflecting the unwavering commitment of BMCE Bank of Africa and that of its leading shareholder to ensuring emerging Africa's integration into the global economy, BMCE Bank of Africa Shanghai Branch is the product of BMCE Bank of Africa's desire to help make a success of the Chinese Government's 'One Belt, One Road' initiative. The result of this initiative is increased trade and investment from the world's top economic power, the People's Republic of China.



As the first African bank to open a branch office in Shanghai, BMCE Bank of Africa offers Chinese companies the dual benefit of a local presence in China and unrivalled territorial coverage in Africa. This venture also provides BMCE Bank of Africa Group with an opportunity to leverage its expertise in trade finance and corporate banking.

With a firm footing now in China, BMCE Bank of Africa Group is the partner of choice for Chinese companies that want to invest in Africa. With operations in 20 African countries, multi-business expertise and a mastery of international trade finance, BMCE Bank of Africa offers corporates the possibility of financing their operations in Africa while providing optimal management of financial flows with China, their home country.



With China's growing financial support for infrastructure development in African countries, BMCE Bank of Africa Shanghai Branch intends to leverage its recognised know-how in project finance. The Shanghai branch also aims to assist Chinese export companies in the telecommunications, transport and trade sectors as part of its corporate banking business.

BMCE Bank of Africa Shanghai Branch's customers will be able to take advantage of the many synergies for which the Group is famous, including a single point of contact and a broad range of expertise in a variety of African countries.

Chinese companies with business interests in Africa will thereby be able to benefit from banking services offered jointly by both the Shanghai branch and the Bank of Africa network in Africa, and from expert advice in the Group's cutting-edge businesses which include advisory, corporate finance and financial and operational risk hedging.

BMCE Bank of Africa Shanghai Branch is also a gateway to the many companies from Asia and from around the world with a presence in Shanghai, China's economic and financial hub. BMCE Bank of Africa Group is therefore bolstering its presence in world economic capitals and reiterating its determination to ensure emerging Africa's full integration into the global economy.

In 2018, by working closely with other entities within BMCE Bank of Africa Group, the Beijing representative office contributed to a number of financial transactions involving Chinese businesses and African markets in a variety of business sectors such as construction, engineering and real estate.

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Accelerating digitalisation across businesses to deliver a better customer experience

BMCE Bank of Africa, a pioneer in digitalisation, took the strategic decision very early on to adopt a digital transformation strategy as part of its overall business development. This multi-channel strategic approach relies heavily on 'remote banking' through implementing systems and providing services that are designed to increase the number of points of contact with the Bank's customers as well as offering them greater flexibility in the way in which they are able to execute transactions, either online or via the mobile channel.

In 2018, the Group accelerated implementation of its strategy by introducing an array of innovative products and services aimed at different customer segments.

Easier access for Personal and Professional Banking customers

In order to optimise customer experience, significant progress was made in digitalising Personal and Professional Banking services through a series of enhancements aimed at combining simplicity, usefulness and proximity.

As far as online services are concerned, BMCE Bank of Africa has introduced new transactional alerts, added functionality for bank transfers and a remote banking admin console as well as introducing new ceilings for BMCE Direct platform services.

Mobile services have been optimised with new functionalities added, such as the ability to change contact details, cancel bank cards and lodge complaints.

In addition, a 'Live Chat' solution, which is designed to facilitate relations with customers, was introduced on the Agence Directe site with an enhanced Interactive Voice Response system.



Increased efficiency and flexibility for corporate customers

As with Personal and Professional Banking, Corporate Banking also continued to implement its digital strategy in 2018. The main innovation was the launch of the pilot Trade Portal, involving more than 20 customers. The portal will enable customers to carry out international trade transactions remotely.

A new e-banking platform, BMCE Business Online, is also under development. In time, it will enable customers to consult their accounts, check account transactions, arrange banker's drafts, make term deposits and arrears, download statements, request cheque-books and BOE accounts and make different types of bank transfer.

Business process digitalisation

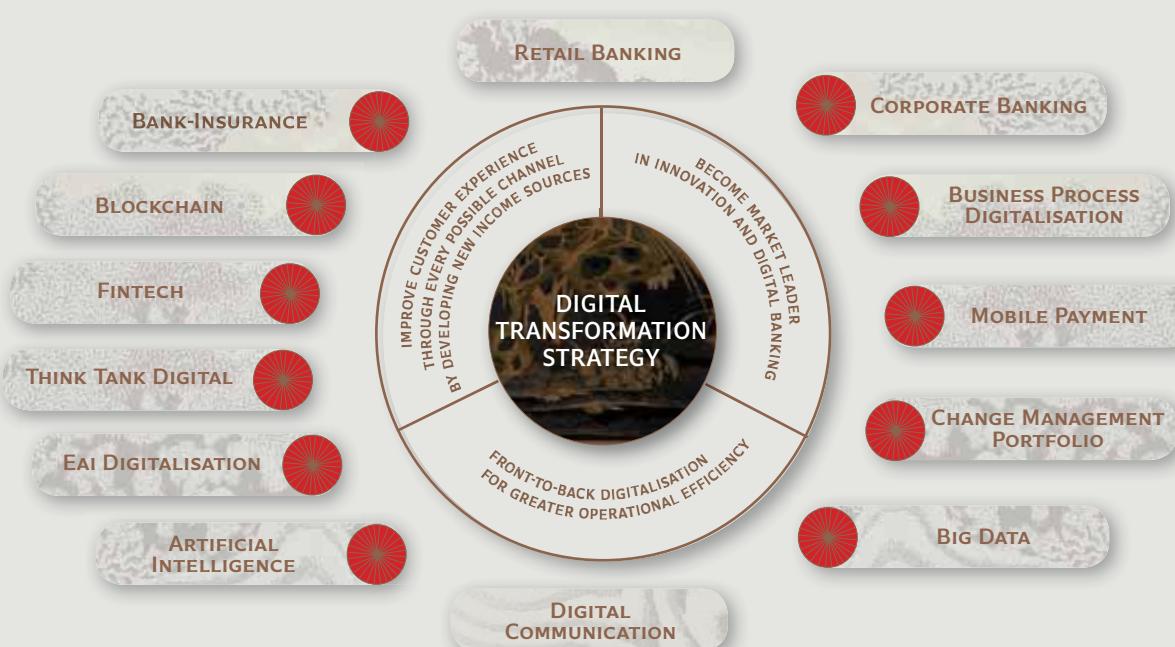
In 2018, the Bank initiated a number of business process digitalisation projects. These included an electronic signature project, bank card CMS processes and a project aimed at dematerialising the processing of customs bonds by the Customs and Excise Authority (ADII).

Other projects included automating the process for deducting the guarantee fee paid to the Central Guarantee Fund as collateral against the DAMANE Express credit line and dematerialising third-party debt orders, thereby ensuring that the management process is dematerialised and standardised along the entire life cycle.

Mobile payment

In 2018, considerable progress was made on the mobile payment project with the introduction of the DabaPay application on Android and iOS operating systems. In addition, major enhancements were made to optimise customer experience including a facility to make transfers using other banks' applications.

Other noteworthy enhancements are planned for 2019 such as introducing a module for retailers that will enable customers to pay directly using their smartphones.



Engaging with customers to best meet their needs

By making customer satisfaction its top priority, BMCE Bank of Africa has acquired a reputation for excellence in customer care, which has seen it awarded the country's Best Customer Service Award in addition to a variety of awards to overseas subsidiaries.

Underlining its commitment to its customers, in 2018, BMCE Bank of Africa initiated a number of innovative projects aimed at improving its services and bolstering its product offering. Fresh impetus was also given to generating synergies between the Group's different businesses in order to offer innovative and higher value-added products.

A determination to improve its multi-channel model to deliver a better customer experience

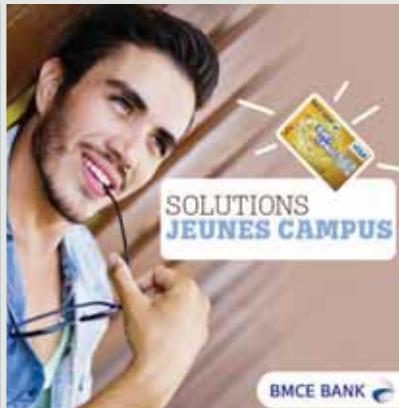
As well as committing its branch network to a process of ongoing improvement, BMCE Bank of Africa has further enhanced the functionality of its various digital and physical contact channels with customers, consistent with its multi-channel universal banking model.

The Bank's multi-channel strategy in Morocco is designed to foster customer relationships that are based on simplicity, reliability and ease of use, enabling proactive customer support.

The digitalisation of BMCE Bank of Africa branches has resulted in a significant improvement in customer care, the responsiveness of branch staff and performance-monitoring.

BMCE Bank of Africa's efforts at developing a customer-oriented corporate culture was recognised, with the Bank receiving the Best Customer Service award for the second consecutive year.





A commitment to supporting Personal Banking customers on a long-term basis

The close relationship that exists between BMCE Bank of Africa's branch network and its clientele and ongoing efforts to bolster the Know Your Customer system enables the Bank to provide personalised support to customers at every stage of their lives.

BMCE Bank of Africa has become a life partner for its customers, adapting its services offering over time. The omni-channel approach adopted by the Group ensures customers' migration to new high value-added banking products and services.

Special emphasis is placed on young persons for whom BMCE Bank of Africa has devised a range of financial products as well as non-banking services. The former encompasses higher education funding and standard banking services through the Jeunes Campus package.

BMCE Bank of Africa's retail customers have benefited considerably from a growing number of synergies between the Group's various businesses. Proven expertise in bank-insurance enables the Group's network to provide customers with savings products, educational savings products as well as protection products. Personal and Professional Banking customers are also benefiting from the branch network's strategic decision to market assistance products in partnership with RMA Assistance.

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Longstanding partner to professionals and small businesses

Leveraging its undeniable expertise of self-employed customers, BMCE Bank of Africa has bolstered its coverage of small businesses, especially those with auto-entrepreneur status by maintaining regular contact with the supervisory authorities, particularly the OFPPT.

BMCE Bank of Africa's commitment to small business customers goes beyond simply providing a banking service and fulfils its goals of developing this important sector of the economy. In addition to the financial services provided, small businesses also benefit from non-banking benefits that are designed to help them grow and ensure their long-term survival.

A close ally to Moroccans around the world

BMCE Bank of Africa's network operations in a variety of countries in Europe, the Middle East and North America give it unrivalled proximity to Moroccans around the world. Its intimate knowledge of the specific needs of Moroccans living abroad regarding financial services and how best to support them enables its subsidiary, BMCE EuroServices, to regularly improve its value proposition.

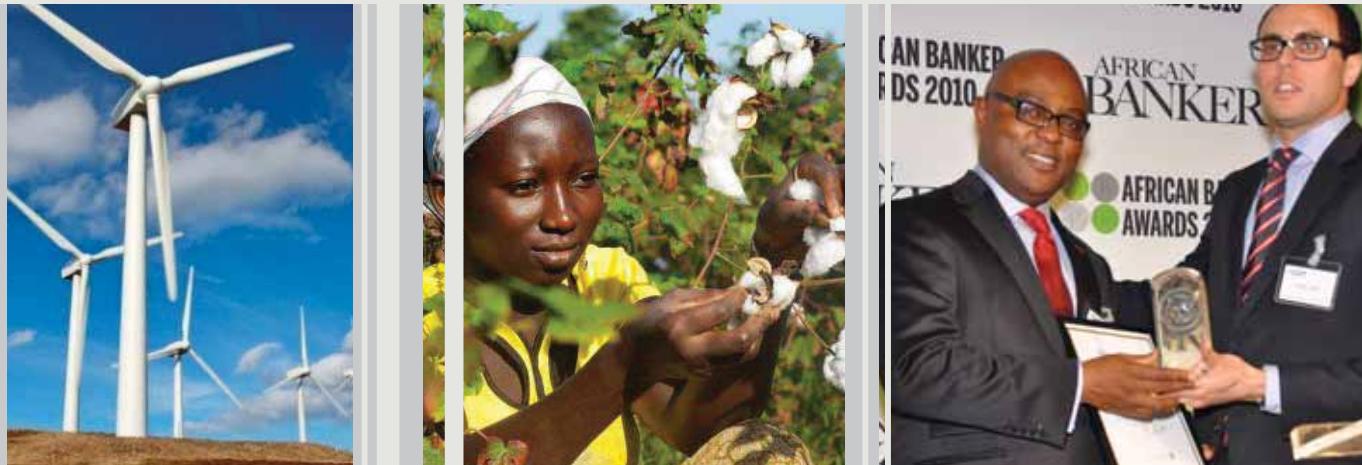
As well as continuing to expand coverage, BMCE EuroServices has developed a number of services for its customers that significantly improve customer experience, particularly when it comes to money transfers. There has been a special focus on Moroccan expat entrepreneurs and backers of investment projects in Morocco by providing services offering assistance and guidance in how to set up their ventures and develop their projects.

An asset-based approach for Private Banking customers

BMCE Bank of Africa's Private Banking entity is continuing to focus on responding more attentively to the growing expectations of its clientele by introducing new solutions for managing and growing their assets.

In 2018, Private Banking embarked on an initiative designed to improve the branch network's quality and responsiveness, particularly when it comes to reducing application processing times. Private Banking also opened a number of regional branches, bringing the total number of branches to 6, with a further 10 dedicated areas in branches.

The Group's expertise in financial advisory and asset management is regularly called upon to support private clients in every possible way. Joint efforts with the Corporate Banking network have helped a number of business leaders manage their wealth.



Benefiting economies by financing the corporate sector

Corporate Banking's action is part of a process of managed development, by focusing sales and marketing on priority sectors and on companies with strong growth potential, with a keen focus in terms of risk quality.

BMCE Bank of Africa has lead-arranged, co-arranged or acted as agent in a number of structured finance transactions for large-scale projects in a variety of major domestic industries such as renewable energy, water, automotive, tourism, insurance and finance companies.

In partnership with international energy groups, BMCE Bank of Africa financed the construction of a wind farm with a 87.2 MW capacity in the Taza region. Similarly, the Bank helped finance the construction of a cement plant in the El Jadida region.

BMCE Bank of Africa also contributed to the financing of one of the Moroccan economy's main flagship projects of recent years, namely, the construction of an industrial complex for car production in the Kenitra free zone.

In addition, in order to meet the needs of corporate customers, BMCE Bank of Africa has developed TVA Factor, a factoring service for private sector companies that enables them to settle their VAT liabilities.

Leveraging the Group's know-how in business financing, the Group's Banque de Développement du Mali subsidiary was mandated as lead arranger in 2018 in a financing deal for a textile company to cover its needs during the cotton-growing season.

The subsidiary's strong commitment to financing the local economy and developing a local service for its customers resulted in it being named 'Best Bank in West Africa 2018' by the African Banker Awards.

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BMCE CAPITAL, A COMBINATION OF MULTI-BUSINESS EXPERTISE AND INTERNATIONAL SYNERGIES

To maintain its status as a leading player within its industry over the long term, the Investment Banking entity was able to build on its achievements in its various business lines by establishing a number of centres of expertise providing support and assistance for its development. As at Group level, the Division adopted an outward-looking stance by bolstering the capabilities of its various subsidiaries in sub-Saharan Africa and Tunisia by providing regular support and transferring knowledge locally.

BMCE Capital Markets, combining a variety of skills sets

In 2018, the Capital Markets business was able to mitigate the challenges posed by a widening liquidity deficit and rising interest rates on the bond market that impacted the performance of the Fixed Income desk.

The wide-ranging expertise of the Group's trading room helped offset this weakness with other desks putting in a solid performance. As such, the Group's know-how of international markets, particularly European, resulted in a number of winning strategies and arbitrages in relation to Morocco's adoption of a flexible exchange rate regime. In 2018, the Foreign Exchange desk, as well as its various offshoots, the Foreign Exchange Derivatives and Foreign Exchange-Fixed Income desks, put in solid performances.

Encouraging performances illustrating the expertise developed in asset management

In a context of heightened competition, BMCE Capital Gestion put in a solid commercial performance, with assets under management rising by 10% to MAD 57 billion.

In 2018, the asset management entity also won a number of awards, underlining the expertise gained in asset management and the know-how acquired in investment and risk management procedures.

BMCE Capital Gestion's segregated portfolio management business continued to grow its client portfolio and streamline its business model.

As part of an ongoing improvement in customer service, the Private Banking business implemented new systems in 2018 and redesigned its digital platform, offering enhanced content aimed at helping customers with their investment decisions.

In 2018, the Tunisian asset management industry saw assets under management decline considerably which was reflected in BMCE Capital Asset Management's results and operating performance.

Despite this particular context, the reorganisation of the Tunisian asset management subsidiary, begun in 2017, continued through 2018 and helped lift the entity's financial performance.

Despite an adverse environment in the WAEMU zone, BoA Capital Asset Management managed to maintain its level of assets under management and, as a result, it became the second-largest asset management company within the zone with a 14.2% market share.

In its second year since becoming operational, BMCE Capital Titrisation launched an inaugural real estate asset securitisation fund amounting to MAD 1.2 billion.

The success of this second transaction gives BMCE Capital Titrisation unarguable legitimacy when it comes to carrying out securitisation transactions on behalf of large corporates and state-owned organisations.



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Brokerage, a mixed performance consistent with the performance of the overall market

Despite the dip in the Casablanca stock market, BMCE Capital Bourse saw its market share increase by 2.8 points to 17.2% at 31 December 2018.

In Tunisia, the reorganisation initiated in 2015, which has seen knowledge transferred from the Moroccan financial markets, resulted in a sharp increase in performance, particularly in Equities on the Tunis Stock Exchange.

The brokerage business on the Regional Securities Exchange (BRVM) experienced strong pricing pressure and fierce competition, particularly regarding the institutional clientele. In this particular context, BoA Capital Securities registered a weak operating performance.

The Research department continues to expand its pan-African coverage and support the development of the various African business lines.

M&A Advisory - DCM and ECM, a major player on the continent and supporting Africa's corporate sector

Born of a close relationship between various industrial groups and Moroccan investors, BMCE Capital Conseil's operating performance in 2018 was encouraging.

The continental exposure of BMCE Capital's Advisory business reflects Morocco's growing influence on Africa's economies. It now has operations in several of the continent's financial centres including Casablanca, Tunis, Abidjan, Dakar and Cotonou, consistent with Bank of Africa Group's footprint.

Due to increased competition in the Tunisian advisory market and the adverse economic environment, the number of mandate opportunities for BMCE Capital Advisory Tunisia fell sharply in 2018. However, BoA Capital's Advisory business still managed to generate the same level of revenue.



Pooling expertise in solutions and support to benefit the development of the Investment Banking division

In 2018, BMCE Capital's custody business put in a satisfying performance and increased its share of the mutual fund securities market, which reached 23% overall. BMCE Capital Titres was therefore able to consolidate its position and build on the progress hitherto made, which benefited the development of the division as a whole and its new business lines.

As well as putting in a decent operating performance, BMCE Capital Solutions continued with its restructuring, which involved a number of different projects. These included establishing digital platforms and infrastructure, which should result in an improvement in being able to identify anomalies, as well as greater flexibility in dealing with customers.

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DEVELOPING A GROWTH DRIVER, BTI BANK, THE GROUP'S SPECIALISED PARTICIPATORY FINANCE SUBSIDIARY

BTI Bank, a promising inaugural year for the participatory banking business

Responding to the growing needs of Moroccan customers for participatory banking products, BMCE Bank of Africa launched its BTI Bank subsidiary in partnership with global market leader, Al Baraka Banking Group. BTI Bank, which brings together the know-how and expertise of two leading banking institutions, has managed to bring to market a number of financing products such as Mourabaha and savings products that have not only been warmly received by customers but have largely exceeded expectations.

The wise choices made by the Group when launching its participatory banking business in Morocco have had a positive impact in just a short space of time, with the subsidiary putting in a decent performance in 2018.

In its first year of being operational, the performance of BMCE Bank of Africa Group's participatory banking subsidiary was positive, both in terms of the level of turnover achieved and the experience gained.

Despite the impact on the entire industry from the Supreme Council of Ulemas (Muslim scholars) delaying authorisation of products, BTI Bank managed to secure a respectable share of the market thanks to its branch network, which currently stands 4 branches.



**SPECIALISED FINANCIAL SERVICES,
POSITION BOLSTERED AND EXPERTISE
ENHANCED THANKS TO GROUP
SYNERGIES**

In 2018, the Specialised Financial Services division provided a perfect example of the Group's ability to derive significant synergies and generate increased value-added in the process. BMCE Bank of Africa Group made wise choices as far as business development and optimisation were concerned, the main aim being to improve profitability at Group level.

**Consumer credit business bolstered by
the acquisition of Tasrif**

In 2018, Salafin acquired Tasrif so as to bolster its position within the industry and leverage its expertise across a large customer portfolio. The net production of the merged entity stood at MAD 1.4 billion with about MAD 3.7 billion of outstandings.

As well as completing the merger and the various convergence projects required for it to be a success, Salafin made a number of strategic decisions. These included voluntarily reducing its car finance commitments in favour of personal loans, which are more profitable.

**Leasing business sees its performance
improve due to multiple synergies**

By leveraging a track-record of more than 45 years and thanks to the multiple synergies generated with BMCE Bank of Africa Group, Maghrebail has become a key player in Morocco's leasing industry. The company's market share was 25.8% in 2018, making it the second-ranked company within the industry.

In 2018, Maghrebail's production rose by 3.4% year-on-year to MAD 3,766 million. This positive performance was more accentuated in real estate leasing, which saw production grow by 8.23% versus 1.93% for equipment leasing. Net income in 2018 increased by 7% to MAD 100.2 million.

2018 proved to be one of the most successful years as far as synergies generated between Maghrebail and BMCE Bank of Africa were concerned. As a result, leasing production generated in connection with the Bank's Personal and Professional Banking network grew by 25.7% while production generated in connection with the Corporate Banking network rose by 5.1%.

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Factoring business benefiting from adopting a new operating model and better use of capital

In order to optimise the use of capital overall, in 2016, BMCE Bank of Africa initiated the transition towards a new operating model for its Maroc Factoring subsidiary. The latter is now a specialised Centre of Expertise which assists the Group's factoring operations. The Bank itself is now responsible for production.

This transition process, which continued through 2018, saw further loan commitments transferred to the Bank. As a result, the subsidiary's operating performance was negative while net income fell by 52% to MAD 4.2 million. Production generated by the Group's factoring business on the other hand was unchanged on the previous year, despite a challenging operating environment which saw industry-wide production decline.

RM Experts, a key driver in debt recovery

RM Experts, which uses both amicable debt recovery techniques as well as resorting to legal proceedings, has become a strategically important driver within the Group, enabling the latter to improve its risk profile in respect of its financial commitments.

As a result, in 2018, MAD 566 million of capital was recovered, bringing the cumulative amount of capital recovered to MAD 6 billion. Cumulative write-backs reached MAD 3.2 billion.

In 2018, efforts made to expand RM Experts' customer portfolio to include non-Group customers resulted in it signing a number of cooperation agreements with new customers.



Profitable growth underpinned by an ability to generate synergies

Thanks to its status as a multi-business banking group and its extensive international coverage, in 2018, BMCE Bank of Africa Group's ability to generate synergies gave it a genuine competitive edge and was a major feature that sets it apart from its peers on the domestic and African banking stage. Last year, the Group focused on achieving a balance between its various businesses as well as generating synergies, thereby guaranteeing sustainable and profitable growth and providing stability for its future development.

BMCE BANK OF AFRICA GROUP, BALANCED GROWTH

Given the extent of its international exposure and the value-added generated by its multi-business expertise, BMCE Bank of Africa has chosen to develop synergies between its various components, a key driver of value creation.

Generating synergies, a growth driver for the Group

BMCE Bank of Africa Group closely monitors the process of generating synergies. Steering committees and reporting systems are in place to regularly assess progress in this area.

In Morocco, the business is organised along separate business lines and efforts have been made by the branch network and the Group's various business lines to acquire an in-depth understanding of its customers. As a result, BMCE Bank of Africa is able to provide its customers with comprehensive and well-targeted support across a number of different market segments – insurance (RMA), leasing (Maghrebail), factoring (Maroc Factoring) and vehicle leasing (Locasom). On the continent, BMCE Bank of Africa has helped a number of domestic and international firms penetrate markets in sub-Saharan Africa. In 2018, thanks to its European operations, the Group enabled a large number of African companies and state-owned organisations to tap the international debt and currency markets for the first time.

Fundamentals bolstered thanks to synergies between the Bank's business lines

In 2018, BMCE Bank of Africa Group's performance indicators reflected the scale of its international exposure and its firm foothold in Africa.

The Group has been able to deliver stable growth due to the balanced growth of its different businesses, despite the challenging global economic environment. In fact, thanks to the Group's diversification strategy, its net banking income remained virtually unchanged on the previous year at MAD 13 billion. Sound business management together with the different synergies generated in 2018 helped keep down operating expenses, which grew by just 0.7%.

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Anticipating and supporting Morocco's economic transformation

BMCE Bank of Africa Group has acquired a reputation for partnering the nation's economy at every transitional stage of its development. In doing so, it has played an active role in implementing several cornerstone projects not only as financial partner, but as project sponsor in a number of cases.

Since 2017, BMCE Bank of Africa has given fresh impetus to this process by overseeing two flagship projects that amply demonstrate its willingness to participate in Morocco's future development. The Group has been overseeing the Mohammed VI Tangier Tech project, a modern, futuristic, ecological and connected city, which aims to bring together a variety of industrial activities. It has also taken part in developing the Bouregreg Valley by building the Mohammed VI Tower, Africa's tallest skyscraper.

AN ALLIANCE BETWEEN TWO COUNTRIES, MOROCCO AND CHINA, FRAMED BY A NEW CONCEPT OF ECONOMIC DEVELOPMENT

Announced in May 2016 in Beijing on the occasion of the meeting between King Mohammed VI and the President of the People's Republic of China, Xi Jinping, , the Mohammed VI Tangier Tech City is the first tangible benefit to be derived from the strategic partnership between the two countries, paving the way for cooperation in a number of new areas.

Consistent with the strategic guidelines governing the partnership, the project brings together leading Chinese companies with experience in developing smart cities and industrial clusters alongside a Moroccan grouping comprising the supervisory authorities and BMCE Bank of Africa Group as lead manager.

As leading shareholder of the Tangier Tech Development Company, BMCE Bank of Africa is demonstrating a real determination to support the transition of the Moroccan economy by helping build a multi-faceted, technological, industrial, urbanistic, social and cultural city. This project perfectly illustrates the aims of a royal strategy that sees Morocco as a production and export hub towards Europe, Africa and the rest of the world.



AN INSPIRING PROJECT THAT IS LIKELY TO COMPREHENSIVELY TRANSFORM MOROCCO ECONOMY

The new city will integrate industry and urban planning as well as the inter-play of a variety of different transportation methods that respect the environment entirely. Initially, 500 hectares will be earmarked for industry and will comprise an integrated services area and residential space. Greenways will divide the city into 10 different sectors of activity.

A second phase covering 500 hectares will be earmarked for a logistics free zone, making the city a logistics centre for Africa, Europe and Asia.

A 'business' zone is planned for the third phase with a 100-hectare area that will play host to several multinational companies, particularly from China, enabling them to benefit from the City's positioning and Morocco's outward-looking spirit.

The Industrial City will be able to accommodate about 300,000 people. Its development is likely to generate 100,000 jobs, resulting in a significant improvement in the country's employment rate. 6,000 highly qualified people will be trained each year, thereby fostering technological innovation.

MOHAMMED VI TOWER, AN ACCOMPLISHMENT COMMENSURATE WITH MOROCCO ASPIRATIONS FOR THE FUTURE

The Mohammed VI Tower, which is to be built on right bank of the Bouregreg between the capital, Rabat, and the city of Salé, is likely to reach a height of 250 meters, making it the tallest skyscraper on the continent with 55 floors. This project was conceived as part of a consortium comprising different FinanceCom Group entities, including BMCE Bank of Africa as lead manager, and leading domestic and international companies with experience in building large buildings.

Beyond its sheer size, the Mohammed VI Tower will be noteworthy not only for its technical and architectural prowess but for the various technological features that make it a role model when it comes to energy efficiency. One-third of the total surface area of the tower's facade will be covered in photovoltaic panels. It is also expected to play host to a luxury hotel, 20 prestigious offices, luxury apartments and an auditorium. An observation deck is also planned for the top of the tower.

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BMCE Bank of Africa, deeply committed to society and the environment

BMCE Bank of Africa Group's commitment to its economic and social environment is firmly embedded in its corporate culture. Since 1995, under the aegis of Dr Leila Mezian Benjelloun, BMCE Bank Foundation has striven to promote education in rural areas in Morocco and Africa through an innovative concept that combines tradition, an outward-looking approach and technology.

The Group's determination to highlight the importance of positive impact finance both at home and in Africa materialised in 2018 when it set a number of financing lines in response to the environmental challenges facing the world today head-on. The Group also reiterated its support for entrepreneurship, notably through the African Entrepreneurship Award.

Developing a revolutionary model for education in rural areas

In addition to expanding its Medersat.com network of schools, BMCE Bank Foundation bolstered staff numbers, including teachers, supervisors and educational coordinators, as well as enhancing its resources and educational materials. In 2018, the Foundation also celebrated its successful development model with Encouragement Awards presented to a number of Medersat.com high-school students on completing their secondary studies in 2017-2018. Another highlight of 2018 was the agreement signed with the Ministry of National Education to develop cooperation programmes in a variety of areas including pre-school education.

Medersat.com network schools, a success story

Fully aware of the challenges surrounding education, BMCE Bank Foundation is continuing with its efforts via the Medersat.com network. At the end of the 2017-2018 academic year, 97.35% of its pupils obtained the Certificate of Primary Studies. The number of pupils enrolled in Medersat.com network schools totalled 10,239, 49% of whom are girls.

During the year, the Foundation, in partnership with Le Bouquin Volant, a French charitable organisation, continued to add to school library collections with 4,350 new books provided, including encyclopaedias and dictionaries.

The Medersat.com footprint also continued to expand in Morocco and sub-Saharan Africa with a new school becoming operational in 2020 in Ketama and another in Djibouti in 2019. To ensure that pupils have an environment that is conducive to their development, BMCE Foundation Bank renovated 10 Medersat.com network schools in 2018.



As part of an ongoing process of staff development through training and organisation, BMCE Bank Foundation continued to recruit staff by appointing five new educational coordinators. A number of training workshops were organised for 62 network school headteachers.

The Medersat.com programme is essentially aimed at developing an educational model which enables children from underprivileged backgrounds in rural areas to make a success of their educational opportunities.

Underpinning this programme are values such as modernity, tolerance, openness and solidarity. With this in mind, a bold language policy was adopted based on pupils' command of their mother tongue, particularly Tamazight.

Dr Leila MEZIAN BENJELLOUN
President of BMCE Bank Foundation



Emphasising a multilingual education

In order to foster a French-speaking environment that ensures pupils' sense of fulfilment, in partnership with the French Institute of Morocco (IFM), Medersat.com undertook an appraisal and adopted a programme to improve teachers' French language skills. A number of cinema and reading workshops were also organised in twelve schools on an experimental basis which might subsequently be implemented in every school. These initiatives were intended to enhance the quality of French teaching in Medersat.com schools by organising opportunities for total immersion in the French language and culture.

In addition, so as to introduce the teaching of Tamazight in every Medersat.com network school, 44 network teachers attended a training programme designed to improve their command of the language. The Foundation's educational policy was also renewed under an agreement with the National Library which provided new Tamazight textbooks.

Underlining the Medersat.com network's outward-looking approach, Mandarin Chinese is now taught in classrooms as well as by distance-learning. For the 6th successive year, 148 students are learning the language. A passion for Chinese culture is being passed on to Medersat.com network pupils who are able to continue learning Mandarin at Confucius Centres.

A new approach to new educational technology

As part of its technology-based educational approach, BMCE Bank Foundation organised a number of training workshops for its human resources, including Medersat.com school headteachers in how to use interactive whiteboards and the network's IT system. These new training resources are likely to enhance the learning process considerably, especially in terms of content and pupils' collective attention.

A three-way partnership between the Ministry of National Education, BMCE Bank Foundation and the IFM was established to better understand the benefits of new educational technologies for teaching and learning French. This led to a regional seminar for digital education being organised in October 2018 on the theme of 'Digital Education, support for French-speaking bilingual education'. This was attended by more than 300 educational technology professionals.

Agreement with the Ministry of National Education signed, heralding a new dimension for Medersat.com

An example of the participatory approach underpinning BMCE Bank Foundation's initiatives in 2018 was the signing of a framework partnership agreement with the Ministry of National Education for cooperation in a number of different areas of education. One of the Foundation's main commitments is to expand the reach and accessibility of pre-school education by building 120 integrated pre-school units to be overseen by the public sector as well as assuming responsibility for managing and fitting out classrooms and sanitary facilities.

On the occasion of the National Pre-school Education Day organised under the High Patronage of His Majesty King Mohammed VI, BMCE Bank Foundation signed a framework agreement governing its partnership with the Ministry of Education and adopted specific conventions with 6 Regional Academies for Education and Training. As a result of these agreements, 10 preschool classrooms were built in Nador Province in 2018.

**120 integrated pre-school units planned
10 pre-school classrooms undergoing construction**



A concern for the environment at the core of Medersat.com's educational model

The Medersat.com network's commitment to the environment could be seen in 2018 when the Mohammed VI Foundation for the Environment's Eco-school label was awarded to 10 new network schools. A total of 18 network schools are now proud to have been awarded the label.

The fact that the Medersat.com network has managed to incorporate environmental education into its model is due to the ongoing involvement of each component, including headteachers, teachers, pupils and the use of specialist materials. Indeed, in 2018, the Foundation, in partnership with the Royal Institute of Amazigh Culture (IRCM) translated into Tamazight educational materials used training and awareness-raising purposes.

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Developing Positive Impact Finance

BMCE Bank of Africa Group is convinced that the way to measure the success of a sustainability model is its actual contribution to the economy's sustainable development. That is why, for several years, it has adopted a proactive approach to promoting, at a national and continental level, a form of finance underpinned by the core values of responsibility and commitment.

Through a solid commitment to tackling the vitally important issues that the world is currently facing – water, energy and waste – BMCE Bank of Africa has acquired a reputation as a key player in achieving the UN's Sustainable Development Goals.

In partnership with Development Finance Institutions such as AFD, EIB, EBRD, and FMO, BMCE Bank of Africa is implementing solutions for inclusive and positive impact finance, by regularly leveraging available expertise in water resource management, energy efficiency and the circular economy.

Through its various initiatives, BMCE Bank of Africa has helped reduce greenhouse gases to the tune of 212,850 T CO₂ per year.



Cap Bleu, a commitment to protecting water resources

BMCE Bank of Africa is fully aware of the growing challenges surrounding water resources. That is why, in partnership with the Agence Française de Développement (AFD) and the European Investment Bank (EIB), it set up a EUR 20 million financing facility for wastewater treatment and sanitation. In doing so, the Group has reaffirmed its commitment to helping the domestic economy adapt to climate change.

Cap Bleu is a loan for private and public sector firms in the manufacturing, agricultural, real estate or hospitality sectors, enabling them to finance waste water treatment, purification and reuse. It is also designed for projects that aim to reduce water consumption.

In addition to financing up to 100% of the cost of the investment, Cap Bleu offers an attractive rate of interest, support and free technical assistance.

Cap Energie, for more efficient energy management

Consistent with the National Strategy on Energy Efficiency, BMCE Bank of Africa set up Cap Energie in partnership with the Moroccan Sustainable Energy Financing Facility (MorSEFF) in response to the urgent need to promote a low-carbon economy.

This EUR 65 million programme is intended to enable customers to purchase equipment or invest in energy-efficiency or renewable-energy projects.

Cap Valoris, responsible finance for the circular economy

To foster a circular economy, BMCE Bank of Africa, through Cap Valoris, has become a financial partner for solid waste recycling and recovery projects in Morocco.

Through a EUR 20 million financing facility, BMCE Bank of Africa, in partnership with the Dutch Development Bank (FMO) and the European Investment Bank (EIB), seeks to encourage Moroccan industry to transition from the existing linear system to a circular system, in which waste becomes a new exploitable resource.

Eligible companies qualify for a 25-basis-point interest rate subsidy in the form of a cash-back, as well as free-of-charge technical assistance offered by FMO.

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BMCE BANK **MorSEFF** **BMCE BANK**

Commitment to climate action through the 'Principles for Mainstreaming Climate Action within Financial Institutions'

Consistent with its other initiatives promoting sustainable development, BMCE Bank of Africa continues to support the 'Climate Action in Financial Institutions' initiative alongside EBRD, IADB, AFD, BOAD, HSBC and YES Bank. These principles involve committing to climate strategies, that is, managing climate risks, promoting climate-smart objectives, improving climate performance and reporting on climate action.

The first Bank in Africa to follow the recommendations of the Task Force on Climate-Related Financial Disclosures

In addition, BMCE Bank of Africa is the first African Bank to follow the recommendations of the 'Task Force on Climate-related Financial Disclosures' (TCFD) when it comes to financial communication. The TCFD was created by the G20 conference to develop a set of recommendations for voluntary climate-related financial disclosures. The TCFD aims to encourage companies to publish the financial impacts from climate change on their business model.

These recommendations are all the more beneficial since they enable companies like BMCE Bank of Africa to become aware of the climate risks to which their businesses are exposed, to inform investors of them and respond responsibly.

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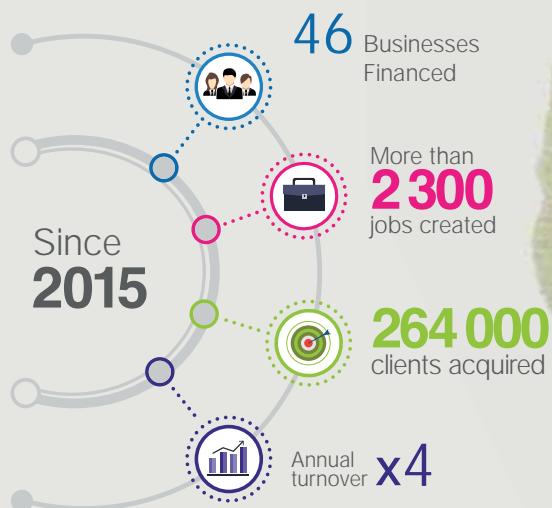
A commitment to entrepreneurship

Convinced of the strategic role played by entrepreneurship as a driver of economic growth and social development, BMCE Bank of Africa is committed to ensuring that Africa's entrepreneurs build successful business that create an impact. For BMCE Bank of Africa, this commitment is helping develop an in-depth understanding of the entrepreneurial ecosystem in Africa and providing an efficient response to the challenges posed.

AFRICAN ENTREPRENEURSHIP AWARD, AN INNOVATIVE CONCEPT IN SUPPORT OF SUSTAINABLE AND SOCIAL DEVELOPMENT

Since November 2014, when it was launched at the Global Entrepreneurship Summit in Marrakech, the African Entrepreneurship Award has rewarded sustainable and social development business ideas with an annual USD 1 million Award. Since its launch, more than 17,000 entrepreneurs from 142 countries, including all 54 African countries, have joined the AEA journey.

Over and above the prize-money, BMCE Bank of Africa Group encourages every employee to adopt an innovative approach to identifying and supporting entrepreneurial projects. This award has also attracted more than 500 partner-mentors from academia, incubators, business angels and investors as well as a dedicated in-house team that is responsible for monitoring the progress made by the award-winning projects and for disbursing the prize-money to the award-winners in instalments.



In its first 4 years, on a cumulative basis, 46 award-winners from 18 countries have shared USD 4 million of prize-money, have registered a fourfold increase in turnover, an eightfold increase in the number of customers and a tenfold increase in the number of staff employed. In short, they have transformed their respective projects into sustainable revenue-generating, job-creating companies.

A new category was introduced in 2018, 'Sports entrepreneurship', in addition the 'Innovation' category. Sport is, by its very nature, entrepreneurial because it improves health and conveys sound core values for Africa such as perseverance, effort, courage, balance, closeness and cooperation. This new category concerned 30% of those projects selected.

THE ENTREPRENEURSHIP CLUB, A NEW APPROACH FOR BMCE BANK IN MOROCCO TO SUPPORT ENTREPRENEURS

Launched in partnership with the Young Business Leaders Centre and the Entrepreneurship Observatory (ODE), the Entrepreneurship Club is an innovative educational concept, created to help Moroccan entrepreneurs develop their business skills.

This programme aims to support entrepreneurs by offering a certified management training course derived from the 'Business Edge' programme designed by the International Finance Corporation (IFC). The course is based on scenarios, role play and business coaching to ensure that entrepreneurs make a success of their respective projects.

The Entrepreneurship Club is therefore an excellent way for entrepreneurs to create a real network and take advantage of business opportunities.

As many as 120 entrepreneurs, 47% of whom were women, signed up for the Entrepreneurship Club programme in its first year. Training was provided in different regions and cities around the Kingdom including Fez, Casablanca, Agadir, Chefchaouen and Marrakech. Participants were supported and were able to improve their banking skills as well as developing their strategic and technical skills.



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Risk Management Organisation

CONTROL BODIES

GENERAL MANAGEMENT RESPONSIBLE FOR GROUP RISKS

One of the Group Risks Division's responsibilities is to ensure that credit, market and operational risks are monitored and controlled. General Management is responsible for:

- Defining the Group's risk policy;
- Defining and managing the credit approval and monitoring processes;
- Implementing a risk control system relating to credit, market and operational risks.

General Management responsible for Group Risks comprises four units:

- *Group Risk Management Division*
- *Loan Commitments Permanent Monitoring Division*
- *Loan Commitments Analysis Division*
- *Africa Counterparty Risk and Cross-Departmental Projects Division*

GOVERNANCE BODIES

GROUP RISKS COMMITTEE

BMCE Bank of Africa Group's Risk Committee is a body reporting directly to BMCE Bank's Board of Directors whose remit extends to the Bank, its direct and indirect subsidiaries and other entities included within the Group's scope of consolidation.

The Group Risks Committee 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.

AUDIT AND INTERNAL CONTROL COMMITTEE

BMCE Bank of Africa Group's Audit and Internal Control Committee is a body reporting directly to BMCE Bank's Board of Directors whose remit extends to subsidiaries and other entities included within the Group's scope of consolidation.

The Group Audit and Internal Control Committee assists the Board of Directors in matters such as internal control, by ensuring that the existing internal control system and resources are:

- Consistent and compatible so as to be able to monitor and control risk at both the Bank and subsidiary levels and produce information required by regulatory authorities as part of a consolidated approach to Group monitoring;
- Adapted to the Bank's organisational structure as well as the activities of entities under the Bank's control;
- The financial information intended for the Board of Directors is reliable and accurate such that the legitimate interests of shareholders, depositors and other stakeholders are safeguarded;
- Examine the parent and consolidated financial statements prior to submitting them to the Board of Directors for approval.

GENERAL MANAGEMENT COMMITTEE

The General Management Committee is responsible for translating and monitoring the Group's corporate strategy into operational initiatives and measures.

This Committee, which meets weekly, is also responsible for steering the Bank's business, managing its internal control and risk management systems, monitoring HR and overseeing commercial, institutional and financial communications.

GROUP RISK STEERING AND MANAGEMENT COMMITTEE

The General Management Committee is responsible for translating and monitoring the Group's

The Group Risk Steering and Management Committee is a sub-committee of BMCE Bank of Africa Group's General Management Committee. It helps the latter manage and monitor, at the operational level:

- The Group's risk steering policy (BMCE Bank PLC and its direct and indirect subsidiaries);
- And ensures that the Group's activities comply with risk policies and the limits set.

The Committee ensures that risk steering policy relating to credit, market, country and operational risks is efficient and monitors the Group's risk profile to ensure that it is consistent with its risk appetite.

CREDIT COMMITTEES

Senior Credit Committee

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

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of the Bank and of the Group within its delegated powers. Operating rules and powers differ depending on the level of risks incurred, as well as the nature of the Bank's credit portfolio segment in question – Business, Corporate or Personal & Professional Banking customers. The scope of the Credit Committee also covers Group entities.

This committee is chaired by the Bank's Chairman and Chief Executive Officer with the Group Executive Managing Director as Vice-Chairman. It is composed of senior managers of the Bank.

Regional Credit Committee

The delegated powers enjoyed by the Regional Credit Committee enable it to rule on counterparties at the regional level in accordance with the existing scheme of delegation.

LOAN COMMITMENTS MONITORING COMMITTEE

As part of its portfolio monitoring remit, the Loan Commitments Monitoring Committee (central CSE and regional CSE) meets on a monthly basis to follow up on the various initiatives to regularise, recover and clean-up accounts showing anomalies. The Committee also reviews customer dossiers that are eligible for downgrade and decides on what action to take.

CREDIT RISK

The Bank's credit division operates in accordance with the general credit policy approved by the Group's senior management. 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 divided into specific policies and procedures depending on the character of specific operations or counterparties.

CREDIT APPROVAL PROCESS

General principles

The credit approval process across at every level of *BMCE Bank of Africa* Group is guided by the troika principle and is based on the following principles:

- The credit approval process is the same for all types of credit application in that it ensures that the troika principle (at least) is met. Therefore, at least 3 people, including at least one person from the Risk

function, must approve any credit application except in a number of predetermined exceptional cases.

- After prior cross-examination, decisions are taken jointly by the Risk and Commercial functions with regard to dossiers assigned by delegation of powers at the local as well as central levels as part of a multi-level pyramid structure. Should both functions fail to find a consensus, the dossier may be referred to a higher hierarchical level which will act as potential arbiter.
- An escalation procedure exists (L+1) in the event of any disagreement between the Risk and Commercial functions.

Bodies

The following provides a summary overview of the credit approval process:

- Responsibility for putting together the credit application dossier is incumbent on the Commercial function due to it having a commercial relationship with the customer;
- A cross-examination of the credit application dossier is carried out by credit analysts from the Risk function;
- Decisions are taken jointly by the Risks and Commercial functions based on their respective levels of delegations of power;
- Responsibility for setting up the loan rests with the back-office, a body that is independent of the Risk and Commercial functions.

A choice of decision-making channels

To make the notification process more straightforward, each credit application made must adhere to the single decision principle.

Credit decisions are either taken by circulating the dossier or by holding a Credit Committee, via a manual or electronic process.

Delegation of powers

The credit decision-making process is based on a system of delegation of powers that derives from the powers granted by an entity's Board of Directors to employees or groups of employees, within the limits deemed appropriate.

Powers may be sub-delegated on the basis of the organisational structure, business volumes, products and risks.

Powers are delegated to employees on an intuitu personae basis as a function of their critical thinking capabilities, experience, personal and professional attributes and training.

Approval rules

Credit approval decisions are subject to review by the Troika or Credit Committees in accordance with the approval levels.

The existing credit delegation system defined the number of decision levels as follows:

- An initial 'local' level within each subsidiary;
- A 'hub' level (BoA Group and International Banking);
- A 'central' level within BMCE Bank.

Powers may be sub-delegated to the local level within the entity on the basis of the organisational structure, business volumes, products and risks.

The contents of a credit application dossier

Any application to set up a credit line must meet the product's eligibility criteria in accordance with each credit product's profile factsheet. Any credit decision is made on the basis of a standard credit application dossier, the format of which is defined in conjunction with the relevant Commercial and Risk functions and in coordination with Group Risks.

A credit application dossier is prepared for each counterparty or transaction to which the entity wishes to make a commitment or to which the entity has already made a commitment in the case of an annual review or a renewal on the basis of the documents provided by the customer as specified in the product checklists.

The documents checklist to be provided by the customer and the analysis framework are standard at Group level and are governed by the type of credit in question. The contents of a credit application dossier must provide decision-makers with the necessary qualitative and quantitative information and analysis to enable them to make an informed credit decision.

The Commercial function responsible for preparing the credit application dossier is also responsible for its contents.

The credit application dossier remains the sole reference document required to take a credit decision. It must therefore bear be properly signed and stamped to be valid at the requisite level of the responsibility chain.

SYSTEM FOR CONTROLLING AND MONITORING CREDIT RISK

The system for monitoring and steering credit risk provides second level control. It operates independently of monitoring carried out by commercial units on a daily basis.

The system may be adapted to the specific character of each subsidiary in concertation with the Group Risks Division.

The controls carried out by the Group Risks Division are primarily aimed at ensuring that the advanced alert system is efficient both in terms of risk management and the Commercial function being able to anticipate potential risks so that the Bank's loan portfolio is managed appropriately. The Group Risks Division, through the Loan Commitments Permanent Monitoring Division, also ensures that the Commercial function is properly monitored and alerts to any conspicuous shortcomings.

The main operational responsibilities of the Group Risks Division, as part of its remit for monitoring and steering credit risks, may be summarised as follows:

- Ensure a priori controls
- Ensure a posteriori controls
- Identify and monitor the portfolio of loan commitments according to a number of analytical criteria such as product type, maturity, beneficiary, business sector, branch, geographical zone etc.
- Set and monitor concentration limits
- Detect high-risk accounts and ensure that they are monitored
- Classify the non-performing loan portfolio according to regulatory criteria and recognise the appropriate provisions
- Conduct stress tests
- Produce and file regulatory reports and ensure internal steering.

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STEERING THE PORTFOLIO OF LOAN COMMITMENTS

The portfolio of loan commitments of the Group and its entities is steered using a number of indicators of risk resulting when credit approval is given as well as those arising during the life of the loan.

Multi-criteria analysis of the loan portfolio is a way of controlling risks retrospectively. This consists of identifying and tracking all loan commitments of the Group and its entities based on a number of criteria such as products, maturities, customers, business groups, customer segments, counterparty ratings, asset categories (healthy and non-performing), business sectors, agencies, geographical areas, types of security etc. Multi-criteria analysis is a credit risk management tool.

The Credit Risks unit is responsible for carrying out multi-criteria analysis of the loan portfolio. It is also responsible for reporting on credit risks, both within the Group to the Risk Committees and to senior management, and externally, to regulators.

MONITORING HIGH-RISK ACCOUNTS

High-risk accounts represent a risk that is likely to subsequently increase and therefore result in a cost to the Bank. They consist of loan commitments which show either a visible deterioration in risk quality as measured against quantitative criteria or a potential deterioration in risk quality as measured against qualitative criteria. These accounts' loans commitments are rigorously monitored by the Bank's various entities.

High-risk accounts comprise:

- Debit balances on demand accounts for which no actual credit entry has been recorded over a period to cover at least the overdraft fees charged to these accounts as well as a significant portion of the said debit balances;
- Outstanding amortised loans that have not been settled within 30 days of their maturity date;
- Outstanding loans that are repayable by means of a single repayment and that have not been honoured within 30 days of their maturity date;
- Trade receivables discounted by the Bank and returned unpaid;
- Persistent overruns, beyond one month, by comparison with the authorisations granted. So as

to avoid incurring any operational risks, however, the entities will monitor, on a weekly basis, the authorised overruns of a certain level (at the discretion of each local entity).

- Outstanding loans whose recovery may be potentially jeopardised by any of the following factors – a major structural financial imbalance, the counterparty's deterioration, events and disputes concerning the main shareholders (death, adjustment or liquidation ...) or a particularly difficult operating environment.

These criteria constitute the minimal conditions for detecting high-risk accounts.

The Commercial function, given its knowledge and daily monitoring of its relationships, together with Group Risks, may identify and classify any other account as being a high-risk account if they deem it necessary.

Assessment, intervention and the complementary nature of the relationship that exists between the Commercial and Risk functions are key to identifying the various criteria required for an account to be registered as high-risk.

Responsibility for monitoring these risks on a daily basis rests with the Commercial function. However, responsibility for detecting these high-risk accounts on a monthly basis rests with the Risk function. Detection is carried out on the basis of quantitative criteria extracted from IT applications and operating systems. As soon as the characteristics of these risks have been identified and confirmed as high-risk, the Risk function will request an explanation from the Commercial function. The latter will then use every possible means at its disposal to ensure that the loan is recovered.

LOAN CLASSIFICATION

After carrying out the monthly review of the Bank's portfolio and an analysis of high-risk accounts, each subsidiary reviews its regulatory loan classification as required by local regulatory requirements.

This review is carried out by the committees responsible for monitoring loan commitments on the recommendation of each entity's Risk function. The decisions taken by these committees are implemented by transferring these accounts from the "healthy" to the "non-performing, requires provisioning" category and subsequently monitoring them.

RATINGS SYSTEM

BMCE Bank SA has an internal ratings system covering several customer segments.

Ratings system's guiding principles

One and only one rating

A rating is attributed to each customer. Each customer is treated as a Group third party code. The ratings process is carried out for each Group third party code so that a third party has one and only one rating. *BMCE Bank* therefore ensures that one and only one rating is assigned to each assessed counterparty.

Ratings Integrity

In accordance with regulatory guidelines, ratings attributions and their periodic revisions must be carried out or approved by a party that does not directly benefit from the loan being approved. This concept of integrity when assigning a rating is a key aspect of the credit risk management charter, which seeks to encourage and ensure that the ratings process is truly independent.

Ratings Uniqueness

For each of the Bank's third parties, a specific code is assigned to each counterparty type. Each third party is therefore rated using a template corresponding to a benchmark counterparty. As a result, for each third party, which has a particular and therefore unique counterparty type, the appraisal is carried out with the help of a single ratings template, but with characteristic data that are specific to the counterparty in question. *BMCE Bank* is therefore able to ensure that the rating assigned to each counterparty is unique.

DESCRIPTION OF THE CHARACTERISTICS OF THE INTERNAL RATINGS MATRIX BY RISK CATEGORY

Ratings scale

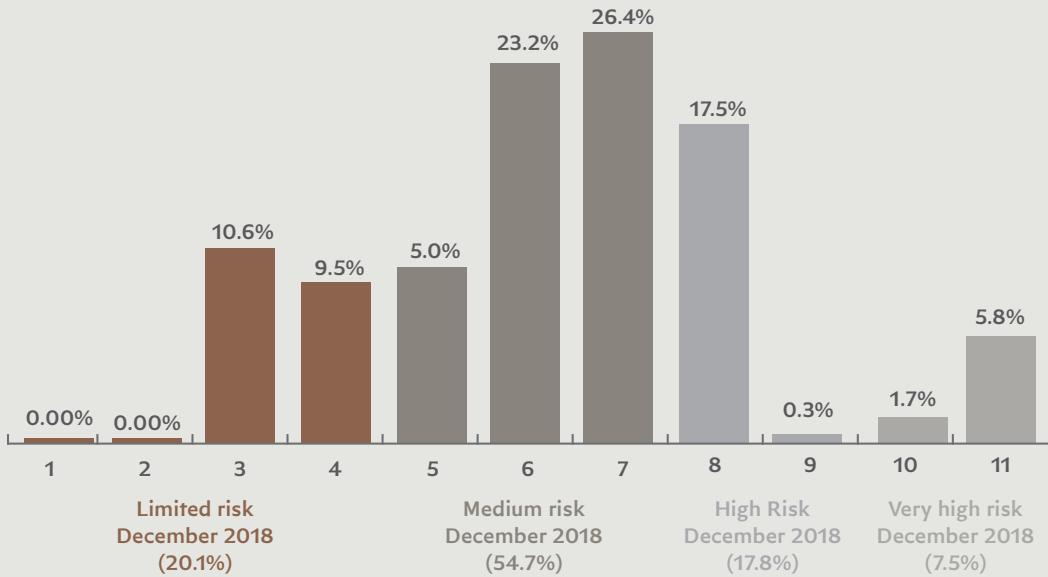
Based on the ratings scale adopted by *BMCE Bank of Africa* Group, the final counterparty rating ranges from 1 to 11 :

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	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;
	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.

Breakdown of loan commitments by risk category at 31 December 2018



SCORING SYSTEM FOR RETAIL CUSTOMERS

The scoring system for retail customers consists of statistically modelling defaulting retail customers and their risk behaviour.

A behavioural scoring matrix (Basel II standard) for customers in employment has been operational since 2013. The matrix is displayed in the Customer Relationship Management (CRM) system with additional remarks provided. It is updated on a daily basis.

A credit approval scoring matrix for retail customers with an instant loan employed by companies with whom the Bank has an arrangement has been modelled.

The Corporate ratings model is linked to the Retail Customer ratings model by the ratings model for company arrangements.

A decision-based credit approval system for consumer credit was introduced and implemented by the Bank in October 2018.

A scoring matrix for Moroccans living abroad was modelled, approved and rolled-out in 2017.

A behavioural ratings model for professional customers was finalised and developed in 2014. It was rolled out in 2015. The model was back-tested and readjusted in 2017.

A behavioural ratings model for SMEs was introduced and implemented at the end of 2017 and displayed in the Customer Relationship Management (CRM) system with scores ranging from A to K.

WARRANTIES

The Group receives various types of warranty as loan collateral. As a general rule, collateral requirements are governed by two factors: the type of credit requested and the quality of the counterparty.

The Group systematically mortgages all property which it has financed (housing loans and loans for property development) and requests that customers take out insurance cover.

Similarly, funding for public procurement of goods, capital equipment and business premises are systematically guaranteed by pledges on the items funded and insurance cover is also required.

In addition to these warranties, the Group generally strengthens its position by requesting personal guarantees from counterparties whenever it is deemed necessary, depending on the quality of the latter.

CONCENTRATION LIMITS

Credit risk management is based on a system in which a risk opinion and formal risk limits are attributed to strategic initiatives at the business line level, such as in the event of a new business or product launch. For *BMCE Bank of Africa* Group, the risk of credit risk concentration may result from exposure to:

- Individual counterparties
- Interest groups
- Counterparties from the same business sector.

INDIVIDUAL COUNTERPARTIES

The Group monitors individual concentrations at the parent and consolidated levels on a monthly basis. It closely monitors the commitments of its largest 10, 20 and 100 customers by commitment.

INTEREST GROUPS

Portfolio diversification by counterparty is monitored on a regular basis, particularly within the framework of the Group's individual concentration policies. Credit risk exposure to counterparties or groups of counterparties with relatively sizeable loans, of more than 5% of the Bank's capital, are specifically monitored, both on an individual and consolidated basis.

Furthermore, controlling major risks also ensures that the aggregate risk incurred for each beneficiary does not exceed 20% of the Group's net consolidated capital, as required by Moroccan banking industry regulations. *BMCE Bank of Africa* Group ensures that it complies with the concentration thresholds stipulated in the *Bank Al-Maghrib* directive

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COUNTERPARTIES FROM THE SAME BUSINESS SECTOR

The chosen methodology for setting sector limits is based on a statistical model which includes historical default rates and the number of counterparties by business sector and by risk category -rating.

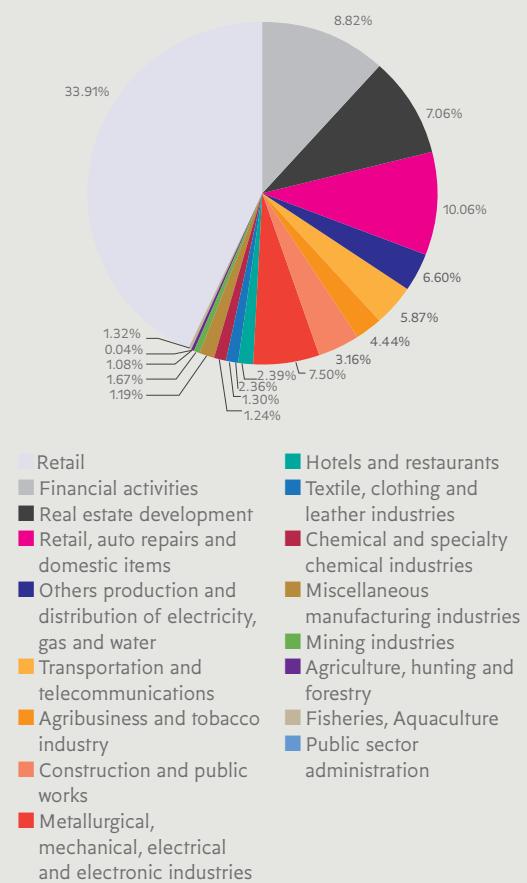
The objective is to model the probability of default by using appropriate econometric techniques and a dependent random variable whose value is derived from the number of default occurrences.

This procedure is based on the assumption that counterparties are independent and that the defaulting events are not correlated. The key concept underlying this methodology is the probability of default for a given counterparty. This probability is measured by using the rate of default of the rating-business sector pair.

The model also enables the Bank to identify priority sectors for credit expansion in the context of the Bank's development plan as well as bad loan experience by sector. This approach, adopted by the Group Risks Division, is complemented by back-testing the model every six months.

Sector-specific limits are reviewed every six months in consultation with commercial units and the Bank's Economic Intelligence Centre which provide operational experience as well as estimates of macroeconomic and industry growth. The opinions of these entities help to challenge and provide further confirmation of the model's suitability in a given economic context.

BREAKDOWN OF THE GROUP'S LOAN COMMITMENTS TO CUSTOMERS BY BUSINESS SECTOR AT 31 DECEMBER 2018 :



Conducting stress tests

BMCE Bank of Africa Group conducts half-yearly stress tests so as to evaluate the vulnerability of its loan portfolio in the event of a change in circumstances or deterioration in the quality of counterparties.

Stress tests are conducted in order to assess the Group's resilience in the face of unexpected, extreme events. Operationally, they consist of simulating scenarios in the event of default of a certain percentage of the Group's counterparties. The ultimate aim is to quantify the impact on provisions and therefore on prudential capital.

A review is conducted twice a year to ensure that the various scenarios chosen are appropriate. This assessment is conducted on the basis of anticipated goals for carrying out stress tests and each time that market conditions suggest that a potentially unfavourable change is likely to seriously impact the Group's ability to withstand it.

The Group Risk Steering and Management Committee and the Group Risks Committee are informed of the results of the stress tests.

LEVEL OF EXPOSURE TO COUNTERPARTY RISK BASED ON METHODS APPLIED TO OFF-BALANCED SHEET ITEMS

Type of Exposure	CREDIT RISK-WEIGHTED ASSETS DEC 18	Risk-Weighted Assets post-CRM
Balance-sheet items	156 625 743	
Off balance sheet items: financing commitments	4 358 746	
Off balance sheet items : warranty commitments	10 241 650	
Counterparty Risk: temporary disposals of securities relating to the bank portfolio	-	
Counterparty Risk: temporary disposals of securities relating to the trading portfolio	98 280	
Counterparty Risk: derivative products relating to the bank portfolio	-	
Counterparty Risk: derivative products relating to the trading portfolio	381 731	
Other assets/Other items	28 524 134	
Settlement Risk	302 161	
Total	200 532 446	

MARKET RISK

Management of market risk at BMCE Bank of Africa Group adheres to regulatory standards as defined by supervisory authorities in application of best international management practices as defined by the Basel Accords.

Market transactional risk is defined as the risk of incurring losses on balance sheet and off-balance sheet positions as a result of fluctuations in market prices. For BMCE Bank of Africa Group, this type of risk encompasses:

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

FINANCIAL INSTRUMENTS MAPPING

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

Foreign exchange products	Change cash FX spot FX forwards FX derivatives FX swaps
Equity products	Equities Equity/index derivatives Equity mutual funds
	I- Corporate and interbank loans/borrowings Fixed rate -MAD and foreign currencies Floating rate -MAD and foreign currencies
	II- Negotiable debt securities and other debt securities II-1 Sovereign securities Fixed rate -MAD- Floating rate -MAD and foreign currencies
	II-2 Securities issued by credit institutions and companies Fixed rate-MAD- Floating rate -MAD and foreign currencies III- Stock lending/borrowing Stock lending/borrowing Repos/Reverse repos
Fixed income products	IV- Interest rate derivatives Interest rate swaps Swap futures Forward Rate Agreement V- Fixed income mutual funds Money market mutual funds Bond mutual funds
	Commodity futures Commodity futures and options Credit default swaps -CDS- Credit linked notes -CLN-

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GOVERNANCE

The main contributors to BMCE 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;
- The Group Risks Committee, which defines Group market risk management policy and approves any change in steering risks in market operations implemented by any of the Group's entities;
- The Group Market Risks Committee, which ensures that the system for monitoring BMCE Bank of Africa Group's market risks is effective and consistent with policy for managing the Group's market risks;
- The Group Market Risks Department which, as a separate department from the Group's front-office, centralises management of BMCE Bank of Africa Group's market risk; this gives it maximum objectivity in steering market risks and in arbitrating between the different market activities;
- The Risk management units of BMCE Bank of Africa Group entities which ensure first level control of market activities within their own entities and report back to Group Risk Management;
- Internal Audit, which ensures implementation of market risk management policy and rigorous compliance with procedures.

MARKET RISK MANAGEMENT SYSTEM

BMCE Bank of Africa Group's market risk management system is structured around three main aspects:

- Limits;
- Risk indicators;
- Capital requirements.

LIMITS

Counterparty limits on market transactions

The approval process for counterparty limits and applications to overrun those limits in market transactions is governed within BMCE Bank of Africa Group via a system of delegation of powers within a framework of procedures specific to each counterparty type.

Limits are set beforehand for market transactions in accordance with a scheme of delegation based on the troika principle.

Market limits :

In order to control market risk within BMCE 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. BMCE Bank of Africa Group's set of market limits comprise the following:

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

Market limits are determined using VaR. The system for managing limits is dynamic by taking 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 limits adopted for internal purposes, BMCE Bank Group of Africa also complies with regulatory limits defined by Bank Al-Maghrib including:

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

RISK INDICATORS

The following risk indicators, reflecting the level of exposure to market risk, are used by BMCE Bank of Africa Group :

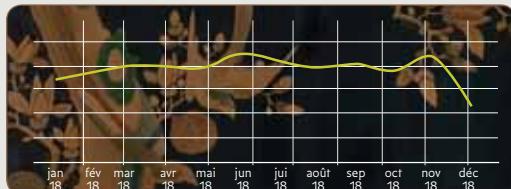
Overall value-at-Risk (VaR) and by asset class

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

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

BMCE Bank Group of Africa calculates overall *Value-at-Risk* by asset class on a daily basis as well as carrying out back-testing.

CHANGES IN VaR (1 DAY) IN 2018



Stress-testing by risk factor

BMCE Bank of Africa Group conducts stress tests in order to evaluate the vulnerability of the Group's trading portfolio under extreme scenarios. Stress tests encompass every component of the trading portfolio by simulating all risk factors that might impact it. The results of stress tests in terms of the impact from interest rate risk and foreign exchange risk on the trading portfolio are outlined below.

At 31 December 2018, the results of 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 81 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 161 million impact on the P&L.

b- Equity portfolio

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

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

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

This scenario would result in a MAD 6 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 56 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 113 million impact on the P&L.

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

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CAPITAL USE

BMCE Bank Group of Africa uses Risk Authority software to calculate capital requirements under the standardised approach for market risks. This enables it to meet regulatory requirements in terms of reporting and monitor capital requirements regarding the Group's trading portfolio.

The Group's consolidated capital requirements in respect of market risk at 31 December 2018 were as follows :

CAPITAL REQUIREMENTS BY TYPE	CAPITAL REQUIRED
Capital required in respect of fixed income risk	546 923
Capital required in respect of equity risk	59 376
Capital required in respect of foreign exchange risk	28 017
Total capital required in respect of market risk	634 316
Total market risk-weighted assets	7 928 949

METHOD FOR VALUING TRADING PORTFOLIO ITEMS

Dirham-denominated fixed income and money market instruments

Market values of fixed income and money market assets are calculated on Kondor+ using the dirham yield curve for fixed income and money market assets on the basis of the dirham rate curve published by *Bank Al-Maghrib* and on each transaction's characteristics.

Money Market and fixed income mutual funds

A number of mutual funds publish net asset values on a daily basis while others are updated weekly.

Mutual funds are valued on the basis of net asset value calculated on a daily or weekly basis.

Foreign currency-denominated fixed income products

Foreign currency-denominated fixed income products are valued on Kondor+ on the basis of the yield curves for the foreign currencies in question and on each transaction's characteristics.

Foreign exchange options

Foreign exchange options are valued on the following basis: volatility curve, yield curves (EUR, MAD and

USD) and foreign exchange crosses for the three currencies.

The foreign exchange options position is included in the overall foreign exchange position using the delta equivalent method.

Overall foreign exchange position

The value of foreign exchange positions does not include the 0.2% levied by *Bank Al-Maghrib* on each spot trade.

Branch-based foreign exchange transactions are executed at BMCE Bank's fixing rate (non-negotiable rate).

A final statement of orders awaiting execution is transmitted to the Foreign Exchange Desk on day «N» which deals with it immediately. On «N+1» in the morning, the Middle Office receives a statement comprising possible amendments to branch network positions and updates Kondor+.

Positive Fair Value of Contracts (Warranties)

Warranties relating to market risks relate to "repo" agreements. The latter are securities sold under repurchase agreements in order to raise funds.

COUNTRY RISK

In a constantly changing world and within the constraints of the Group's overseas growth strategy and regulatory requirements, the introduction of a country risk management system will enable the Group to identify, measure and control its cross-border risks.

The Country Risk unit's adopted methodology is based on the following points :



Country risk management policy

The country risk management policy aims to define a framework for overseeing all overseas business activities that generate risks for the Bank. It establishes management standards and rules in order to harmonise regulatory requirements and in-company governance.

Country risk reporting

Monthly reporting by overseas subsidiaries and the parent company enables the Group Risks Division to assess each country's potential risk factors and help to establish risk-mitigation strategies.

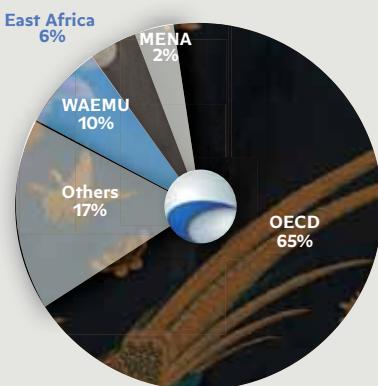
Identifying cross-border risks

BMCE Bank of Africa Group is exposed to international risks through the various types of commitment made by the Bank to non-resident counterparties in dirhams or in foreign currencies.

These include :

- Loans to non-residents ;
- Trade finance business ;
- Foreign assets ;
- Market operations.

Breakdown of BMCE Bank's risk exposure by geographical zone at 31/12/2018



Consolidation

Country risk commitments are identified in such a way as to establish a position for each subsidiary as well as for the Group, providing an overview of the Group's overall exposure to cross-border risks.

Alerts system introduced

This system consists of monitoring regulatory, economic and financial factors by tracking all the prominent events occurring during the week. These items are disseminated to all interested parties in a Monthly Report.

An additional module monitors country risk trends and consists of specific research and in-company requests.

Ratings system

BMCE Bank of Africa Group bases its country risk assessments on the ratings of external agencies such as Coface, S&P and Moody's...

Setting limits

When establishing country limits for loan commitments, BMCE Bank of Africa Group takes into consideration :

- An assessment of an issuer's risk profile ;
- Risk appetite ;
- The breakdown and diversification of the loan portfolio of each subsidiary and of the Group, while complying with the maximum permitted concentration by country based on a percentage of Tier 1 capital.

These limits are monitored on a permanent basis. Requests to exceed country limits are assessed on the basis of the levels of decision-making powers in force.

Stress tests

Stress tests are conducted on a regular basis to ensure that the Bank is able to withstand scenarios of extreme deterioration in country risk and to quantify the impact on the Bank's balance sheet and profitability.

Provisioning

A provision is recognised for country risk whenever it materialises, in the event of debt rescheduling, a political crisis or any other factor which may negatively impact the Bank's profitability.

An annual review is systematically carried out to reassess the country supposedly in default, which may potentially require the Group to recognise a provision.

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OPERATIONAL RISK

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

Operational risk management policy

Aim of managing operational risk

Operational risk management policy has three aims :

- Identify, analyse and evaluate operational risks ;
- Evaluate internal controls ;
- Monitor operational risks via alert indicators.

Operational risk is managed by adopting preventive and/or corrective action for the major risks identified.

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

Classification

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

Links to other risk types (market risk/credit risk)

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

- At a general level, analysis of the Bank's overall level of risk aversion (in terms of allocation of capital) must be carried out and "trans-risks" monitored;
- At a specific level, a number of operational risks may be the cause of market risk or credit risk.

Operational risk management organisation

The framework governing operational risk management within BMCE Group of Africa is based on three main objectives:

- Define a target policy consistent with BMCE Bank of Africa Group's business organisation inspired by best practice;
- Involve and empower business lines and subsidiaries in the day-to-day management of operational risk management;
- Ensure that the audit-control and the operational risk management functions are kept separate.

Operational risk management at BMCE Bank of Africa Group involves four major entities:

- The Group Operational Risk division at BMCE Bank's head office;
- BMCE Bank's branch network;
- BMCE Bank's 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 also extends to Group subsidiaries.

Governance of operational risk management

Governance of operational risks within BMCE Group of Africa is organised by three operational risk Committees :

- Group Operational Risk Committee – incorporated within the Group Risks Committee;
- Operational Risk Monitoring (Business Lines) Committee ;
- Operational Risk (Subsidiaries) Committee.

These committees are tasked with periodically :

- Reviewing changes in operational risk exposure and in the environment for controlling such risks;
- Identifying the main areas of risk in terms of activities and risk types;
- Reviewing the state of progress of the preventive and corrective action plans drawn up with a view to covering and dealing with the major operational risks;
- Reviewing the amount of capital to be allocated to operational risks, the cost of preventive action required and the cost of insurance.

Fundamental methodology principles

BMCE Bank of Africa Group's operational risk management policy is underpinned by two strategic priorities :

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

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

- Risk events collection;
- Mapping operational risks;
- Key risk indicators.

The data produced form an integral part of these processes of monitoring and controlling the operational risk profile.

The senior management of the entity in question, General Management and the Board of Directors are regularly notified of operational risk exposure and any losses incurred. The management system is properly documented, ensuring compliance with a formalised set of controls and internal procedures and corrective measures in the event of non-compliance.

Internal and/or external auditors are invited to periodically review management processes and systems for measuring operational risk. These audits relate to units' activities and the independent operational risk management function.

Operational risk management at BMCE Bank of Africa Group has been entirely automated by means of specialised MEGA CRM software. This software, which has been deployed by the Bank and its Moroccan and European subsidiaries, is now used to collect risk events and map operational risks and key risk indicators.

Operational risk control and mitigation

Several types of attitude may be envisaged to manage operational risks:

- Reinforce checks;
- Hedge risks, especially via insurance contracts;
- Avoid risks, in particular, by redeploying activities;
- Draw up business continuity plans;
- Closely monitor to ensure that risk limits or assigned thresholds are complied with.

BMCE Group of Africa has a very strong control policy, resulting in a significant reduction in operational risks. However, in terms of operational risk management, over and above its risk control policy, the Group is at liberty to find the best possible solution 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...

Business Continuity Plan

The Business Continuity Plans, which have been implemented by BMCE Bank of Africa's entities and maintained in good working order, are primarily aimed at ensuring the continuity of each Group entity's essential operations in the event of a disaster (survival principle of the firm), while continuing to comply with regulatory requirements.

The goal of the Group's overall business continuity system is to enable it to manage situations that may affect some or all of its entities in an appropriate, consistent, synchronised and effective manner.

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This system is adapted to the Group's organisational structure and is based on bodies and procedures that guarantee its effectiveness.

The Business Continuity Plan covers disasters affecting human resources, information systems, logistical systems and service providers if these are deemed to be critical to the Bank's operations, as well as various other resources deemed indispensable to it being able to deliver critical services to external parties to whom the Bank has an obligation.

BMCE Bank of Africa's business continuity system is underpinned by the following goals :

- Comply with the survival principle;
- Mitigate or cover the risks so as to contain the remnants within the limits decided by the entities' management team and Group strategy, taking into account the cost and effectiveness of the solutions that are to be put in place;
- Ensure that the business continuity plans are coordinated, standardised and consistent with regard to the Group's decentralised organisational structure;
- Keep the situation under control in the event of a crisis;
- Comply with regulations and the recommendations of the regulatory authority including Bank Al-Maghrib's Directive DN 47/G/2007 Circular 4/W/2014.

Capital adequacy

BMCE Bank of Africa Group has opted for the standardised approach as prescribed by Bank Al-Maghrib circulars, requiring that banks have a Tier 1 capital ratio of 9% and an overall capital adequacy ratio of 12% on both a parent company and consolidated basis.

BMCE Bank of Africa Group's calculated ratios comply with Bank Al-Maghrib's regulatory requirements

COMPOSITION OF SHARE CAPITAL AND CAPITAL ADEQUACY

Main characteristics of items constituting shareholders' equity

At 31 December 2018, BMCE Bank's share capital stood at MAD 1,794,633,900 made up of 1,794,633,900 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 2018, fixed maturity subordinated debt stood at almost MAD 6.2 billion.

Measurement of capital adequacy

BMCE Group of Africa has opted for the standardised approach to calculating risk-weighted assets as prescribed by Bank Al-Maghrib (BAM) circulars. Since 30 June 2014, capital adequacy ratios have been calculated in accordance with Basel III regulatory standards as defined by BAM.

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

The circulars governing these declarations are as follows :

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

COMPOSITION OF CAPITAL AND CAPITAL ADEQUACY AT 31/12/2018

Tier 1 capital	20 324 973
Items to be included in Tier 1 capital	23 979 471
Share Capital	
Consolidated reserves, including premiums related to share capital and not included in hidden reserves	16 091 348
Retained earnings	
Net income for the previous period	1 651 430
Minority interests	4 442 059
Items to be deducted from Tier 1 capital	3 654 497
Goodwill	1 032 114
Other adjustments to Tier 1 capital	1 445 705
Non-current assets	987 396
Other deductions	189 282
Additional core capital	2 000 000
Perpetual subordinated debt	2 000 000
Items to be deducted from capital	98 740
Non-current assets	98 740
Tier 2 capital	7 184 305
Perpetual subordinated debt	6 223 562
Revaluation differences	
Hidden reserves	202 256
Items to be deducted from capital	127 740
Non-current assets	98 740
Other deductions	29 000
Total	29 282 799

Capital Requirements by Risk Type	Dec. 2018
Risk-weighted credit risks	200 532 446
Risk-weighted market risks	7 928 949
Risk-weighted operational assets	23 582 527
Total risk-weighted assets	232 043 923
Tier 1 Capital	22 226 234
Tier 1 Capital ratio	9.6%
Total admissible capital	29 282 799
Capital adequacy ratio	12.6%

Parent company	Dec-18	June-19	Dec-19	June-20
Tier 1 capital	12 760	12 333	16 042	17 335
Total capital	18 290	18 169	21 727	22 620
Risk-weighted assets	125 348 130 400	132 581 136 344		
Tier 1 capital ratio	10.2%	9.50%	12.1%	12.7%
Capital adequacy ratio	14.6%	13.90%	16.4%	16.6%

Consolidated	Dec-18	June-19	Dec-19	June-20
Tier 1 capital	22 226	23 222	26 847	29 547
Total capital	29 283	30 227	33 702	36 002
Risk-weighted assets	232 044	242 259	248 593	258 680
Tier 1 capital ratio	9.6%	9.6%	10.8%	11.4%
Capital adequacy ratio	12.6%	12.5%	13.6%	13.9%

International subsidiaries' implementation of the risk management system

In 2018, as part of the implementation phase of the Convergence Programme, in line with the Group's ambitions, risk control systems continued to be rolled-out at new subsidiaries with a view to covering the Group's entire geographical remit.

CREDIT RISK MANAGEMENT SYSTEM

Batch 1: Organisation, scheme of delegation, steering and reporting

The roll-out of the credit risk management system (Batch 1) was completed at 15 BOA subsidiaries (Burkina Faso, Benin, Côte d'Ivoire, Senegal, Niger, Madagascar, Mali, Kenya, Uganda, Tanzania, Mer Rouge, Ghana, DRC, Togo and France), the Moroccan subsidiaries, LCB, BBI London and Madrid.

Batch 2: Stress tests and concentration ratios

Work carried out during 2018 resulted in a new and more simplified model for managing concentration limits.

The roll-out of the credit risk management system (Batch 2) (stress tests and concentration ratios) was completed at 7 BOA subsidiaries within the WAEMU zone (Burkina Faso, Benin, Côte d'Ivoire, Senegal, Niger, Mali and Togo) as well as for BOA France and the Moroccan subsidiaries.

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OPERATIONAL RISK MANAGEMENT SYSTEM

The roll-out of the operational risk management system has now been completed for almost all BMCE Bank of Africa Group's subsidiaries.

Operational risks have been mapped for each subsidiary covering 15 operational areas (Batches 1 & 2), the exception being BOA Rwanda and BOA Burundi. Batch 2 is yet to be completed for BOA DRC, BOA Group Hub, BBI London and the Moroccan subsidiaries. An annual review of the operational risk map is expected to be carried out by each subsidiary in compliance with the Group's operational risk management policy.

GROUP RISK COMMUNITY

BMCE Bank of Africa Group's Risk Community has now reached a certain level of maturity as a result of a common set of risk policies and practices.

Training leading to the Group Risk Community's Associate in Risk Management (ARM) certificate is provided to members by the Business Risk Academy.

This training enables employees working in the Risk division to acquire knowledge about specific risk management techniques. It is designed to meet the challenges posed by risk management while promoting interaction between members of the Risk Community, generating synergies between subsidiaries and fostering a common risk-based culture.

In 2018, the Group Risk Community's main achievements in respect of ARM training were as follows:

- 65 French-speaking employees and 15 English-speaking employees successfully completed Module 54;
- 32 French-speaking employees and 14 English-speaking employees successfully completed Modules 54 and 56;
- 14 French-speaking employees successfully completed three ARM modules (54, 55 and 56) and are expected to obtain ARM certification as soon as the Ethics module has been signed off.

GROUP RISK PROJECTS STEERING

The Risk projects management policy, which is implemented across the entire Group, aims to ensure effective and efficient management of Risk projects in line with BMCE Bank of Africa Group's divisional strategy.

In 2018, the work of the unit responsible for managing Group risk projects primarily focused on managing BMCE Bank PLC projects and Group-wide projects. The committee responsible for steering Group risk projects met on three occasions in 2018.

Risk projects portfolio

The various Group Risk projects are structured into four blocks - Standards and methods, Organisation and processes, IT systems and Risk functions. These projects relate to the work carried out by the Group Risks Division's different departments in relation to BMCE Bank PLC as well as Group projects.

The Group Risks Division's project portfolio consists of about 40 projects. Fifteen or so projects were completed in 2018 while the others remain in progress.

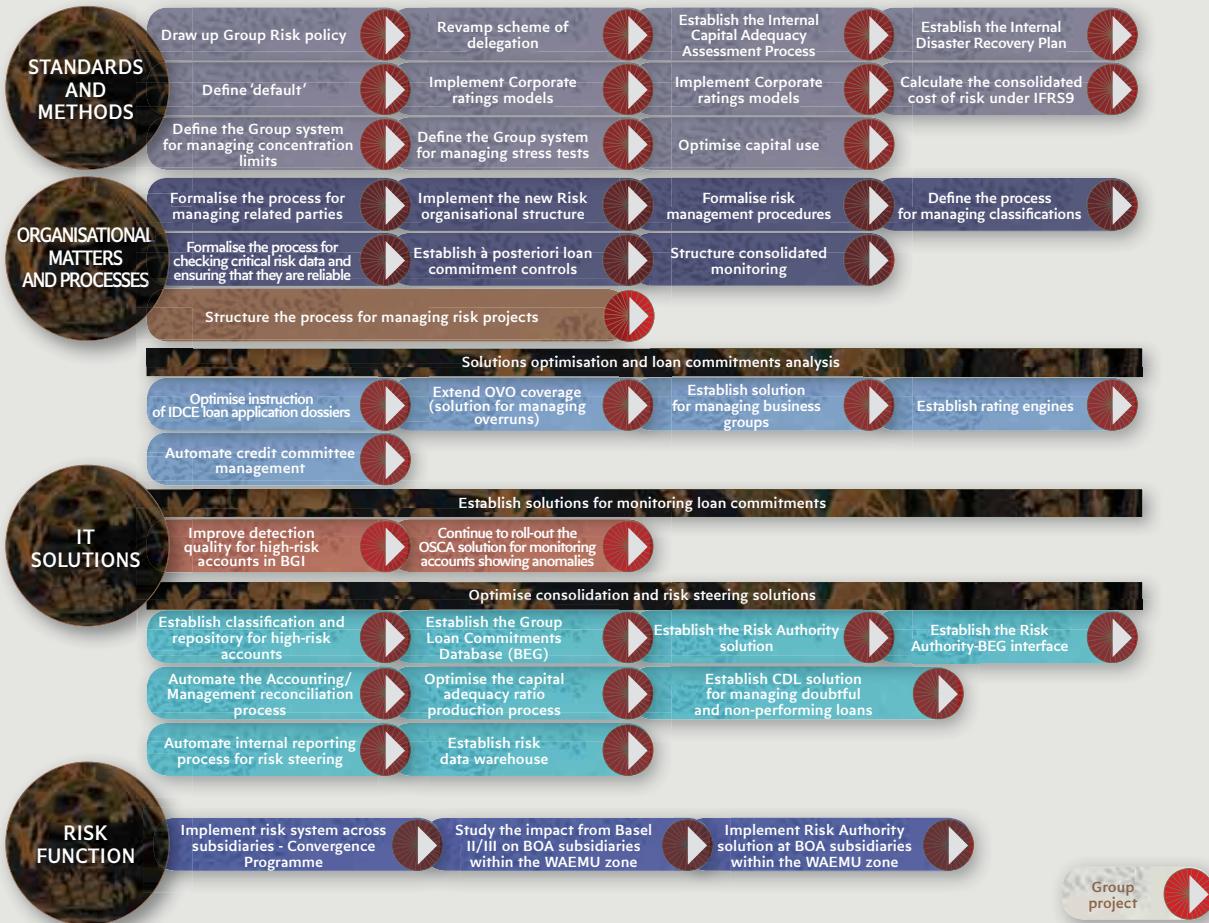
• **Group Loan Commitments Database (BEG)** is an indispensable solution to enable the Group Risk function to steer and monitor credit risk at the consolidated level.

BEG consolidates the third parties and loan commitments of all financial entities included within BMCE Bank of Africa Group's scope of consolidation:

- Management information – thirds parties, authorisations, outstandings, incidents, warranties and provisions;
- Accounting information – accounting balance to be able to reconcile the management information

> Data for third parties and loan commitments for the 23 BMCE Bank of Africa Group subsidiaries (BMCE Bank, 16 BOA subsidiaries, 3 Moroccan subsidiaries, LCB, BBI Madrid and BBI London) are included within the Group Loan Commitments Database.

> In addition, in order to meet the central bank's regulatory requirements, the Basel II/Basel III regulatory requirements for the WAEMU zone and of the BMCE Bank of Africa Group's internal management needs, BEG was updated in 2018 by the IT department, working in partnership with the BOA Benin pilot site's Risk function.



> Implementation of BEG and RAY was completed for the BOA subsidiaries within the WAEMU zone (Burkina Faso, Benin, Côte d'Ivoire, Senegal, Niger and Togo). Implementation is envisaged in 2019 for BOA MALI, the other BOA subsidiaries and the other Moroccan and European subsidiaries.

Other Risk projects overseen in 2018 were as follows:

- The new delegation of powers system was rolled-out and automated in respect of credit instruction solutions;
- Reviewing of internal ratings and scoring models;
- Work on introducing a new solution for managing doubtful and non-performing loans within the framework of the solution being administered by the Risk function;
- Work on stabilising and improving the OSCA

solution for monitoring accounts showing anomalies;

- Work on enhancing and cleaning up the BGI incidents database – improving the reliability of accounts in arrears, automating processes for dealing with frozen accounts and persistent overruns;
- Work on introducing a new scheme of delegation for credit approval and overruns;
- Work on migrating towards the latest version of the MEGA CRM system for managing operational risk.

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Group Compliance

BMCE Bank of Africa Group's every action systematically complies with provisions that are specific to banking and financial operations, regardless of whether they are legislative or regulatory by nature, as well as the ethical and professional principles and standards in force. Compliance with these standards and principles enables the Group to diligently strive to protect all stakeholders, particularly customers. A compliance culture constantly drives each of the Group's individual components and its human resources at every level of the organisation.

COMPLIANCE SYSTEM

Non-compliance risk, as defined by the Group's Compliance Policy, is the risk of judicial, administrative or disciplinary sanction, significant financial loss or damage to its reputation, resulting from non-compliance with provisions specific to banking and financial operations, regardless of whether they are legislative or regulatory by nature, ethical and professional standards or instructions established by the Group Executive Committee in application of the corporate strategy approved by BMCE Bank of Africa Group's Board of Directors.

In accordance with the Compliance policy approved by the Board of Directors, Group Compliance's involvement at the BMCE Bank of Africa Group level is part of a process of managing, controlling and mitigating non-compliance risk, primarily in relation to:

- Anti-money laundering and countering the financing of terrorism
- Complying with financial embargoes
- Combating corruption and fraud
- Complying with ethics and professional conduct
- Preventing conflicts of interest and market abuse
- Protecting personal data
- Mitigating non-compliance risk relating to new products and business lines

To ensure that these guidelines are adhered to, the Group has adopted a Compliance system comprising an organisational structure, a standard framework, procedures and information systems. In 2018, the system's main focus was to ensure compliance with US FATCA legislation in the wake of the Government Council adopting, 23 February 2018, Decree-Law No. 2-18-117 relating to the adoption of transitional provisions regarding the automatic exchange of information for tax purposes. Anticipating the harmonisation of regulations in Morocco, BMCE Bank of Africa embarked on a compliance project to ensure compliance with the main FATCA obligations. This involved:

- Drawing up procedures for new customer relationships, including FATCA due diligence;
- Searching the database to identify customers with indicia of US-person status;
- Acquiring the SIRON Tax Compliance Reporting (TCR) solution to be able to identify persons with indicia of US-person status as well as ensuring that FATCA-related reports are filed with the tax authorities.

In 2018, the Group also initiated a compliance project to ensure compliance with the provisions of General Data Protection Regulation (GDPR) and assess the project's impact on subsidiaries' existing processes, systems and solutions.

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ORGANISATION AND GOVERNANCE OF THE COMPLIANCE FUNCTION

Organisation of the Compliance function

Group Compliance is a separate function that specialises exclusively in managing, controlling and mitigating non-compliance risk. It carries out its duties directly at both Group and BMCE Bank levels.

Group Compliance organises and carries out compliance checks in conjunction with the other compliance-related functions within their respective remits. It coordinates the Compliance function at Group level by providing practical support to each Group entity domiciled in Morocco or overseas.

As far as BMCE Bank of Africa's organisational structure is concerned, Group Compliance, which reports to the Group General Management Committee, comprises three distinct entities:

- BMCE Bank of Africa Group Compliance, which is responsible for managing and mitigating non-compliance risk at BMCE Bank level;
- Group Standards and Advisory, whose main responsibility is to devise Group Compliance standards, ensure that they are updated in line with ongoing regulatory developments and steer related projects that have an impact at Group level;
- Group Coordination/Steering, whose main responsibility is to ensure coordination between the Group and its different entities regarding compliance matters. Each Head of Compliance for each of the Group's fully consolidated subsidiaries reports to Group Compliance.

In matters of governance, Group Compliance reports to the following bodies:

- Group General Management Committee;
- Group Audit and Internal Control Committee;
- Group Internal Control Coordination Committee.

Compliance function's responsibilities

The Compliance function is responsible for devising and implementing the system for managing non-compliance risk at Group level as part of a process of preventing and advising on compliance-related aspects:

- Financial security, which encompasses issues such as anti-money laundering (AML) and countering the financing of terrorism (CFT), Know Your Customer (KYC) and compliance with financial embargoes;
- Compliance with international regulations such as FATCA legislation;
- Ethics and professional conduct, which encompasses matters relating to rules of proper conduct, managing conflicts of interest, insider trading incidents, whistle-blowing, the prevention of fraud and corruption and personal data protection;
- Compliance-related advisory, which is tasked with providing operational entities with the necessary support to perform their duties domestically and overseas so as to ensure that non-compliance risk is mitigated;
- Group Compliance steering, which is responsible for enforcing Group standards at subsidiary level and providing subsidiaries with assistance and support.

In 2018, Group Compliance continued to ensure that the different compliance systems were rapidly implemented by international and domestic subsidiaries. In addition to this implementation process, which is part of the Convergence Programme, various cornerstone projects were undertaken aimed at continuously improving the existing systems, while efforts were made to foster a compliance culture across the Group.

Anti-money laundering and countering the financing of terrorism Ethics and professional conduct

As part of its remit relating to anti-money laundering and countering the financing of terrorism, in 2018, Bank Compliance entered into discussions with in-company and external partners – the Financial Intelligence Processing Unit (UTRF), foreign correspondent banks, network branches and business centres, and optimised the use of anti-money laundering/countering the financing of terrorism (AML/CFT) solutions.

The Group also revamped its control strategy within the SIRON AML solution. This cornerstone project is part of process that is designed to continuously improve the AML/CFT system. It encompasses a range of different components – reviewing, correcting and enhancing file input data that are fed into the SIRON AML solution, configuring the new AML strategy within the solution as well as carrying out acceptance testing.

By implementing the new strategy, alerts have been made more relevant by refining the search and target criteria and extending the controls' scope to operations that have either not been covered or insufficiently covered, while the highest international standards have been met with regard to a risk-based approach.

Reports about ethics and professional conduct were filed with the Moroccan Capital Markets Authority together with an updated list of persons with insider knowledge, in accordance with the filing procedures agreed with the Authority. Furthermore, a review of the periodic reporting statements relating to trading in BMCE Bank shares by persons with insider knowledge through '204' category accounts did not reveal any unusual or suspicious transactions.

Similarly, as part of a process to bolster the Group's ethics system (i) an anti-corruption policy was adopted (ii) the Group Code of Ethics and Professional Conduct, the General Policy for Managing Conflicts of Interest and the 'gifts and benefits' procedure were reviewed and updated and (iii) the Responsible Purchasing Charter and the whistle-blowing procedure were updated.

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- **Compliance-related advisory and controlling non-compliance risk**

To ensure compliance with the provisions of Act No. 09-08 regarding personal data protection, the compliance action plan continued to be implemented, consisting of (i) formalities for filing, notifying and amending declarations already made to the CNDP (ii) monitoring the initiative relating to signing service provider undertakings under Act No 09-08 in partnership with Group Purchasing and TPOG, (iii) incorporating appropriate comments relating to legislation on purchase orders and the list of special conditions and (iv) establishing an agreement for exchanging information with the Group's Moroccan subsidiaries.

In addition, with the European GDPR regulation coming into force in May 2018, a 'Binding Corporate Rules' (BCR) project was initiated relating to the transfer of data between subsidiaries and the parent company and within subsidiaries themselves.

- **Know Your Customer**

Considered by BMCE Bank of Africa Group to be the core component of any effective compliance system, the Know Your Customer (KYC) operating system was enhanced in a number of ways in 2018:

- KYC system reviewed – OSCAF data control solution updated, resulting in a significant improvement in CRM data consistency;
- KYC activity value chain reorganised - CSM CEB identified within the short-term KYC process as well as prerequisite information systems defined for KYC scenario analysis to be submitted to Bank Al-Maghrib;
- Data dictionary updated - harmonised with Bank Al-Maghrib's repository, the aim being to comprehensively review the data dictionary in the wake of the central bank's 5W circular.

- **Financial embargoes and sanctions**

Group Compliance is responsible for ensuring that the Group complies with sanctions lists. It has therefore adopted a system whereby each entity takes on board the restrictions announced by the different international sanctions programmes. The Group Compliance System ensures that all subsidiaries adhere strictly to the applicable sanctions programmes and regularly maintain updated sanctions lists.

- **Group Compliance steering**

2018 was marked by a series of major events that enabled the Compliance function to lay the foundations for Group-wide integration.

Group Compliance system implemented at subsidiary level Assistance for audited subsidiaries

A significant number of initiatives were undertaken including implementing the system in English-speaking subsidiaries (BOA Ghana, BOA Kenya, BOA Tanzania and BOA Rwanda) and in European subsidiaries (BBI Madrid), as well as supporting those European subsidiaries that were audited by local regulatory authorities.

To foster a culture of communication and sharing within the Compliance community across the Group's various subsidiaries, the second Group Compliance Community Seminar was held in February 2018.

Regarding the post-implementation phase, several major cornerstone projects were initiated to tackle a large number of shortcomings in subsidiaries' systems. These included upgrading the body of standards at subsidiaries within the WAEMU region, enhancing the screening system for customers and transactions, adopting a new risk-based approach within profiling software at European subsidiaries, rolling-out FATCA obligations at sub-Saharan subsidiaries and introducing a corruption-prevention system.

Over the past two years, a number of the Group's subsidiaries in Morocco, Tunisia, France, the United Kingdom, Ivory Coast and, more recently, in Congo-Brazzaville have undergone audit inspections. In 2018, a similar trend continued with regulatory audits at BOA Mali and BOA Burkina Faso.

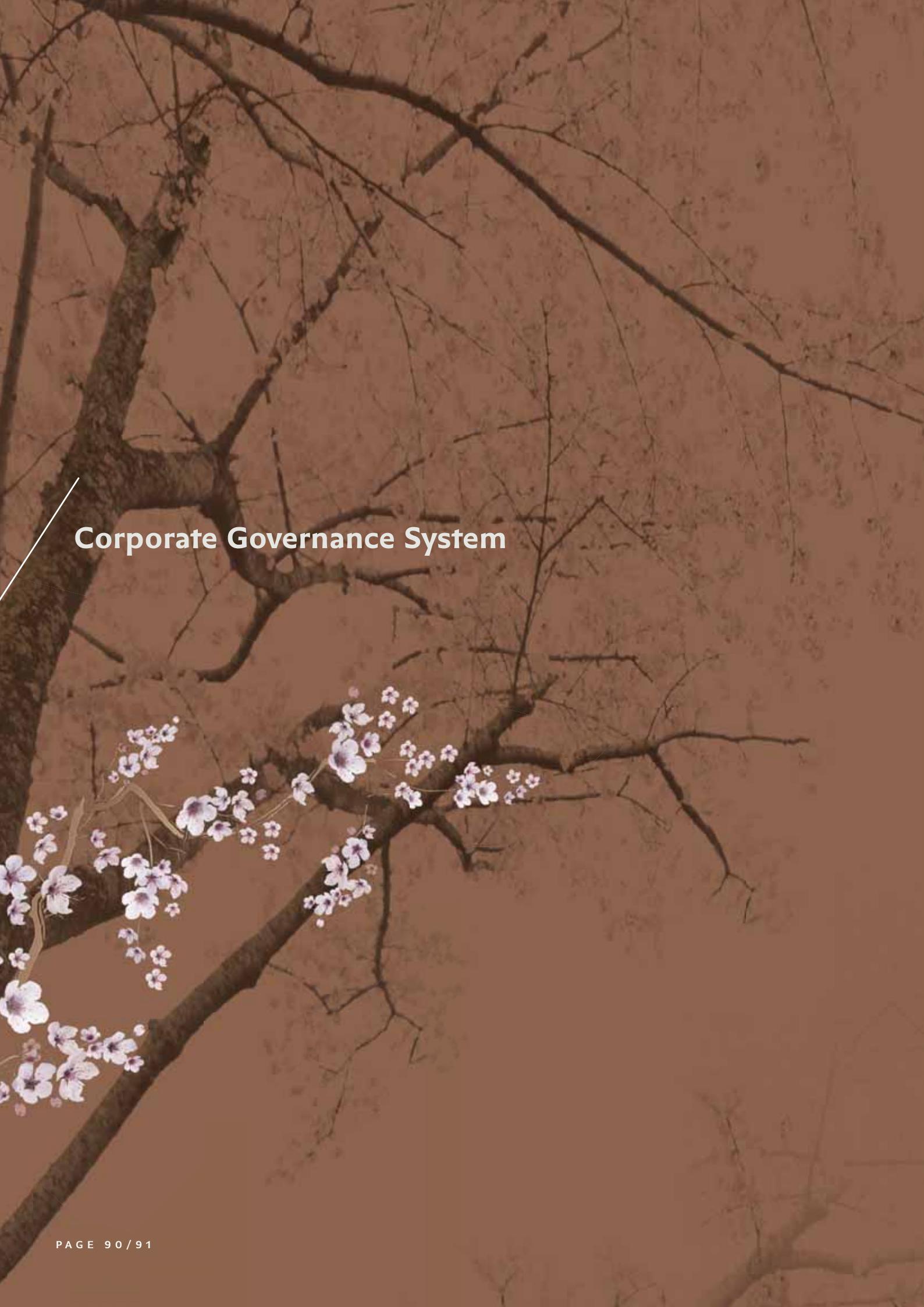
To deal with these increasingly frequent audit inspections, Group Compliance has introduced a support system to support the audited subsidiaries, enabling them to carry out various tasks with diligence. These include: ensuring that compliance officers are aware of their obligation to inform Group Compliance and the Compliance Hub, if applicable, of an audit inspection as soon as they receive notification of the inspection from the regulatory authority; Group Compliance/Compliance Hub to provide support to subsidiaries during the entire audit inspection; reviewing/upgrading the inspected subsidiary's compliance system (close cooperation between Group/Hub/subsidiary).

This system was initially rolled-out to support the Group's European subsidiaries, which were inspected by the ACPR in 2017 and 2018. These subsidiaries benefited from the Group's support in a number of ways – assistance, training provided to Compliance staff, producing deliverables, reviewing systems and solutions and monitoring corrective action.

In addition, Group Compliance also intervened directly in situ at BOA Côte d'Ivoire to help it implement recommendations made by the local regulatory authority. During this assignment, the AML/CFT system was implemented at BOA Capital subsidiaries (BOAK Securities and BOAK Asset Management) in response to a request made by the Regional Council for the Public Savings and Financial Markets (CREPMF).

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Corporate Governance System

Work of the Board of Directors

BMCE Bank's Board of Directors met on 4 occasions during 2018 to discuss the following issues:

- Approve the full-year and half-year financial statements for the periods ended 31 December 2017 and 30 June 2018 and review the quarterly financial statements for the periods ended 31 March 2018 and 30 September 2018;
- Propose appropriation of income in respect of financial year 2017;
- Propose the appointment of Directors and a change in the permanent representative of a Director that is a legal entity;
- Review the Financing Plan 2019-2021;
- Formulate a draft version of 'Vision 2030' for BMCE Bank of Africa Group, incorporating the Strategic Development Plan 2019-21;
- Monitor the state of progress of discussions held with potential outside investors considering acquiring a stake in BMCE Bank of Africa;
- Draw up the draft Board of Directors' Management Report and the draft Resolutions to be put before the Annual General Meeting of Shareholders;
- Draw up the draft Agenda and the draft Resolutions to be put before the Ordinary General Meeting of Bond-holders;
- Review the Specialised Committees' recommendations;
- Related party agreements.

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Mr OTHMAN BENJELLOUN,
Chairman & Chief Executive Officer

Mr Othman BENJELLOUN is Chairman and Chief Executive Officer of BMCE Bank Of Africa Group, formerly Banque Marocaine du Commerce Extérieur, which was privatised in 1995. He is also Chairman of FinanceCom, the Bank's holding company.

He has been the Chairman of the Moroccan Banking Association (GPBM) since 1995 and was Chairman of the Union of North African Banks from 2007 to 2009.

Mr BENJELLOUN founded BMCE Bank Foundation with a two-fold mission:

- Education, primarily fighting illiteracy by building and managing community schools in rural areas in Morocco and Africa and
- Environmental protection.

Mr BENJELLOUN was appointed as Chancellor of Al Akhawayn University of Ifrane between 1998 and January 2004 by His Majesty the late King Hassan II. In 2007, he was awarded an Honorary Fellowship by King's College, London.

Since 1981, he has been an Adviser to the Washington-based Center for Strategic International Studies (CSIS) that was formerly overseen by Dr Henry Kissinger. In 2013, the CSIS conferred upon him the prestigious title of Honorary Trustee.

Mr BENJELLOUN has received a number of decorations including Officer of the Order of the Throne by His Majesty the late King Hassan II and Commander of the Order of the Polar Star by His Majesty the King of Sweden.

Other distinctions include Commander of the National Order of the Republic of Senegal, Commander by Number of the Order of Isabella the Catholic by His Majesty King Juan Carlos of Spain, Commander of France's Order of Arts and Letters and, more recently, Commander of the Order of the Grand Star by the Republic of Djibouti.

On 7th April 2010, Mr BENJELLOUN was elevated to the rank of Commander of the Order of the Throne by his Majesty King Mohammed VI.

Born in 1932 in Casablanca, he is a graduate of École Polytechnique Fédérale de Lausanne in Switzerland.

Mr BENJELLOUN is married to Dr Leïla Mezian BENJELLOUN who is an ophthalmologist. They have two children, Dounia and Kamal.

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BOARD OF DIRECTORS



Lucien MIARA,
Banque Fédérative du
Crédit Mutuel's Permanent
Representative

Mr Lucien MIARA, Banque Fédérative du Crédit Mutuel's Permanent Representative.

Mr Lucien MIARA has been the Chairman of Fédération du Crédit Mutuel Méditerranéen and Caisse Régionale du Crédit Mutuel Méditerranéen since 2014.

He began his career at Crédit Mutuel du Centre in 1973 before moving to Crédit Mutuel Méditerranée in 1978. From 1995 to 2014, he was Chief Executive of Crédit Mutuel Méditerranéen.

He has also been a Director of Confédération Nationale du Crédit Mutuel since 1994 and Chairman of Confédération Nationale du Crédit Mutuel's Risk Committee since 2016.

He is a technology graduate of the University of Nice Alpes Maritime with an elective in corporate administration.



Abdellatif ZAGHNOOUN,
Caisse de Dépôt et de Gestion's
Permanent Representative

Mr Abdellatif ZAGHNOOUN has been Chairman and Chief Executive Officer of Caisse de Dépôt et de Gestion since 2015.

After graduating in 1982 from the Ecole Mohammedia des Ingénieurs with a specialisation in mining, Abdellatif ZAGHNOOUN began his career at the Office Chérifien des Phosphates (OCP), where he held a number of positions of responsibility until 2004.

In 2004, he was appointed as head of the Directorate General of Customs and Indirect Taxes. In 2007,

Mr ZAGHNOOUN became Vice-Chairman of the World Customs Organization (WCO) and Chairman of the WCO MENA region. In 2008, he was appointed as Chairman of the World Customs Organization's Audit Committee. In 2010, he became Director-General of the Directorate General of Taxes.

In January 2015, Mr ZAGHNOOUN was appointed by His Majesty as Chief Executive Officer of the Caisse de Dépôt et de Gestion (CDG).

Mr Abdellatif ZAGHNOOUN is married and has 3 children.



Zouheir BENSAID,
RMA's Permanent Representative

Mr Zouheir BENSAID is currently Chief Executive Officer of RMA, the insurance arm of FinanceCom Group, of which he was Deputy Chief Executive Officer between January 2005 and December 2014. He sits on the Boards of several companies including BMCE Bank, Maghrebail, RISMA, LYDEC, CTM and other Group subsidiaries, as well as being a member of several audit committees.

Mr Zouheir BENSAID has a wealth of experience spanning more than 33 years of the banking, financial and manufacturing industries. In the mid '80s, after assuming responsibility for financial institutions at CITIBANK Maghreb, he spearheaded the expansion of ABN AMRO's branch network.

In 1994, after a three-year period in which he headed up an agri-business, Mr Zouheir BENSAID returned to the financial sector and played an active role in

reforming Morocco's capital markets. He became Chief Executive Officer of Maroc Inter Titres (MIT), BMCE Bank's brokerage firm, where he oversaw the latter's first capital-raising deals as well as being involved in privatisations and initial public offerings on the Moroccan Stock Exchange.

Mr Zouheir BENSAID was Vice-Chairman of the Professional Association of Brokerage Firms (APSB) between 1996 and 1998. Between 1998 and 1999, he was Chairman of the Casablanca Stock Exchange, overseeing the development and modernisation of Morocco's capital markets.

A former student of Cornell, Mr Zouheir BENSAID graduated in Finance from the University of Nevada in 1985. He is a member of the Phi Kappa Phi Honour Society.



Hicham EL AMRANI,
FinanceCom's Permanent Representative

Mr Hicham EL AMRANI has more than 20 years' experience of private equity investment, financing and corporate strategy across a wide variety of industries.

When FinanceCom was founded in 2001, Mr EL AMRANI assumed responsibility for the Technologies & Telecommunications division. Appointed as Director of Strategy & Development between 2005 and 2008, Mr EL AMRANI was then promoted to the post of Deputy General Manager in 2008. He then went on to become the holding company's Chief Executive Officer in June 2010. He has been responsible for adopting best practice in steering the performance of the various entities within the holding company's portfolio.

He also spearheaded a number of M&A deals, LBOs and restructurings as part of a process of rationalising the holding company's portfolio and reducing debt.

In 2009, Mr EL AMRANI coordinated the process that enabled Portugal Télécom and Téléfonica to acquire a stake in Medi Telecom and the sale of a 40% stake in this company to France Telecom Orange in 2010. He is a Director and standing member of Medi Telecom-Orange's various governing bodies.

In addition to these roles, Mr EL AMRANI is a Director of RMA, CTM, Risma, Finatech, Colliers International Morocco and a member of Air Arabia Morocco's Audit Committee.

Mr Hicham EL AMRANI is an engineering graduate of Ecole Hassania des Travaux Publics and holds an MBA and a Graduate Certificate in Manufacturing and Service Management from Southern New Hampshire University. He has also participated in Singularity University's Executive Program.

Born in 1973, Mr EL AMRANI is married and has two children.

BOARD OF DIRECTORS



Azzeddine GUESSOUS,
Intuitu Personae Director

Mr Azeddine GUESSOUS has been Chairman and Chief Executive Officer of Maghrébail since 2004. He also sits on the Boards of a number of companies including RMA, BMCE Bank, Bank of Africa, BMCE Bank International Madrid, Risma, Al Mada (formerly Société Nationale d'Investissement), Sonasid, Lydec and Imperial Tobacco Morocco. He is also a director of Al Akhawayn University.

Between 2010 and 2012, Mr GUESSOUS was Chairman of Risma's Supervisory Board. In 2001, he became Chairman and Chief Executive Officer of Al Watanya, an insurance company and, in 1995, Caisse Interprofessionnelle Marocaine de Retraite (CIMR).

Between 1978 and 1994, Mr GUESSOUS held a number of senior government positions including Minister of Trade, Industry and Tourism in 1978, Minister responsible for relations with the European Economic Community in 1985 and Morocco's Ambassador to Spain between 1986 and 1995.

Mr GUESSOUS has received a number of decorations including Officer of the Order of Wissam, Spain's Order of Civil Merit and Grand Cross, France's National Order of Merit and the Order of the British Empire.

Mr GUESSOUS was born in 1941.



Abdou BENSOUDA
Intuitu Personae Director

Mr BENSOUDA has more than 20 years' experience of a number of disciplines including asset management, private equity, mergers & acquisitions and corporate restructuring.

He is currently Chief Executive Officer of FinanceCom International, a company which steers FinanceCom Group's overseas asset management and investment advisory operations.

Since 2008, Mr BENSOUDA has held a number of positions of responsibility within FinanceCom Group including those of Chairman & Chief Executive Officer of Finatech Group, a systems integrator specialising in digital and energy infrastructure. Prior to this, he

was a founding partner of Finaventures Advisors in California where he helped set up a technology fund in partnership with TL Ventures, an asset management company. His experience in private equity dates back to 1995 in New York.

He began his career at Westinghouse where he worked as an engineer and project leader.

Mr BENSOUDA has a degree in information systems engineering from Boston University and a Master of Business Administration (MBA) specialising in finance and entrepreneurship from Babson College, Massachusetts.



François HENROT,
Independent Director

Mr François HENROT is a leading figure in the world of European finance. He has held several important positions within the Rothschild Group including Chairman of the investment bank and Vice-Chairman of Rothschild & Co.'s Supervisory Board, of which he is currently a non-voting member. He is also an Advisory Director and Vice-Chairman of the Board of Rexel, a global leader in the distribution of low-voltage electrical products, Chairman of the Board of COPEBA, a Belgian privately-held investment company and Chairman of the Board of Yam, a Dutch privately-held investment company.

He began his career in the public sector at France's Council of State and then at the Directorate General for Telecommunications before moving to the private

sector with Compagnie Financière de Paribas and, for the past 20 years, Rothschild Group.

Having a keen interest in cultural affairs, Mr HENROT was Chairman of France's Ecole Nationale Supérieure des Arts Décoratifs and is a member of the Association pour le Rayonnement de l'Opéra de Paris.

He has co-authored a number of works including 'the Banker and the Philosopher' which deals with the 2008 financial crisis.

Born in 1949, Mr François HENROT is a graduate of Ecole Nationale d'Administration (ENA) and Stanford University.



Brian Mck HENDERSON,
Independent Director

Mr Brian C. McK. HENDERSON is the Founding Partner of Henderson International Advisors, LLC. During a career spanning 43 years in international banking, he has forged significant client relationships in both the private and public sectors as well as acquiring expertise in management and corporate governance.

At Merrill Lynch, where he spent a large part of his career, Mr HENDERSON held several positions of responsibility including Executive Assistant to the Chairman and Chief Executive Officer, Vice-Chairman of Merrill Lynch Europe, Middle East and Africa and Chairman of the Global Public-Sector division. He also served as Chairman of Prime Merrill S.p.a Italy and as member of the Board of Merrill Lynch South Africa Pty Ltd.

Mr HENDERSON began his career at Chase Manhattan Bank where he held a number of important positions within the Group's European Institutions division, including Vice-Chairman and Director of the sub-Saharan Africa region as well as within the

Investment Banking division. He was also a Board member of Banque Ivoirienne du Développement Industriel and Chase Bank Cameroon SA.

He is currently non-executive Chairman of Augustea Bunge Maritime Ltd., Malta, Advisor to Cremades & Calvo Sotelo, Madrid and Senior Advisor to Rockefeller Capital Management.

His public engagements include those of Vice-President and Treasurer of the Atlantic Council of the United States, the Chatham House Foundation, Honouring Nations' Board of Governors, American-Indian Economic Development at Harvard University's JFK School of Government and Director of the Fort Apache Heritage Foundation.

Mr HENDERSON holds a Bachelor of Science degree in International Economic Relations from Georgetown University, School of Foreign Service, Washington DC.

BOARD OF DIRECTORS



Philippe DE FONTAINE VIVE,
Independent Director

Mr Philippe DE FONTAINE VIVE was Vice-Chairman of the European Investment Bank where he was responsible for operations in France, the Mediterranean region, the innovation sector and matters relating to corporate social responsibility.

He was also Senior Advisor at Oliver Wyman, a consulting firm. He is currently Chief Executive Officer of Compagnie Financière Richelieu.

During his career, he has held several important positions within the Ministry of the Economy, Finance and Industry and the Treasury Department, where he was successively responsible for Banks, Insurance, Transport and Urban Planning, Debt and

Emerging Markets Development, State Holdings and Financing the State and the Economy.

He was also Vice-Chairman of the Paris Club, Adviser on International Affairs to France's Minister of the Economy and Finance, International Affairs Advisor to the Ministry of Economy and Finance in Paris and Senior Adviser at the World Bank in Washington.

Born in 1959, Mr Philippe DE FONTAINE VIVE is a graduate of the Ecole Nationale d'Administration and the Institut d'Etudes Politiques in Paris. He holds a degree in econometrics.



Christian de BOISSIEU,
Independent Director

Mr Christian DE BOISSIEU is an Emeritus Professor at Paris I (Panthéon-Sorbonne) and at the College of Europe in Bruges. As consultant to international and multi-lateral financial institutions, he has carried out a number of assignments for the Moroccan and Tunisian monetary authorities. He has a reputation for having contributed to developing conceptual frameworks in international finance and the work accomplished by France's Economic Advisory Council, which he chaired between 2003 and 2012. He also served as a member of the Attali Commission for stimulating economic growth and the 'Big Loan' Commission, as well as being a Board member of France's Financial Markets Regulator (AMF).

Christian DE BOISSIEU has written numerous books and articles on money, finance and banking, economic policy issues, European integration, international monetary issues and on emerging countries and development.

He is Commander of the Legion of Honour, Commander of the Ouissam Alaouite, Grand Officer

of Senegal's Order of the Lion and Officer of the British Empire (OBE) in addition to a number of other French and foreign distinctions. He is also a member of France's National Academy of Technologies and the Royal Academy of Belgium.

Mr Christian DE BOISSIEU is Senior Advisor to Amundi and sits on the Board of Aaqius Geneva and SUNU Participations Holding in Paris. He is also Chairman of the Institute of Finance and Governance's Advisory Board in Beirut.

Mr Christian DE BOISSIEU, born in 1947, is a Doctor of Economic Science, holds a professorial diploma in Law and Economic Sciences, a higher educational degree in Public Law and is a graduate of Institut d'Etudes Politiques de Paris. He was a post-doctoral fellow at Northwestern University and at Harvard in 1973-1974 and was subsequently Visiting Scholar on a number of occasions to the Federal Reserve in Washington.



Brahim BENJELLOUN-TOUIMI
Group Executive Managing
Director

Mr Brahim BENJELLOUN-TOUIMI is Group Executive Managing Director of BMCE Bank of Africa. He is Chairman of the General Management Committee, Vice-Chairman of the Group Executive Committee and Vice-Chairman of the Senior Credit Committee.

As part of BMCE Bank of Africa Group's overseas strategy, Mr Brahim BENJELLOUN-TOUIMI is Chairman of Bank of Africa Group, a banking group in which BMCE Bank Group has a stake of just under 73% with operations in 17 countries in Africa. He is also Director of the Group's European banking subsidiaries.

As far as his other functions are concerned, he is either Chairman or Director of a number of Group companies in Morocco in investment banking, specialised financial services - factoring, consumer credit, leasing and loan recovery - or insurance brokerage.

Within the framework of strategic partnerships with reference shareholders, Mr Brahim BENJELLOUN-TOUIMI is a Director of RMA, an insurance company and FinanceCom, its holding company. He is also Chairman of the Supervisory Board of EurAfric Information, a technology company and Director of Euro Information in France, a technology subsidiary of Crédit Mutuel Group.

Reflecting the Group's commitment to corporate social responsibility, Mr Brahim BENJELLOUN-TOUIMI is a Director of BMCE Bank Foundation for Education and the Protection of the Environment.

He also sits on the Board of Proparco, a development finance institution as well as being a Director of the Casablanca Stock Exchange.

Born in 1960, Mr Brahim BENJELLOUN-TOUIMI is a Doctor of Money, Finance and Banking from Université Paris I Panthéon Sorbonne. He began his career in financial markets in France and went on to become Head of Research within the Securities division at one of France's leading investment banks. He joined BMCE Bank in 1990.

He is married and has 3 children.



Driss BENJELLOUN
Delegated General Manager
responsible for Group Finance

Mr Driss BENJELLOUN is Delegated General Manager responsible for Group Finance at BMCE Bank of Africa.

He is also a Director of BMCE BANK Group of Africa's subsidiaries including BOA Bénin, BOA Madagascar and BMCE Capital.

After joining BMCE Bank Group of Africa in 1986, Mr Driss BENJELLOUN was asked to oversee the project to set up a Management Control entity aimed at improving the steering of operations. In 1990, he assumed responsibility for the project to set up an Audit and Management Control department. After BMCE Bank was privatised in 1995, Mr Driss BENJELLOUN became Head of the Banking Production division.

In 1998, he was appointed as Delegated General Manager responsible for a number of departments that make up the Bank's Group Support division: Banking Production, Information Systems, Organisation, General Services and Safety.

In 2003, Mr Driss BENJELLOUN became Head of the Group Financial Division with a remit to integrate BMCE Bank of Africa's various subsidiaries in Morocco, Europe and Africa. He also helped restructure of Banque de Developpement du Mali and steered the latter's merger with Banque Malienne de Crédits et de Dépôts.

Mr BENJELLOUN is a Doctor of Finance from Université Paris Dauphine in addition to postgraduate studies in accounting.



M'Fadel EL HALAISSI
Delegated General Manager
responsible for Financial
Engineering, Debt Collection &
Specific Assignments

Mr M'Fadel EL HALAISSI, Delegated General Manager, has been responsible for the Financial Engineering, Debt Collection and Special Assignments division since January 2019, whose main responsibilities include hands-on management of the Bank's sub-standard and non-performing loans, carrying out specific assignments mandated by the Chairman and representing the Bank at a number of subsidiaries.

Previously, Mr M'fadel EL HALAISSI was Delegated General Manager responsible for Corporate Banking, Morocco. This division, which comes within General Management's remit, brings together corporate customers, SMEs and Large Enterprises. This specific responsibility for corporate banking was entrusted to him after a career spanning more than 25 years in credit, investment finance, loan restructuring and long-term financing solutions.

On joining BMCE Bank, he was entrusted with the responsibility of setting up the investment loans restructuring department.

He subsequently went on to become Head of Investment and Corporate Markets division in 1998. In April 2002, he was appointed as Delegated General Manager responsible for Corporate Banking, a division which was then subsequently expanded to include overseas operations.

Mr M'fadel EL HALAISSI is a Doctor of Economics from Lille University.

He is married and has 2 children.

SENIOR MANAGEMENT



Mounir CHRAIBI
Delegated General Manager
responsible for Group
Operations

Mr Mounir CHRAIBI is Delegated General Manager responsible for Group Operations. He joined BMCE Bank in 2010.

Mr Mounir CHRAIBI is responsible for all of BMCE Bank of Africa's technology, legal affairs, logistics, quality and banking processing divisions.

As such, he oversees strategic projects such as designing the Banking and Insurance information system, (SIBEA) converging the information systems of BMCE Bank's overseas subsidiaries and automating the Bank's back offices.

Mr CHRAIBI is Chairman of the Board of BMCE Immobilier, a subsidiary responsible for actively managing BMCE Bank's non-operating real estate portfolio and Chairman of the Board of Damancash, a Morocco-based money transfer company.

He began his career in 1987 as Project Manager of Crédit du Maroc's information systems master plan and then, from 1989 to 1994, was made Head of Organisation and Information Systems of the Office d'Exploitation des Ports.

In 1994, he was appointed Chief Executive Officer of the Office de la Formation Professionnelle et de la Promotion du Travail and then in 2001 as the Chief Executive Officer of the Caisse Nationale de la Sécurité Sociale.

In 2005, Mr CHRAIBI was appointed as Wali (governor) of the Marrakesh Tensift Al Haouz region which, during his tenure, attracted high levels of private sector investment and saw the launch of several major flagship public projects.

Mr Mounir CHRAIBI is a graduate engineer of Ecole Polytechnique de Paris and Ecole Nationale Supérieure des Télécommunications de Paris.

He was decorated Commander of the Order of Wissam Al Arsh by His Majesty the King in 2008. He is also a Commander of Belgium's Order of Leopold.



Omar TAZI
Delegated General Manager
responsible for Banking in
Morocco

Mr Omar TAZI is Delegated General Manager responsible for Banking in Morocco which, since January 2019, encompasses (i) Personal and Professional Banking which in turn incorporates a pool of specialised marketing competencies organised by market segment – Personal Banking, Professional Banking, Private Banking and Migrant Banking – the BMCE Euroservices subsidiary, a payments institution and Multi-channel banking and (ii) SME Banking which encompasses Investment, Financial Engineering and Corporate Banking as well as (iii) the 8 Regional Divisions.

Previously, Mr Omar TAZI was Delegated General Manager responsible for Personal and Professional Banking.

Mr Omar TAZI began his career at the Banque de Développement du Canada. In 1992, he joined Wafa Bank as Head of Treasury.

From 1993 to 2005, Mr Omar TAZI held a number of posts of responsibility within Société Générale

Maroc, including Head of the Specialised Finance and Industrial Research Division, Head of the retail, professional and corporate banking network and then Deputy General Manager responsible for Retail Banking.

During this period, he was also Director, Vice Chairman or Chairman of a number of Société Générale subsidiaries, including its leasing, consumer credit, securities brokerage, asset management and insurance subsidiaries.

From 2005 to 2010, Mr Omar TAZI was Chief Executive Officer of AFMA Group.

Mr Omar TAZI joined BMCE Bank of Africa Group in June 2011 with a remit to boost retail banking operations and improve the effectiveness of the Bank's sales force.

Mr Omar TAZI holds a Master's degree in finance from the University of Sherbrooke, Canada.



Mohammed AGOUMI
Delegated General Manager
responsible for Coordinating
Overseas Operations

Mr Mohammed AGOUMI is Delegated General Manager responsible for Coordinating Overseas Operations.

As such, he is responsible for coordinating the Group's various overseas subsidiaries and, in some cases, has direct responsibility for them. He has direct responsibility for all of the Group's European corporate entities and its offshore network in Morocco. He is also responsible for Banque de Developpement du Mali.

He chairs BBI Madrid's Board of Directors and is a member of the boards of BBI Plc, BMCE International Holding and Banque de Developpement du Mali.

He joined BMCE Bank of Africa Group in 2012, after a long international career in audit and consulting.

Prior to that, he held a number of functions and positions of responsibility at Credit Agricole France Group (CASA). He was appointed Delegated General Manager of Le Crédit Lyonnais (LCL) in 2006 and a member of CASA Group's Executive Committee. He was responsible for operations, strategy and the Loan Commitments Division. In 2008, he was appointed to CASA Group's Executive Committee with responsibility for overseeing the Group's overseas development.

In 2010, he founded Europa Corporate Business Group (ECBG). He is also the Chairman of ECBG's Moroccan subsidiary, Financing Access Morocco.

Mr Mohammed AGOUMI is a graduate of ESSEC (1979) and holds a DEA in Mathematical Economics and Econometrics (1980). He qualified as a chartered accountant in Paris in 1993 and taught for two years at ESSEC.



Khalid LAABI
Delegated General Manager
responsible for Group Risks

Khalid LAABI, Delegated General Manager, has been responsible since January 2019 for Group Risks, which encompasses risk management, risk analysis and monitoring loan commitments.

In 2018, Mr Khalid LAABI was appointed as Delegated General Manager responsible for Group General Control.

Mr LAABI has a wealth of experience acquired over more than 33 years within BMCE Bank, during which he has held a number of positions of responsibility, including Director of inspection of central services, of the branch network and the overseas network and Chief Director responsible for the Audit and General Inspection Division.

As far as his functions are concerned, he is Associate Member and Secretary of the Group Risks Committee, Associate Member of the Group Audit and Internal Control Committee and Member of the Group Internal Control Coordination Committee.

He is also a Permanent Member of the Audit and/or Risks Committees of several BMCE Bank of Africa Group subsidiaries, particularly in sub-Saharan Africa, as well as being a Director of both BOA Mali and BTI Bank, the Group's participatory banking subsidiary.

Since 2015, he has overseen implementation of the Convergence Programme for the Internal Control functions within 25 subsidiaries. This is a major programme aimed at structuring the Group.

In addition, he has been a keynote conference speaker, sharing his expertise on a wide range of subjects including finance, risk management, internal audit, internal control and compliance.

Mr Khalid LAABI is an Economic Science graduate specialising in The Theory of the Firm. He has undertaken training in a variety of disciplines, both in Morocco and overseas.

He is married and has two children.



Khalid NASR
Head of the Corporate &
Investment Banking Division

M. Khalid NASR is Head of BMCE Bank of Africa's Corporate & Investment Banking business. He is also Chairman of the Supervisory Board of BMCE Capital, the Group's investment banking subsidiary.

He is a member of BMCE Bank of Africa's Executive Committee and General Management Committee. He also holds a number of directorships at Group entities such as Director, BOA Group, Chairman of the Board, BOA Capital and Director, Maghrebail.

Mr Khalid NASR has more than 25 years' experience of finance, the majority of which has been spent in senior management positions. He began his career in France at one of Europe's leading insurance companies. After gaining experience in capital markets at a Moroccan bank, Mr Khalid NASR then joined BMCE Capital when it was founded in 1998. He was responsible for developing its capital markets businesses as Head of Fixed Income Trading and then, from 2005, as Head of the Dealing Room. In 2010, Mr Khalid NASR was appointed Chairman of BMCE Capital's Supervisory Board, overseeing

the entire Investment Banking business – Capital Markets, Asset Management, Private Portfolio Management, Financial Advisory, Custody, Securities Brokerage, Financial Research and Securitisation. Since January 2019, Mr Khalid NASR has been responsible for BMCE Bank of Africa's Corporate & Investment Banking business.

Mr Khalid NASR holds an Executive MBA from ESSEC Business School, Paris, a Master's in Finance from ESC Marseilles and a Master's in Mathematics from Marseilles' Saint Charles University. He is also the holder of a number of certificates in specialised disciplines such as Asset & Liability Management (ALM) and Market Risk Management.

Born in 1967, Mr Khalid NASR is married and has three children.

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MANAGEMENT OF OVERSEAS OPERATIONS

AFRICA



AMINE BOUABID
Chief Executive Officer

BANK OF AFRICA



BREHIMA AMADOU HAÏDARA
Chief Executive Officer

BANQUE DE DÉVELOPPEMENT DU MALI



ABDELMALEK BENABDELJALIL
Chief Executive Officer

BMCE CAPITAL TUNISIE



**MOHAMED ESSAID
BENJELLOUN-TOUIMI**
Chief Executive Officer

LCB BANK

EUROPE



MOHAMED BENCHAIB
Chief Executive Officer

BMCE BANK INTERNATIONAL
MADRID



HOUSSAM BARAKAT
Chief Executive Officer

BMCE BANK INTERNATIONAL
LONDON



MOHAMED AFRINE
Chief Executive Officer

BMCE EUROSERVICES

ASIA



SAID ADREN
Chief Executive Officer

BMCE BANK OF AFRICA SHANGHAI

INVESTMENT BANKING



BMCE CAPITAL
Investment banking
KHALID NASR
Chairman of the Supervisory Board

MARKETS & SERVICES

Capital markets
ABDELMALEK BENABDELJALIL
Vice-Chairman, BMCE Capital

BMCE CAPITAL CONSEIL
Conseil M&A – ECM & DCM

MEHDI JALIL DRAFATE
Chairman of the Supervisory Board

BMCE CAPITAL GESTION
Asset management

MERYEM BOUAZZAoui
Chief Executive Officer

BMCE CAPITAL GESTION PRIVÉE
Securities brokerage

MERYEM BOUAZZAoui
Chief Executive Officer

BMCE CAPITAL BOURSE
Securities brokerage

ANAS MIKOU
Chief Executive Officer

SPECIALISED FINANCIAL SERVICES



MAGHREBAIL
Leasing
AZEDDINE GUESSOUS
Chairman and Chief Executive Officer



RM EXPERTS
Debt Collection
M'FADEL EL HALAÏSSI
Chairman and Chief Executive Officer



SALAFIN
Consumer credit
AZIZ CHERKAOUI
Chairman of the Supervisory Board



MAROC FACTORING
Factoring
MOHAMED TAHRI
Chairman of the Supervisory Board

OTHER OPERATIONS

EURAFRIC INFORMATION
Technology services
IBTISSAM EL BOUKHARI
Chairman of the Supervisory Board

OPERATION GLOBAL SERVICES
Banking services and transaction processing

YOUNES KARKOURI
Chairman of the Supervisory Board

BMCE ASSURANCES
Insurance advisory services
FAYCEL ASSARI
Chief Executive Officer

LOCASOM
Vehicle leasing
YOUNES SENHAJI
Chief Executive Officer

EULER HERMES ACMAR
Credit insurance
TAWFIK BENZAKOUR
Chief Executive Officer

CID
Civil engineering advisory services
MONCEF ZIANI
Chief Executive Officer

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THE CORPORATE GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE

COMPOSITION*	MEETINGS	RESPONSIBILITIES
CHAIRMAN Mr François HENROT, Independent Director		
STANDING MEMBERS Mr Azeddine GUESSOUS, Intuitu Personae Director Mr Brian HENDERSON, Independent Director	Annually, or whenever necessary, at the discretion of members of the Committee.	The Corporate Governance Committee, Appointments and Remuneration Committee is a body reporting directly to the Board of Directors. It advises and makes recommendations to the Board on how to adopt and maintain a good governance policy. In this regard, its responsibility is to: <ul style="list-style-type: none"> • Ensure compliance with good governance principles and the statutory and regulatory provisions in force and inform shareholders of these matters, especially in terms of the independence of Directors; • Examine and make recommendations on the composition, responsibilities and work of the Board of Directors and its specialist committees; • Anticipate and ensure resolution of potential conflicts of interest that arise between members of the Board of Directors relating to operations or transactions involving directors or shareholders; • Propose procedures for co-opting Directors and members of General Management and make recommendations to the Board concerning the appointment of new members; • Propose the remuneration policy for Directors and members of General Management in line with criteria established by the Board of Directors.
INVITED MEMBERS The Corporate Governance, Appointments and Remuneration Committee may invite at its discretion any member or non-member of BMCE Bank or of the Group, as a function of the items proposed for discussion on the agenda, including those matters to be dealt with by committees in relation to agreements, appointments or remuneration.		
COMMITTEE SECRETARY Group Executive Managing Director		

* Awaiting the Board of Directors' approval

WORK OF THE CORPORATE GOVERNANCE, APPOINTMENTS AND REMUNERATION COMMITTEE (GNR)

At its yearly meeting, the GNR Committee took note of the Corporate Social Responsibility Charter which is being rolled out across the entire Group. The Charter is a further example of BMCE Bank of Africa Group's determined and longstanding commitment over more than 20 years to corporate social responsibility. BMCE Bank of Africa Group, fully aware of its responsibility towards future generations, has signed up to a number of international undertakings so as to ensure that it attains the highest level of responsibility and conducts its business in accordance with universally-recognised principles.

The GNR Committee also reviewed, to its satisfaction, the results of the annual appraisal conducted by the Directors regarding the performance of the Board of Directors and the Specialised Committees.

As part of the process of managing conflicts of interest on a preventive basis, the Committee took note of the related party agreements that were submitted for prior authorisation by the Board of Directors before being finally approved by the Annual General Meeting of Shareholders.

GROUP RISKS COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES AND REMIT
CHAIRMAN Mr Philippe DE FONTAINE VIVE, Independent Director	Quarterly	BMCE Bank Group's Risk Committee is a body reporting directly to the Board of Directors whose remit has been extended to subsidiaries and other entities included within the Group's scope of consolidation.
STANDING MEMBERS <ul style="list-style-type: none"> RMA, represented by Mr Zouheir BENSAID FinanceCom represented by Mr Hicham EL AMRANI Mr Azeddine GUESSOUS, Intuitu Personae Director Mr François HENROT, Independent Director Mr Brian HENDERSON, Independent Director Mr Christian DE BOISSIEU, Independent Director 		The Group Risks Committee 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.
ASSOCIATE MEMBERS <ul style="list-style-type: none"> Group Executive Managing Director Delegated General Manager responsible for Group Finance Delegated General Manager responsible for Group Risks Adviser to General Management Group General Controller Deputy General Manager Finance & Investments 		The Group Risks Committee assumes the following responsibilities on a permanent basis: <ol style="list-style-type: none"> Advises the Board of Directors about risk strategy and the Group's risk aversion profile; Ensures that the level of risks incurred is contained within the limits set by the Management Body in accordance with the risk aversion profile defined by the Board of Directors; Assesses the quality of the risk measurement policy and control and monitoring of risks at Bank and Group level; Ensures that risk information systems and communications are appropriate with regard to the risks incurred both; Assesses the human and other resources allocated to the risk management and control function and ensures its independence; Assesses that capital and liquidity are adequate given the degree of risk aversion and risk profile of the Bank and Group; Informs the Board of Directors at least twice a year of the situation regarding non-performing loans, the results of measures taken to recover such loans by amicable means, restructured and sensitive loans and provides a progress report on their repayment; Ensures that stress-tests are carried out on the portfolios of subsidiaries in Morocco and overseas covering the economic and operating environments as well as any potential impact on the Group; Assists the Board of Directors in reviewing Social and Environmental Responsibility (SRE) risk mapping; Informs the Board of Directors of the results of risk monitoring from a regulatory perspective and the potential impact on the Bank and the Group; Advises the Board of Directors about appointing or dismissing the head of the risk management and control function; Assists the Board of Directors in examining loans to related parties including the terms and conditions offered, repayment in accordance with the schedule, payment delays and consolidations undertaken (which must be reported to the Board of Directors); Assists the Board of Directors in (i) reviewing the Internal Disaster Recovery Plan and (ii) appraising whether the chosen assumptions and scenarios are relevant and consistent, the information outlined in the plan sufficiently reliable and comprehensive and the proposed measures and their potential impacts adequate; Examines the summary report of the Group Risk Steering and Management Committee.
INVITED MEMBERS The committee may invite any person who is a member of the Group's managing staff or any manager whose functions are within its remit, depending on the items for discussion on the Committee's agenda.		
COMMITTEE SECRETARY Delegated General Manager, responsible for Group Risks		
WORK OF THE GROUP RISKS COMMITTEE		
In 2018, the Group Risks Committee met on six occasions.		
At these meetings, the Committee reviewed items relating to risk indicators on a consolidated and parent company basis, regulatory ratios, market, country and international risks and the maximum division of risks ratio.		
It also reviewed the Directors' spreadsheet of financial, commercial and risk indicators and monitored the state of progress regarding implementation of the said Committee's recommendations.		
As part of the process of IFRS 9 application, the Committee monitored implementation of the said IFRS 9.		
Lastly, the Committee took note of the progress made in ensuring that the Group's WAEMU zone subsidiaries complied with Basel II/Basel 3 regulations.		

GROUP AUDIT AND INTERNAL CONTROL COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES AND REMIT
CHAIRMAN Mr Azeddine GUESSOUS, Intuitu Personae Director	Quarterly	The Group Audit and Internal Control Committee (Group CACI) is a body reporting directly to the Board of Directors whose remit has been extended to subsidiaries and other entities included within the Group's scope of consolidation.
STANDING MEMBERS <ul style="list-style-type: none"> RMA, represented by Mr Zouheir BENSAID Mr François HENROT, Independent Director Mr Philippe DE FONTAINE VIVE, Independent Director Mr Christian de BOISSIEU, Independent Director 		The Group Audit and Internal Control Committee assists the Board of Directors in matters such as internal control while ensuring that: <ul style="list-style-type: none"> The internal control system and resources are: Appropriate and compatible to be able to monitor and control risk within the Bank and at subsidiary level and produce information required by regulatory authorities as part of the monitoring process of the consolidated entity; Adapted to the Group's organisational structure as well as the activities of entities under its control; The financial information intended for the Board of Directors is reliable and accurate such that the legitimate interests of shareholders, depositors and other stakeholders are safeguarded; Examine the parent company and consolidated financial statements prior to submitting them to the Board of Directors for approval.
ASSOCIATE MEMBERS <ul style="list-style-type: none"> Group Executive Managing Director Delegated General Manager responsible for Group Finance Delegated General Manager, responsible for Group Risks Adviser to General Management Group General Controller Deputy General Manager Finance & Investments 		
INVITED MEMBERS <ul style="list-style-type: none"> External auditors; Heads of Permanent Control and Compliance; The committee may invite any person who is a member of the managing staff or any manager whose functions are within its remit, depending on the items for discussion on the Committee's agenda. 		The Group Audit and Internal Control Committee shall ensure, on a permanent basis, that the following responsibilities are assumed in their entirety: <p>A. Regarding Internal Audit and Control, the Group Audit and Internal Control Committee:</p> <ol style="list-style-type: none"> Assesses the quality of the internal control system within the Bank and at subsidiary level by ensuring that, on a permanent basis: <ul style="list-style-type: none"> The accounting policies adopted by the Bank for preparing the parent company and consolidated financial statements are relevant, sustainable and accurate; The process for collecting, handling and storing accounting and financial data is reliable; Operating units are strictly set apart from control units; Assesses whether internal control procedures are consistent and adequate; Procedure manuals are established by departments or operating units, setting out the procedures for recording and handling operations and accounting-related processes; Procedures for carrying out operations should comprise, as an integral part, appropriate control procedures and audit trails; Assesses whether the corrective measures proposed or implemented are appropriate to overcome any shortcoming or inadequacy in the internal control system; Approves the Group's Internal Audit Charter and assesses the audit plan and the human and other resources allocated to the Internal Audit activity; Assesses the human and other resources allocated to the periodic control, permanent control and compliance functions and ensures that they are independent from the Bank and its subsidiaries.
COMMITTEE SECRETARY • BMCE Bank Group's General Inspector		
WORK OF THE GROUP AUDIT AND INTERNAL CONTROL COMMITTEE		
In 2018, Group CACI met on 5 occasions.		
At these meetings, the Committee reviewed, among other things, the Group's and the Bank's commercial and financial performance, the Statutory Auditors' reports, the strategy and systems for managing risk and controlling market transactions and the strategy for managing the portfolio of subsidiaries and non-operating property assets.		
As far as internal control was concerned, the Committee reviewed the main items that required special attention as a result of inspection assignments carried out by regulatory authorities and Group General Control at both BMCE Bank and subsidiary levels. It also ensured that recommendations issued by itself, Bank Al-Maghrib and Group General Control were being properly implemented.		
The Committee also took note of the various points mentioned by the Statutory Auditors as well as implementing the corresponding recommendations.		

GROUP AUDIT INTERNAL CONTROL COMMITTEE

RESPONSIBILITIES AND REMIT

- v. Examines proposals to appoint or reappoint Statutory Auditors for Group entities and analyse their extent of coverage;
- vi. Defines minimal risk areas to be covered by internal auditors or Statutory Auditors;
- vii. Requests that an internal or external audit be carried out if deemed necessary;
- viii. Informs the Board of Directors of the results of monitoring matters related to internal control from a regulatory perspective and the potential impact on the Bank and the Group;
- ix. Prior to submitting them to the Board of Directors, examines the activity reports and recommendations of the internal audit, permanent control, compliance, risk management and control functions, the statutory auditors and the supervisory authorities as well as the corrective action taken;
- x. Examines the annual report on Internal Control on a consolidated basis, to be submitted to Bank Al-Maghrib;
- xi. Examines the statutory auditors' report for filing with Bank Al-Maghrib and ensures that the resulting recommendations are implemented;
- xii. Examines the summary report of the work of the Group Coordination and Internal Control Committee.

B. Regarding monitoring information systems and communications, the Group Audit and Internal Control Committee:

Ensures that information systems and communications are effective and appropriate with regard to the risks incurred both on an individual as well as consolidated basis by:

- Periodically assessing the security of information systems and, if necessary, the quality of the corrective action undertaken;
- Checking the availability of information security procedures to ensure business continuity;
- Safeguarding the probity and confidentiality of accounting and financial information;
- Checking the policy for publishing information, ensuring that accurate, appropriate and comprehensible information is communicated at the right time regarding material aspects of the Bank's activity in order to encourage transparency with regard to shareholders, the general public, staff, supervisory authorities, investors and other stakeholders.

In addition, the Group Audit and Internal Control Committee each year validates the programme of penetration tests to be carried out by the Bank on its information systems. This programme must specify the scope, nature, extent and frequency of testing for the Bank's entire information systems, whether primary or secondary.

C. Regarding monitoring Group Compliance policy, the CACI:

The Group Audit and Internal Control Committee examines the compliance situation within the Group and the state of progress in respect of compliance-related initiatives for each Group entity;

- i. The Committee ensures implementation of a formal policy for preventing and dealing with conflicts of interest. In this regard, it:
 - Ensures that a policy for preventing and managing conflicts of interest is adopted and enforced operationally. This policy must comprise a whistleblowing mechanism, appropriate standards for supervising related party transactions, clear demarcation of reporting lines and responsibilities of members of the management body, a definition of delegation of powers and procedures for dealing with cases of non-compliance with these policies and procedures;
 - Ensures that the General Management Committee applies procedures prohibiting or restricting, in an appropriate manner, activities, relations or situation likely to harm the quality of governance such as:
 - Loans, especially to members of administrative or management bodies or to shareholders, on terms which do not reflect standard market conditions or on terms different to those enjoyed by all staff as employee benefits;
 - Preferential treatment given to related parties or to other favoured entities;
- ii. Regarding monitoring the risk of non-compliance to which the Group is exposed, the CACI:
 - Ensures that operations carried out and internal procedures comply with the legal and regulatory provisions in force such as FATCA legislation, as well as with industry and ethical standards and practices;
 - Appraise the Anti-Corruption Management System adopted by the Bank including its anti-corruption policy, the gifts and benefits policy and the control methods adopted;
 - Ensures that the Group Compliance function has adequate technical human resources and skills including knowledge of markets and products and that the employees in question have regular access to appropriate training.

D. Group Permanent Control

The Group Audit and Internal Control Committee assesses the permanent control policy, the reliability and security of transactions and compliance with procedures at branched, head office departments and financial entities under the Group's control.

GROUP EXECUTIVE COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN Chairman and Chief Executive Officer	Quarterly, or whenever necessary, at the request of the Chairman or, by delegation, the Vice-Chairman of the Committee.	This Committee, under the authority of the Chairman, is responsible for steering the Group's corporate strategy. It is the operational relay for the Board of Directors in making strategic proposals, implementing strategic decisions taken by the Board and closely monitoring Group risk management. It steers Group activities and rules on operational and functional issues that come under the remit of the Bank's entities and internal committees.
VICE-CHAIRMAN Group Executive Managing Director		
STANDING MEMBERS <ul style="list-style-type: none"> Delegated General Manager, responsible for Group Finance Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments Delegated General Manager, responsible for Group Operations Delegated General Manager, responsible for Banking in Morocco Delegated General Manager, responsible for International Coordination Delegated General Manager, responsible for Group Risks Chief Executive Officer of BOA Group Head of the Corporate & Investment Banking Division 		
		<p>STEER THE GROUP'S CORPORATE STRATEGY</p> <ul style="list-style-type: none"> Initiate and execute strategy and launch major intra-Group projects: <ul style="list-style-type: none"> Ensure that strategy is aligned across all Group entities in Morocco and overseas; Ensure proper implementation of the Group's corporate strategy; Identify and launch major keystone projects that will transform the Group. Evaluate new strategic operations on behalf of the Board: <ul style="list-style-type: none"> Opportunities for growth, investment, strategic equity investment and synergies for BMCE Bank of Africa Group; Opportunities to extend BMCE Bank of Africa Group's scope of activities (organic growth, growth by acquisition, disposals, diversification); Manage investment risk and allocate capital and other financial resources accordingly. Ensure the Group's profitability and financial control:
		<p>MONITOR RISK MANAGEMENT</p> <ul style="list-style-type: none"> Ensure risk monitoring and management, determine BMCE Bank of Africa Group's level of risk appetite and regularly assess whether it is appropriate; Ensure risks are comprehensively hedged by adopting the required measures.
		<p>HUMAN RESOURCES</p> <ul style="list-style-type: none"> Examine policy for staff remuneration, training, mobility and recruitment; Carefully manage the career progression of high-potential executives.

WORK OF THE GROUP EXECUTIVE COMMITTEE

One of the issues reviewed by the Group Executive Committee in 2018 was the formulation of BMCE Bank of Africa's 'Vision 2030'. Structured around four pillars, the Vision provides a glimpse of the Group's potential to become the benchmark pan-African bank-insurance institution: (i) for Africans in Africa, by focusing on bank-insurance and Africa's economic development via a hybrid 'phygital' business model, based on a network of physical branches and digital banking; (ii) for Africans of the world, by becoming the bank for Africans living abroad by meeting their banking needs outside the continent; (iii) in financing and promoting investment and trade in Africa, particularly by developing ties with China; and, lastly (iv) for Positive Impact Finance and Corporate Social Responsibility, contributing to the continent's sustainable development and Morocco's growing international influence.

As part of this Vision 2030 and, at the instigation of the Board of Directors and its Chairman, the Executive Committee oversaw the drawing up of the Strategic Development Plan 2019-21 and its Financing Plan. It also monitored the setting up of the BMCE Bank of Africa Shanghai branch, the first branch office in Shanghai to be opened by an African bank, with the aim of promoting trade and investment with Africa.

The Group Executive Committee also revamped its organisational structure with a view to providing support for a fresh value-creation and development approach as mapped out by the latest Strategic Development Plan 2019-21. This revamp is intended to bolster the foundations of what is a multinational, multi-business banking group with an international dimension and a continental vocation.

CORPORATE GOVERNANCE SYSTEM

GROUP GENERAL MANAGEMENT COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN Group Executive Managing Director	Weekly, every Wednesday	The General Management Committee is responsible for translating and monitoring the Group's corporate strategy into operational initiatives and measures.
STANDING MEMBERS <ul style="list-style-type: none"> • Delegated General Manager, responsible for Group Finance • Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments • Delegated General Manager, responsible for Group Operations • Delegated General Manager, responsible for Banking in Morocco • Delegated General Manager, responsible for International Coordination • Delegated General Manager, responsible for Group Risks • Chief Executive Officer of BOA Group • Head of the Corporate & Investment Banking Division • Adviser to General Management • Deputy Chief Executive Officer, Group General Control • Deputy General Manager, Finance & Investments • Deputy General Manager, Group Governance and Development • Deputy General Manager, responsible for International Development Programmes • Deputy General Manager, Head of Group Communications • Deputy General Manager, Personal and Professional Banking • Deputy General Manager, Specialised Business Synergies • Deputy General Manager, Group Compliance • Deputy General Manager, Group Human Capital • Head of Group Transformation 	STEERING THE BUSINESS <ul style="list-style-type: none"> • Steer corporate strategy in line with Group Executive Committee decisions, draw up clear budgetary targets and ensure that strategy is implemented; • Encourage and assess the state of progress concerning implementation of major intra-Group projects that impact the Bank's operations and development; • Validate annual budgets, monitor their allocation and ensure that resources are optimised; • Monitor budget implementation and ensure that corrective measures are taken in the event of deviating from budget; • Determine pricing policy for products and services while ensuring that business lines remain profitable; • Assess opportunities for launching new activities, products or services and ensure their monitoring and implementation; • Rule on operational issues that are within the remit of divisions, departments and internal committees and set objectives; • Ensure organisational efficiency by implementing necessary measures relating to human resources, organisation, IT, logistics and security which contribute to the Bank's development. 	
COMMITTEE SECRETARY Deputy General Manager, Group Governance and Development		INTERNAL CONTROL, AUDIT AND RISK MANAGEMENT <ul style="list-style-type: none"> • Ensure risk monitoring and management, determine the Bank's level of risk appetite and regularly assess whether it is appropriate; • Regularly monitor implementation of corporate policies and strategy and take corrective action if required; • Ensure compliance with prudential ratios and regulations in respect of internal control, risk and compliance; • Regularly inform the Audit and Internal Control Committee and the Board of Directors of the key issues and main findings from analysing and monitoring risks related to the Group's activity and results; • Assess major commitments exceeding 5% of the Bank's capital as well as loans on the watch lists; • Make recommendations on measures to be taken on high risk accounts; • Ensure that the sales network undertakes effective initiatives and regularises major commitments.

WORK OF THE GROUP GENERAL MANAGEMENT COMMITTEE

In 2018, the Committee met on 43 occasions and worked to implement a variety of cornerstone initiatives that ensured the Group's business development against a backdrop of regulatory tightening both in Morocco and overseas.

A number of major projects were initiated in 2018 which focused on strategic themes. These were designed to improve the return on capital, enhance commercial efficiency and pursue BMCE Bank of Africa Group's operational transformation while continuing to bolster the group-wide aspect.

The Committee was therefore heavily focused on the major task of improving the Bank's and the Group's return on capital and complying with regulatory ratios.

As far as steering Group finances and risk management was concerned, the Committee regularly reviewed changes to the Bank's and the Group's risk profile and its financial results. The Committee also approved action plans relating to the impact from Bank Al-Maghrib introducing regulatory measures such as the Internal Capital Adequacy Assessment Process (ICAAP), the new 19G Circular and IFRS 9 application.

Furthermore, in terms of commercial efficiency, a key determinant in developing customer relations and net banking income, a study was carried out as to how to improve the Bank's fee-generating capabilities while remaining competitive versus its peers.

The Bank also continued to implement its multi-channel strategy by rolling-out remote banking solutions and services, as well as promoting every possible initiative and opportunity to generate synergies with specific business lines. A good example of this was the factoring business, which saw BOA Group work closely with Maghrébail.

As far as operations, organisational issues and internal processes were concerned, responsiveness and flexibility were key to dealing with the rapidly-changing regulatory environment both in Morocco and overseas. This involved harmonising the Bank's practices with the new provisions of FATCA extra-territorial legislation as well as closely monitoring relations with the regulatory authorities of those countries in which the Group has operations. In addition, the project to spin-off back-office operations was completed, resulting in the setting up of the Global Services operations subsidiary.

The Committee also focused on enhancing its human capital by fostering loyalty among high-potential employees, ensuring that remuneration was consistent with the Bank's strategic priorities.

OPERATING COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN • Delegated General Manager, responsible for Group Operations	Weekly and whenever necessary	The Operating Committee is a body that is responsible for reporting, information-sharing and ruling on any issue related to the Bank's operations.
STANDING MEMBERS • Group General Control • Personal and Professional Banking • SME Banking • Group Human Capital • Technology Processes and Group Organisation • Group Permanent Control • Casa North Regional Division • Casa South Regional Division • Governance and Management • Global Services Operations • Group Risk Management		It therefore provides operational as well as technical expertise and makes recommendations to the General Management Committee to assist with decision-making.
COMMITTEE SECRETARY Group Quality		<ul style="list-style-type: none"> • Ensure the rationalisation of the Bank's project portfolio (organisation, IT, logistics, quality etc.) and the sharing of available resources; • Rule on project priorities, postponements and stoppages as a function of corporate strategy and allocated budgets; • Monitor the state of progress of project implementation and the impact on the Bank's operations and development; • Ensure a rapid development cycle for new products and services, particularly in terms of time-to-market and resolve any related operational or functional issue; • Monitor the state of progress of the expansion of the branch network (branch openings, installation of off-site ATMs, branch closures etc.); • Regularly analyse the Bank's main operating indicators (quality, incidents, production etc.) and operational risk and propose corrective action; • Rule on decisions regarding operational aspects relating to technical, organisational and logistical issues; • Report to the General Management Committee on potential conflicts of interest as well as on all unresolved customer files within the remit of the Bank's entities and internal committees • Monitor implementation of recommendations from Group General Control relating to these competences.
ASSOCIATE MEMBERS All divisional and departmental heads, excluding standing members, are regarded as associate members. They attend meetings as members in their own right to discuss those issues that they have submitted to the Operating Committee to be deliberated as a specific item on the agenda.		
WORK OF THE OPERATING COMMITTEE		
In 2018, the Committee met on 24 occasions and focused largely on the project to pool Personal and Professional Banking counters and Business Centres, on adopting rules and checks for amending data on the Customer Relationship Management (CRM) solution, a project to dematerialise warranties in public sector tenders, reviewing the renewal processes for warranties carrying a maturity date and the Damane Express warranty. It also ensured that projects for enhancing and implementing KYC factsheets were monitored, FATCA legislation complied with, as well as improving processes for handling factoring applications.		
Furthermore, it ensured that processes for closing accounts, dealing with customer complaints and protecting consumers saw further improvement.		
As far as support for business development was concerned, the Committee's work focused on reviewing the system for paying vehicle tax and the Fatourati service, revamping the Poste Agence programme's Caution Maroc module, adopting a digitised solution for cheques and bank drafts for storekeepers with high transaction volume and providing digital confirmation for customs bonds.		

GROUP INTERNAL CONTROL COORDINATION COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN Chairman of the Group General Management Committee and, in his absence, the Group General Controller.	Quarterly, or whenever necessary	The Group Internal Control Coordination Committee is a sub-committee of the Group General Management Committee. It helps the latter manage and monitor, at the operational level, control systems at Group level. In this regard, its responsibility is to: <ul style="list-style-type: none"> • Monitor, on a permanent basis, the overall and actual functioning of internal control systems at Group level; • Ensure consistency and standardisation of those items constituting internal control systems, the means employed to implement them (procedures, internal control tools etc.), rules ensuring that these systems are ring-fenced from operational units and the various responsibility levels under 1st and 2nd level control; • Ensure that authority and responsibility levels and the remit of operational entities of the Bank and of its subsidiaries are clearly outlined and demarcated by means of procedures for executing operations; • Take the necessary measures, in good time, to remedy any identifiable deficiency or failing, while implementing recommendations to make good deficiencies or failings identified by the internal control system of the Bank and Group subsidiaries; • Periodically review the internal control handbook of the Bank and its subsidiaries with a view to amending its provisions to account for legislative and regulatory changes as well as changes to the Group's business operations and business lines; • Coordinate preparation of the annual report on internal control in respect of regulatory provisions and ensure compliance with the principles governing the interaction of those parties contributing to its preparation; • Analyse internal control reports, examine the main malfunctions and propose to the Group General Management Committee the necessary corrective action for reducing risk as much as possible; • Coordinate the process for preparing the permanent control and compliance annual plans of the Bank and Group subsidiaries and ensure that they are updated; • Ensure, on a regular basis, that the information systems used by the Bank and its subsidiaries for accounting and information processing satisfy the general objectives of prudence and security and that they comply with current accounting standards; • Ensure that the information and communications systems are effective, reliable and well-adapted, covering all the main activities and the risks incurred, measuring and monitoring, permanently, on an individual as well as consolidated basis, exposure to the various risks; • Closely monitor the accounting control system, ensuring the quality, reliability and completeness of financial data and of the accounting principles and standards adopted as well as the availability of information at any time.
STANDING MEMBERS <ul style="list-style-type: none"> • Delegated General Manager, responsible for Group Finance • Delegated General Manager, responsible for Group Operations • Delegated General Manager, responsible for Group Risks • Group General Controller • Deputy General Manager, Finance & Investments • Deputy General Manager, Group Compliance • Head of Group Permanent Control 		
COMMITTEE SECRETARY Deputy General Manager, Group Compliance		
ASSOCIATE MEMBERS <ul style="list-style-type: none"> • Head of Subsidiaries' Risk, Internal Control and Compliance functions, depending on the items to be discussed on the Committee's agenda. • Group Governance and Development division; • The Committee may invite, at its discretion, any member or non-member of BMCE Bank or of the Group, depending on the items to be discussed on the Committee's agenda. 		
WORK OF THE GROUP INTERNAL CONTROL COORDINATION COMMITTEE		
In 2018, the work of the Group Internal Control Coordination Committee focused primarily on reviewing the impacts from five new WAEMU zone circulars in matters of corporate governance, internal control, risk management and compliance within credit institutions and financial companies while work began on compliance-related issues.		
The Committee also reviewed the state of progress regarding the FATCA compliance plan in accordance with Bank Al-Maghrib's guidelines, the introduction of compliance solutions, the initial results of implementing on-site inspections and the state of progress regarding implementation of the compliance system at a number of Group subsidiaries.		

GROUP RISK STEERING AND MANAGEMENT COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN Group Executive Managing Director	Quarterly, or whenever necessary	The Group Risk Steering and Management Committee is a sub-committee of BMCE Bank Group's General Management Committee. It helps the latter manage and monitor, at the operational level: <ul style="list-style-type: none"> • The risk steering policy of the Group, BMCE Bank S.A. and its direct and indirect subsidiaries; • Ensures that the Group's activities comply with risk policy and limits set by the Group, BMCE Bank S.A. and its direct and indirect subsidiaries.
STANDING MEMBERS <ul style="list-style-type: none"> • Delegated General Manager, responsible for Group Finance • Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments • Delegated General Manager, responsible for Group Operations • Delegated General Manager, responsible for Banking in Morocco • Delegated General Manager, responsible for International Coordination • Delegated General Manager, responsible for Group Risks • Chief Executive Officer of BOA Group • Head of Corporate & Investment Banking Division • Adviser to General Management • Group General Controller • Deputy General Manager, Finance & Investments 		The Group Risk Steering committee ensures that the risk steering policy of BMCE Bank of Africa Group, BMCE Bank S.A. and its direct and indirect subsidiaries is effective and consistent with risk management policy relating to credit, market and operational risks.
COMMITTEE SECRETARY Head of Group Risk Management.		In this respect, its responsibility is to: <ul style="list-style-type: none"> • Determine global risk strategy and ensure that it is governed by policy and procedures which allow for measuring, controlling and monitoring risk both on an individual as well as a consolidated basis; • Define limits for general levels of risk incurred in accordance with the risk aversion profile determined by the Board of Directors and the overall operational thresholds set by the Group General Management Committee and ensure that they are complied with, while taking into consideration the capital of BMCE Bank S.A. and the Group's direct and indirect subsidiaries (prudential ratios); • Examine internal risk measurement models; • Analyse the causes of potential overruns of global risk limits and propose corrective action; • Establish a policy for managing non-performing loans, periodically examine their progress and draw up action plans to manage them; • Monitor risk management at a regulatory level and in terms of methodology; • Monitor inter-Group organisational and IT projects related to risk steering; • Validate any change related to risk steering implemented by the Group or any of its subsidiaries; • Directly implement the policy for measuring, controlling and monitoring the risks incurred and report back to the Group General Management Committee on any changes to the appraisal criteria in each risk category at the levels of the Group, BMCE Bank S.A. and its direct and indirect subsidiaries; • Oversee the system for ensuring adequate internal capital levels in light of the risk aversion profile of the Group, BMCE Bank S.A. and its direct and indirect subsidiaries; • Monitor, on a regular basis, the quality of the risk steering policy implemented within the Group, BMCE Bank S.A. and its direct and indirect subsidiaries. Ensure that Social and Environmental Responsibility (SRE) risk mapping is reviewed; Ensure that the Internal Disaster Recovery Plan is reviewed and process of appraising whether the chosen assumptions and scenarios are relevant and consistent, the information outlined in the plan sufficiently reliable and comprehensive and the proposed measures and their potential impacts adequate.
ASSOCIATE MEMBERS <ul style="list-style-type: none"> • The Chairmen and Chief Executive Officers of the subsidiary in question • Any other person in connection with the topic to be discussed by the Committee 		
<p>WORK OF THE GROUP RISK STEERING AND MANAGEMENT COMMITTEE</p> <p>The Group Risk Steering and Management Committee met on 4 occasions in 2018 as an offshoot of the General Management Committee.</p> <p>Its work focused primarily on the latest trends in the main credit, market, operational and country risk indicators and regulatory ratios as well as on the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Disaster Recovery Plan.</p>		

GROUP ALM COMMITTEE

COMPOSITION	MEETINGS	RESPONSIBILITIES
CHAIRMAN Group Executive Managing Director		
STANDING MEMBERS <ul style="list-style-type: none"> • Delegated General Manager, responsible for Group Finance • Delegated General Manager, responsible for Financial Engineering, Debt Collection and Specific Assignments • Delegated General Manager, responsible for Banking in Morocco • Delegated General Manager, responsible for International Coordination • Delegated General Manager, responsible for Group Risks • Head of Corporate & Investment Banking Division • Adviser to General Management • Deputy General Manager, Finance & Investments 	Quarterly, or whenever necessary as an offshoot of the Group General Management Committee	<p>The Group ALM Committee is the body responsible for drawing up and implementing the Group's asset-liability management strategy in line with the strategy determined by the Board of Directors. In this regard, its responsibility is to:</p> <ul style="list-style-type: none"> • Draw up and implement ALM strategy, enabling BMCE Bank of Africa Group to meet its obligations on a permanent basis in line with the strategy determined by the Board of Directors (return on equity, risk appetite etc.); • Ensure that a uniform and efficient system exists and is implemented, for identifying, measuring, controlling and mitigating ALM risks at Group level, while implementing best practices (sharing best practices among subsidiaries). In this regard, it approves asset-liability management procedures. • Examine, on a frequent basis, the Group's risk profile in respect of internal as well as statutory limits or those established by stakeholders (interest rate and liquidity risks as well as foreign currency risk resulting from exposure to instruments denominated in major foreign currencies and in dirhams); • Ensure that subsidiaries' profits are protected against exchange rate fluctuations; • Monitor transfer pricing within the Group in relation to lending/borrowing operations; • Examine the impact on the Group's short-, medium- or long-term financial position from launching new products or business activities that carry interest rate or liquidity risks (such as compliance with current limits); • Establish a course of action and priorities in all matters relating to liquidity, in the various currencies, while ensuring the efficiency of the Group's Liquidity Contingency Plan in the event of a liquidity problem; • Examine, on a frequent basis, the results of stress tests conducted using hypothetical scenarios and incorporating internal as well as external factors; • Update, on a regular basis, the assumptions incorporated within the system for measuring balance sheet risks (such as run-off assumptions, interest rate forecasts etc.) and ensure that they are back-tested; • Analyse the impact from macro-economic, regulatory and legislative changes on the Group.
COMMITTEE SECRETARY • Deputy General Manager, Finance & Investments		
ASSOCIATE MEMBERS <ul style="list-style-type: none"> • Head of Group ALM • Heads of Group subsidiaries or their appointed proxies, depending on the items for discussion on the agenda • Any person, at the Committee's discretion, depending on the items for discussion on the agenda 		

WORK OF THE GROUP ALM COMMITTEE

The ALM Group Committee, meeting as an offshoot of the General Management Committee, reviewed all ALM indicators in respect of the 2017 financial year, incorporated early redemptions in accordance with Bank Al-Maghrib's recommendations as well as off-balance sheet commitments and their impact on the overall interest rate risk profile.



Rapport Financier

Dear Shareholders, Ladies and Gentlemen,

We are honoured to invite you to the Annual General Meeting of Shareholders in accordance with the Memorandum and Articles of Association and the amended and completed Act 17-95 relating to limited companies and Articles 29 et seq. of BMCE Bank's Memorandum and Articles of Association so as to report on BMCE Bank's business activity and results for the period ended 31 December 2018 and its future prospects and to submit, for your approval, the balance sheet and financial statements for the said period.

These financial statements are attached to this report.

The statutory notices have been sent to you on a regular basis and all documents and items required by current regulations have been made available to shareholders within the requisite deadlines.

CONSOLIDATED RESULTS AND BALANCE SHEET INDICATORS

► BMCE BANK OF AFRICA GROUP'S FINANCIAL PERFORMANCE

BMCE Bank of Africa Group's total assets stood at MAD 295.5 billion at 31 December 2018, down 5% compared to 31 December 2017.

BMCE Bank Group's shareholders' equity rose by 7% to MAD 18.4 billion at 31 December 2018 versus MAD 17 billion at 31 December 2017 due to the impact of the first application of the IFRS 9 standard of MAD 1.6 billion.

The scope of consolidation was broadly unchanged between 2017 and 2018, the exception being the inclusion of BTI Bank, a participatory bank in which the Group has a 51% equity stake and which is accounted for under the equity method. It is also worth noting that the Group's stake in Salafin decreased from 74.8% to 60.8% in the wake of the latter's acquisition of Tasrif at the end of the year.

Consolidated outstanding loans fell by 1% from MAD 182 billion in 2017 to MAD 179.3 billion in 2018. Restated for repurchase agreements, loans and advances to customers were broadly unchanged.

Customer deposits fell by 3% over the same period to MAD 192.5 billion versus MAD 198.8 billion in 2017.

As far as the consolidated financial performance was concerned, net banking income fell by a modest 1% year-on-year to MAD 13,233 million in 2018 versus MAD 13,368 million in 2017. It is worth noting that net interest income was broadly unchanged while fee income grew by 4%. Income from market operations fell by 51% as a result of the decision taken by BMCE Bank SA to shrink its fixed income investment portfolio.

Gross operating income declined by 3% to MAD 5.4 billion.

The cost of risk was -MAD 1,833 million in 2018 versus -MAD 1,794 million in 2017, an increase of 2%. Net income attributable to shareholders of the parent company came in at MAD 1,831 million in 2018, down 10%. Consolidated ROE was 11.3%.

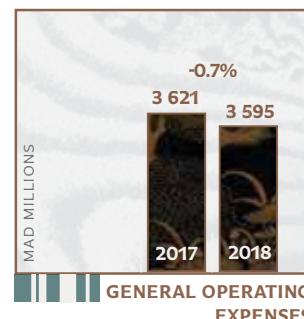
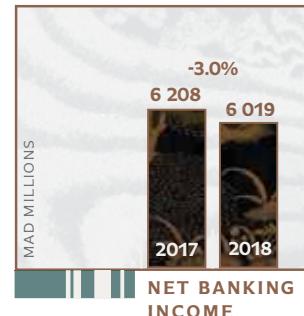
Net income (Group) declined by a modest 1% year-on-year to MAD 2,809 million in 2018.

► RESULTS AND CONTRIBUTIONS FROM BMCE BANK'S SA OPERATIONS

BMCE Bank S.A.'s total assets stood at MAD 188 million at 31 December 2018 versus MAD 205 million in 2017, down 8.3%.

The Bank's net banking income fell by 3% to MAD 6,019 million at 31 December 2018, primarily due to the steep decline (-6%) in average outstanding loans and the contraction in tradable financial assets between 31 December 2017 and 31 December 2018. Net interest income was broadly unchanged (-0.1%) while other net income declined by 8.4% from MAD 645 million in 2017 to MAD 612 million in 2018 as a result of a decline in dividend income (due to the MAD 70 million exceptional dividend paid by Maroc Factoring out of its reserves). Fee income, on the other hand, rose by 4.7% over the period.

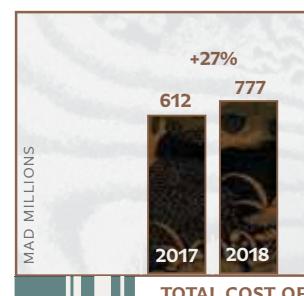
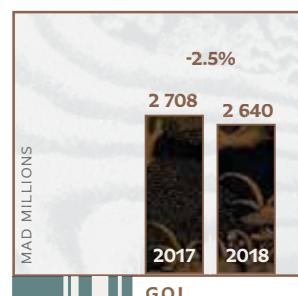
General operating expenses fell by 0.7% year-on-year to MAD 3,595 million at 31 December 2018.



Gross operating income stood at MAD 2,640 million at 31 December 2018 versus MAD 2,708 million at 31 December 2017, down 2.5%.

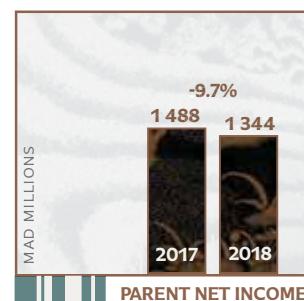
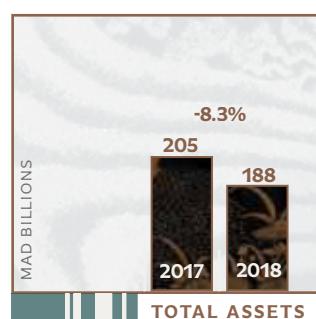
The total cost of risk stood at MAD 777 million at 31 December 2018 versus MAD 612 million at 31 December 2017 due to:

- A 5.3% fall in loan-loss provisions to MAD 965 million at 31 December 2018 versus MAD 1,020 million in 2017.
- A 41% decline in write-backs from MAD 544 million to MAD 322 million at 31 December 2018.



A general risk provision of MAD 13 million net (MAD 210 million gross) was also booked in 2018, unchanged on 2017.

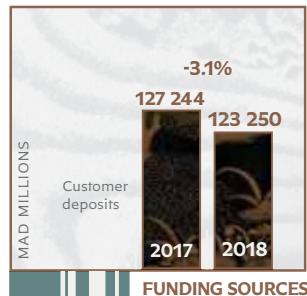
BMCE Bank SA's net income fell by 9.7% to MAD 1,344 million at 31 December 2018 versus MAD 1,488 million at 31 December 2017.



HIGHLIGHTS OF THE BANK'S MOROCCAN OPERATIONS

The Bank's funding sources

Customer deposits declined by 3.1% to MAD 123 billion at 31 December 2018, resulting in a 0.99% contraction in the Bank's market share to 13.44% at 31 December 2018 versus 14.43% at 31 December 2017.



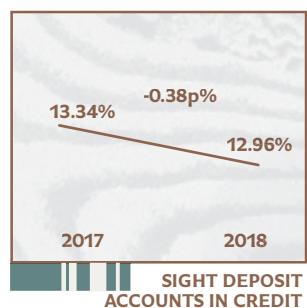
The Bank decided to proactively cut back on term deposits (-18.8%) which stood at MAD 23 billion at 31 December 2018.

The Bank's market share of term deposits was 14.11% at 31 December 2018 versus 17.96% at 31 December 2017.

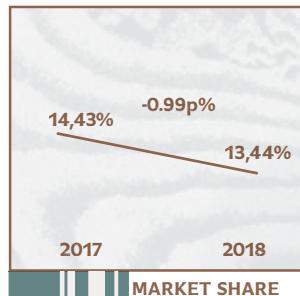
The structure of the Bank's funding sources improved with non-interest-bearing deposits accounting for almost 58% of total funding sources at 31 December 2018 versus 54% at 31 December 2017.

Sight deposit accounts in credit grew by 0.5% while current account outstandings rose by 1.9% to MAD 20 billion at 31 December 2018. Cheque accounts fell by 0.1% to MAD 52 billion. The average balance on sight deposit accounts in credit increased by 5.3%.

The Bank's market share of sight deposit accounts in credit fell by 0.38% from 13.34% at 31 December 2017 to 12.96% at 31 December 2018.

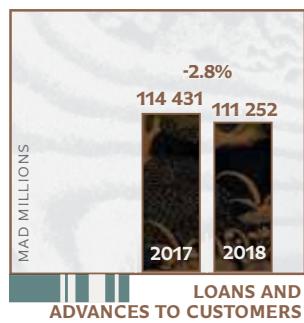


Passbook savings accounts grew by 4% to MAD 23 billion at 31 December 2018, resulting in a 14.81% share of the market at 31 December 2018, up by a modest 0.07%.



Loans and advances to customers

Loans disbursed by the Bank fell by 2.8% to MAD 111 billion at 31 December 2018 versus MAD 114 billion at 31 December 2017. In terms of market share, the Bank's share of the loan market declined by 1.19 percentage points from 13.95% at 31 December 2017 to 12.76% at 31 December 2018.

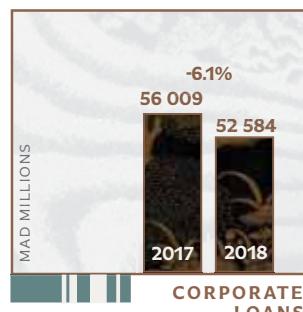


Retail loans fell by 0.9% from MAD 39.3 billion at 31 December 2017 to MAD 39.0 billion at 31 December 2018, primarily due to a slowdown in consumer loans (-8.1%).

By contrast, retail mortgages rose by 1.4%. The Bank's market share of retail mortgages stood at 15.14% at 31 December 2018 versus 15.87% at 31 December 2017 (-0.73%).

Similarly, corporate loans fell by 6.1% year-on-year to MAD 52.6 billion at 31 December 2017, primarily due to an 11.1% decline in operating loans and a 4.7% fall in property development loans. Equipment loans, however, registered a modest 0.1% increase.

The Bank's share of the operating loan market fell by 2.6% to 13.32% at 31 December 2018 versus 15.93% at 31 December 2017. Similarly, its share of the property development loan market declined by 0.47% to 11.14% at 31 December 2018.



NET BANKING INCOME

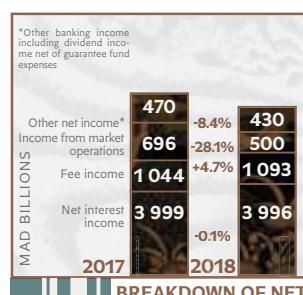
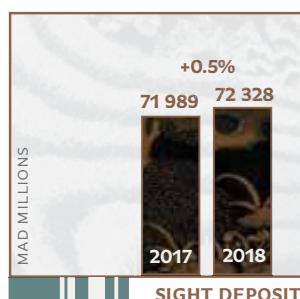
BMCE Bank SA's net banking income stood at MAD 6,019 million at 31 December 2018 versus MAD 6,208 million at 31 December 2017, down 3%.

Net interest income was broadly unchanged at MAD 3,609 million at 31 December 2018 versus MAD 3,999 million in 2017 as a result of:

(i) The Bank resorting less to financial markets due to an increase in surplus funds with outstanding loans registering a sharp fall. Consequently, the cash margin saw improvement, leading to a fall in financing costs.

(ii) A 4.5% decline in the Bank's intermediation margin on customer loans, primarily as a result of:

- A 6% fall in average outstanding loans, primarily operating loans (-24% or -MAD 7.4 billion) and equipment loans (-10.4% or -MAD 3.6 billion), offset by an increase in mortgages (+6.5% or +MAD 2.0 billion).
- In addition, average deposits rose by a modest 0.2% year-on-year to MAD 130 billion in 2018 due to a combination of:



- A 4.7% or MAD 3.2 billion increase in non-interest-bearing deposits, primarily cheque accounts (+5.3% or +MAD 2.5 billion) and current accounts (+5.3% or +MAD 0.9 billion).

- A 4.7% or MAD 2.9 billion decrease in interest-bearing deposits due to the Bank deciding to proactively cut back on term deposits, with average outstandings down 7.3% or MAD 2.2 billion. Similarly, certificates of deposit fell by MAD 1.9 billion from MAD 10.6 billion to MAD 8.7 billion.

As a result, the Bank's cost of funding improved by 7 basis points from 1.33% at 31 December 2017 to 1.26% at 31 December 2018.

Fee income

Fee income rose by almost 4.7% to MAD 1,093 million at 31 December 2018, primarily due to:

(i) A 9.2% or almost MAD 40 million increase in fees from packages, payment cards and account management, in turn due to:

- A 19% or MAD 18 million increase in fees from payment cards, primarily due to growth in interchange fees in relation to payment card transaction volumes in Morocco as well as overseas;

- Growth of almost 6% or MAD 11.9 million in fees from packages in 2018 due to the stock of packages growing by almost 6.9% or 38,092 packages;

- A rise of almost 7% or MAD 10.1 million in account management fees after pricing was revised for a number of products in addition to an increase in the number of accounts opened in 2018 (+110,887 or +4.4%).

(ii) A MAD 25 million increase in 'services fees Morocco', primarily due to the Bank introducing at the end of 2017 a new 80-dirham charge per cheque for cheques paid and issued when the bank account is suspended. Similarly, bank transfer fees grew by 14% after rates were increased for transfers between two different banks;

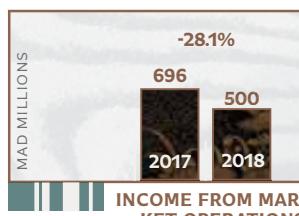
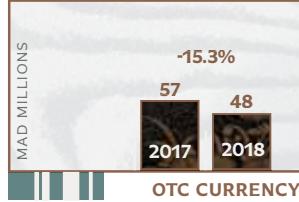
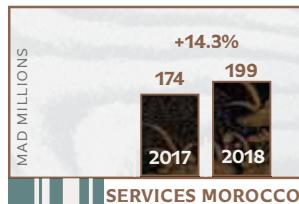
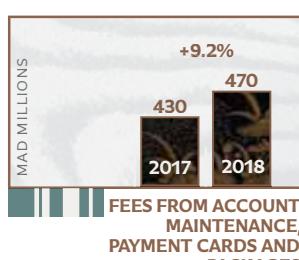
(iii) A 15% decline in OTC currency exchange fees due to a 20.1% drop in currency exchange volumes.

• Income from market operations

Income from market operations declined by 28.1% to MAD 500.0 million at 31 December 2018 versus MAD 696 million at 31 December 2017 due to a decrease in the value of the mutual fund portfolio from MAD 17.7 billion to MAD 15.1 billion over the period 2017-18.

Foreign exchange income rose by 27.3% to MAD 301 million at 31 December 2018 versus MAD 237 million at 31 December 2017.

It is worth noting that accounting income from market operations fell by a modest 1% after taking into account the impact on net interest income from an improvement in the cash margin.



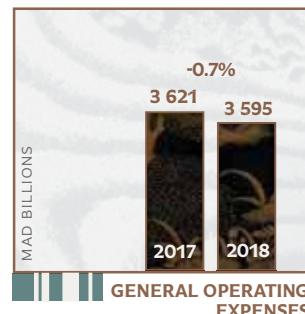
► GENERAL OPERATING EXPENSES

General operating expenses, which fell by 0.7% to MAD 3,595 million at 31 December 2018, were well-contained as a result of the Bank taking a series of initiatives in 2018 to reduce its operating expenses.

Employee expenses fell by a modest 0.4% to MAD 1,604 million at 31 December 2018 with the number of staff employed by the Bank falling to 5,328 employees at 31 December 2018 (-42 compared to 31 December 2017).

Other operating expenses declined by 1% to MAD 1,990 million as a result of measures initiated in 2018 to improve the cost-to-income ratio.

It is also worth noting that the Bank opted to implement the ISO principle at branch level as well as reviewing the number of branch openings in 2018. The overall branch network stood at 730 branches at 31 December 2018.



The cost-to-income ratio stood at 59.7% at 31 December 2018 versus 58.3% at 31 December 2017. This was due to the fact that the fall in net banking income was steeper than that of general operating expenses.

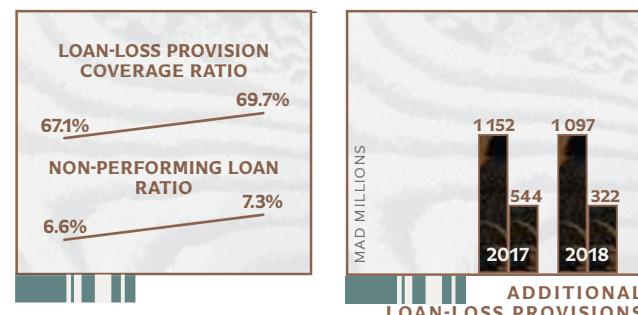
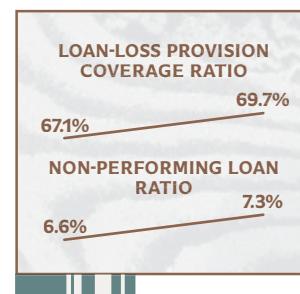
► COST OF RISK

The total cost of risk was MAD 777 million at 31 December 2018 versus MAD 612 million at 31 December 2017.

- Additional loan-loss provisions fell by 4.8% to MAD 1,097 million at 31 December 2018 versus MAD 1,152 million at 31 December 2017, which includes a general risk provision of MAD 132 million net, unchanged on 2017;

- Write-backs fell by 41% to MAD 322 million at 31 December 2018 versus MAD 544 million at 31 December 2017;

- The loan-loss provision coverage ratio improved to 69.7% at 31 December 2018 versus 67.1% at 31 December 2017.

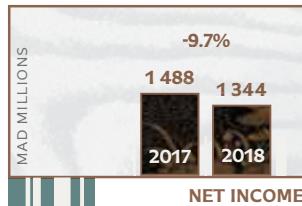


The non-performing loan ratio went from 6.6% at 31 December 2017 to 7.3% at 31 December 2018.

Outstanding provisions for non-performing loans rose by 11% from MAD 5,083 million at 31 December 2017 to MAD 5,641 million at 31 December 2018.

► NET INCOME

BMCE Bank S.A.'s net income fell by 9.7% to MAD 1,344 million at 31 December 2017 versus MAD 1,488 million at 31 December 2018.



► SPECIALISED FINANCIAL SERVICES

Contribution	SFS	SALAFIN	Maghrébail	M.Factoring	RM Experts	Euler Hermes	Acmar
SFS	Dec-18	Dec-17	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
CONSOLIDATED NET BANKING INCOME	724	753	348	259	355	459	18
Change	-4%	34%	-23%	-44%	45%		
General expenses	-269	-227	-139	-88	-70	-85	-19
Change	18%	59%	-17%	0%	14%		
Cost of risk	-348	-210	-147	-66	-199	-140	-1,9
Change	66%	121%	43%	-46%			
Net income attributable to shareholders of the parent	113	179	65	99	42	66	3,4
Change	-37%	-34%	-37%	-61%			-23%

The Specialised Financial Services business line accounted for 6% of net income attributable to shareholders of the parent company. Its contribution fell by 37% compared to 31 December 2017.

Salafin saw its parent net income fall by 9% year-on-year to MAD 127 million in 2018. Its acquisition of Taslif was officially completed at the end of 2018 although the latter's accounts were integrated from 1 January 2018.

Maghrébail's parent net income rose by 7% year-on-year to MAD 100.3 million. However, its contribution to net income attributable to shareholders of the parent company fell by 37% due to consolidated restatements.

Maroc Factoring's parent net income fell by 66% to MAD 3.4 million in 2018 due to it having to market its factoring service within both BMCE Bank and Maroc Factoring after changes were made to the operating procedure for how factoring is managed between BMCE Bank and its Maroc Factoring subsidiary. The latter is now structured as a specialised Centre of Expertise in factoring that serves the entire Group. Its contribution to consolidated net income attributable to shareholders of the parent company declined by 61%.

RM Experts' parent net income was MAD 5 million in 2018 versus MAD 2.6 million in 2017.

ACMAR, a subsidiary specialising in credit insurance in which the Group has a 20% stake and which is accounted for under the equity method, posted parent net income of MAD 16.9 million in 2018 versus MAD 21.8 million in 2017.

► INVESTMENT BANKING AND ASSET MANAGEMENT

Contribution	GABA		BMCE Capital		BK Bourse		BK Gestion	
GABA	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
CONSOLIDATED NET BANKING INCOME	348,2	364,3	190,2	187,1	7,5	23,3	150,5	154,0
Change	-4%	2%	-68%	-2%				
General expenses	-295,7	-281,7	-231,1	-220,9	-16,8	-15,6	-47,9	-45,2
Change	5%	5%	8%	6%				
Cost of risk	0,0	0,5	0,0	0,0	0,0	0,0	0,0	0,5
Change								
Net income attributable to shareholders of the parent	98,2	121,1	52,1	56,4	-12,2	1,6	58,2	63,1
Change	-19%		-7,6%				-8%	

The Investment Banking & Asset Management business line accounted for almost 5% of net income attributable to shareholders of the parent

company. Its contribution fell by 19% to MAD 98.2 million in 2018 due to BMCE Capital Bourse incurring a loss.

BMCE Capital saw its parent net income fall by 9% in 2018 as a result of it receiving an exceptional dividend from BMCE Capital Bourse in 2017. Restated for this dividend, parent net income would have grown by 2%.

BMCE Capital Bourse registered a MAD 12.2 million loss in 2018 due to the stock market's lacklustre performance.

BMCE Capital Gestion's parent net income fell by 8% to MAD 58.2 million in 2018 versus MAD 63 million in 2017.

► OTHER MOROCCAN OPERATIONS

Contribution	Others	Locasom	EAI	CID	AML	BTI Bank
others Activities	Dec-18	Dec-17	Dec-17	Dec-16	Dec-16	Dec-17
Consolidated net banking income	143,3	147,0	143,3	147,0	na	na
Change	-2,5%	-2,5%				
General expenses	-100,2	-89,7	-100,2	-89,7	na	na
Change	11,7%	11,7%				
Cost of risk	-10,7	-0,4	-10,7	-0,4	na	na
Change						
Net income attributable to shareholders of the parent	6,2	-28,3	22,9	37,6	-6,6	-1,7
Change	-39%					-15%

BMCE Bank Group's 'Other operations' include Locasom, EurAfric Information (EAI), Conseil Ingénierie & Développement (CID), Africa Morocco Link and Bank Al-Tamweel Wa Al-Inma (bti Bank). The latter, which is accounted for under the equity method, has recently been included within the scope of consolidation.

Locasom, a subsidiary specialising in vehicle leasing, saw its parent net income fall by 33% to MAD 20 million due to a major loan-loss provision amounting to MAD 10 million. Its contribution to net income attributable to shareholders of the parent company was MAD 22.9 million in 2018.

EAI, a technology subsidiary, contributed -MAD 6.6 million to net income attributable to shareholders of the parent company in 2018 versus -MAD 1.7 million in 2017.

CID, a subsidiary in which the Bank has a 38.9% stake, and which is accounted for under the equity method, saw its parent net income fall by 15% to MAD 9.6 million versus MAD 11.2 million in 2017.

AML founded in 2016 as a joint venture with the Greek shipping company Attica Group, is a subsidiary specialising in maritime transport. Its contribution to net income attributable to shareholders of the parent company turned positive in 2018 to the tune of MAD 8.6 million.

BTI Bank, included within the scope of consolidation from first half 2018, is the Group's participatory bank. Launched in December 2017 as a partnership between BMCE Bank Of Africa and Al Baraka Bank Group, its contribution was negative MAD 28.2 million at 31 December 2018.

► RESULTS AND CONTRIBUTIONS FROM OVERSEAS OPERATIONS

Contribution	International		Europe		Africa	
Africa Activities	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
Consolidated net banking income	6 424	6 399	518	536	5 905	5 863
Change	0%		-3%		1%	
General expenses	-3 906	-3 798	-238	-217	-3 669	-3 581
Change	3%		9%		2%	
Cost of risk	-369	-878	-34	-50	-336	-828
Change	-58%		-33%		-59,4%	
Net income attributable to shareholders of the parent	949	791	113	138	835	653
Change	20%		-18%		28%	

At 31 December 2018, the contribution from overseas operations to consolidated net income attributable to shareholders of the parent company rose by 20% from MAD 791 million to MAD 949 million, accounting for 52% of total net income attributable to shareholders of the parent company.

This was due to the strong performance by African operations which saw their contribution to consolidated net income attributable to shareholders of the parent company grow by 28%.

► EUROPEAN OPERATIONS

BIH saw its contribution to net income attributable to shareholders of the parent company fall by 18% year-on-year to MAD 113 million in 2018.

BBI Madrid's, parent net income in local currency terms grew by 47% to EUR 7.9 million versus EUR 5.4 million.

BMCE Bank UK saw its parent net income decline by 60% to GBP 2.3 million versus GBP 5.7 million in 2017. This was due to increased refinancing costs due to a hike in rates as well as the exceptional capital gains on fixed income securities in 2017. General operating expenses were also impacted by increased consulting fees for regulatory projects and IT.

► AFRICAN OPERATIONS

Contribution	Africa		BOA		LCB		BDM	
Africa Activities	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17	Dec-18	Dec-17
Consolidated net banking income	5 905	5 863	5 619	5 554	286	309	na	na
Change			1%	1%		-8%		
General expenses	-3 669	-3 581	-3 473	-3 369	-196	-212	na	na
Change			2%	3%		-8%		
Cost of risk	-336	-828	-353	-759	17	-69	na	na
Change			-59%	-54%				
Net income attributable to shareholders of the parent	835	653	732	582	40	8	64	63
Change			28%	26%			0,1%	

Bank of Africa Group's contribution to net income attributable to shareholders of the parent company rose by 26% year-on-year to MAD 732 million. It accounted for 40% of total net income attributable to shareholders of the parent company in 2018.

Its contribution to overall net banking income was broadly unchanged on 2017 at MAD 5,619 million. BOA Group's contribution to the cost of risk, after restatements under IFRS, totalled -MAD 353 million in 2018 versus -MAD 759 million in 2017.

BOA Group's net income attributable to shareholders of the parent company, based on local accounting standards, grew by 10% to EUR 82.6 million in 2018 versus EUR 75 million in 2017.

La Congolaise de Banque registered a loss of EUR 5.5 million versus a profit of EUR 0.7 million in 2017, primarily due to the high level of net provisions booked, EUR 11.7 million versus EUR 6.2 million in 2017. This increase in provisioning had already been anticipated under IFRS. Its contribution to net income attributable to shareholders of the parent company rose, however, to MAD 40 million versus MAD 8 million in 2017.

Lastly, the contribution to net income attributable to shareholders of the parent company from **Banque de Développement du Mali**, accounted for under the equity method, was broadly unchanged at MAD 64 million in 2018.

► THE BANK'S GROWTH PROSPECTS

BMCE Bank of Africa Group intends to bolster its operations:

- i) In Morocco, by attracting new customers, fostering customer loyalty, continuing to grow its deposit base and promoting its services based on a 'phygital' hybrid business model, which consists of a network of physical branches as well as a digital approach.
- ii) overseas, by
 - Expanding and rationalising the Group's operations in Africa
 - Optimising the Group's European operations
 - Launching the banking business in China through its Shanghai-based subsidiary.

In addition, against a backdrop of rationalising its resources, the Bank introduced a series of measures in 2018 to reduce its operating expenses. These included adopting the ISO principle.

The Bank will also pursue its efforts at credit recovery and in cleaning up the loan portfolio so as to contain the cost of risk both in Morocco and overseas.

► ASSET-LIABILITY MANAGEMENT AT 31 DECEMBER 2018

Liquidity risk

The Liquidity Coverage Ratio (LCR) was 227% on an individual basis and 147% on a consolidated basis at 31 December 2018, comfortably above the 90% regulatory threshold set by Bank Al-Maghrib for 2018.

Interest rate risk

The results of stress tests carried out at 31 December 2018 on the impact from a 200-basis points change in interest rates on net interest income and the economic value of shareholders' equity complied with the limits set by the ALCO committee.

The impact from a 200-basis points change in interest rates on net interest income was estimated to be -MAD 75 million or -1.2% of projected 2018 net banking income, well below ALCO's 5% limit. If the trading book portfolio were excluded, the impact would have been -MAD 373 million or -6.02% of projected 2018 net banking income.

The change in the economic value of shareholders' equity in the event of a 200 basis points shock was estimated to be MAD 850 million or 5.0% of regulatory capital, which was also well below the ALCO limit of 20%. If the trading book portfolio were excluded, the impact would have been MAD 789 million or 4.64% of regulatory capital.

Having been convened by Mr Othman Benjelloun, Chairman & Chief Executive Officer, BMCE Bank's Combined Ordinary and Extraordinary Meeting of Shareholders was held at noon on Tuesday 28 May 2018 at the company's Head Office, 140 Avenue Hassan II, Casablanca; the shareholders, present or represented, and those having voted by correspondence, own 135,261,019 shares or 75.4% of the company's share capital and voting rights.

FIRST RESOLUTION

The Ordinary General Meeting, having been read the Board of Directors' Management Report and the Statutory Auditors' General and Special Reports, shall unreservedly approve these documents in their entirety. It shall also approve the financial statements for the financial year ended 31 December 2018 with a net income of 1,343,654,353.18 Moroccan Dirhams.

The Ordinary General Meeting shall acknowledge that the individual financial statements as well as the results relating to BMCE Bank's domestic operations, branch offices and subsidiaries and related statements of income (income statement and management accounting statement), drawn up at 31 December 2018, reflect the Bank's entire operations.

SECOND RESOLUTION

The Ordinary General Meeting shall acknowledge that annual income in respect of the financial year ended 31 December 2018 is as follows:

For the Moroccan operations	1,136,442,518.73 Dirhams
For the Paris branch office	
Dirham equivalent of foreign currency value	
For the BMCE Bank Offshore branch office	
Dirham equivalent of foreign currency value	
207,211,834.45 Dirhams	
Resulting in net income of	1,343,654,353.18 Dirhams

As a result, the Ordinary General Meeting shall decide to appropriate the year 2018 financial year's net income of 1,343,654,353.18 Dirhams 2018 as follows:

Net income	1,343,654,353.18 Dirhams
Ordinary dividend of 6%	107,678,034.00 Dirhams
Balance	1,235,976,319.18 Dirhams
Extraordinary dividend of 44%	
	789,638,916.00 Dirhams
Balance	446,337,403.18 Dirhams
Balance brought forward	37,224.35 Dirhams
Balance	446,374,627.53 Dirhams
To extraordinary reserves	446,300,000.00 Dirhams
Balance to be carried forward	74,627.53 Dirhams

The portfolio of subsidiaries and long-term investments generated dividends of MAD 611.8 million in financial year 2018.

Net write-backs for equity securities amounted to MAD 12.7 million. All the above items have been included in the parent financial statements.

The Ordinary General Meeting shall set the dividend distribution at 5 dirhams per share.

THIRD RESOLUTION

The Ordinary General Meeting shall decide that each shareholder will have an option between the payment of this dividend in cash or its conversion in whole or in part into shares of the Bank.

The Extraordinary General Meeting convened after the Ordinary General Meeting will authorize an Increase in the Share Capital, of which the first tranche will be realized exclusively by total or partial dividend conversion into shares.

FOURTH RESOLUTION

The Ordinary General Meeting shall delegate all powers to the Board of Directors to take the necessary measures for the application and execution of the resolution referred to above, ensuring the implementation of the dividend payment by conversion into new shares by specifying the terms of application and execution, carry out all transactions related or consecutive to the conversion option.

FIFTH RESOLUTION

The Ordinary General Meeting shall set the overall net amount of Directors' fees in relation to the financial year ended 31 December 2018 at five million eight hundred and fifty thousand dirhams (MAD 5,600,000).

SIXTH RESOLUTION

The Ordinary General Meeting, having been read the Statutory Auditors' Special Report on related party agreements referred to in Article 56 et seq. of Act No. 17-95, as amended and completed, relating to limited companies and Article 26 of the Memorandum and Articles of Association, shall approve the conclusions of the said report and the related party agreements mentioned therein.

SEVENTH RESOLUTION

The Ordinary General Meeting shall acknowledge that the Bank's Statutory Auditors, KPMG and ERNST & YOUNG, will have completed their assignments in respect of the financial year ended 31 December 2018 in accordance with the applicable legal and statutory requirements.

EIGHTH RESOLUTION

The Ordinary General Meeting shall grant full, entire and unreserved discharge to the Directors for the exercise of their term for the financial year ended December 31, 2018.

NINTH RESOLUTION

The terms of Mr Othman BENJELLOUN, Administrator and President of the Board of Directors; and of

RMA expire at the end of this General Meeting. The Ordinary General Meeting decides to renew the said mandates for a further six years, expiring at the Annual Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2024.

TENTH RESOLUTION

The Ordinary General Meeting acknowledges the death of Mr. Michel Lucas, one of the Bank's Directors, and the consequential termination of his term as Director.

The General Meeting pays tribute to Mr. Michel Lucas's memory, may he rest in peace. He has been an ally and a major contributor to the development of BMCE Bank Of Africa Group for almost fifteen years.

As a result, the company's Board of Directors will be composed of the following twelve Directors:

1. Mr Othman BENJELLOUN, Chairman & Chief Executive Officer
2. Banque Fédérative du Crédit Mutuel – BFCM –Crédit Mutuel Group – CIC, represented by Mr Lucien MIARA
3. Caisse de Dépôt et de Gestion, represented by Mr Abdellatif ZAGHNOUN
4. RMA, represented by Mr Zouheir BENSAID
5. FinanceCom, represented by Mr Hicham EL AMRANI
6. Mr Azeddine GUESSOUS
7. Mr François HENROT
8. Mr Brian C. MCK. HENDERSON
9. Mr Philippe DE FONTAINE-VIVE
10. Mr Christian de BOISSIEU
11. Mr Abdelwahab (Abdou) BENSOUDA
12. Mr Brahim BENJELLOUN-TOUIMI, Delegated Executive Managing Director

ELEVENTH RESOLUTION

The Ordinary General Meeting shall give full powers to the bearer of the original or copy of this report to carry out all legal formalities.

OF THE COMPETENCE OF THE EXTRAORDINARY GENERAL MEETING

TWELFTH RESOLUTION

The Extraordinary General Meeting, after reading the report of the Board of Directors, shall authorize a capital increase of a global maximum of 1,897,316,950 dirhams, including issue premium, to be achieved in two tranches as follows.

(The Capital Increase):

- a first tranche of a maximum of MAD 897,316,950, including issue premium, open to all Bank shareholders and to be released exclusively by total or partial dividend conversion option (Tranche 1);

The General Meeting decides that only the dividend amount will be used to pay the new shares to be subscribed by natural or legal persons (net of any tax or any withholding tax pursuant according to the general tax code or non-double tax treaties concluded by Morocco).

- a second tranche of a maximum of 1,000,000,000 dirhams, including issue premium, per public offering with preferential subscription rights for the shareholders, to be paid in cash and in full at the time of the subscription (Tranche 2).

Shareholders may subscribe irreducibly to Tranche 1 and, if applicable, reducibly to Tranche 2 of the Capital Increase.

The Extraordinary General Meeting decides that if the subscription does not reach the full Capital Increase amount, including each of Tranches 1 and 2, the Capital Increase Amount may be limited to the total amounts of actual subscriptions.

THIRTEENTH RESOLUTION

The Extraordinary General Meeting, after reading the report of the Board of Directors, grants the Board the power to carry out the following:

- set the final terms and conditions for the realization of the Capital Increase (Tranche 1 and Tranche 2) and their characteristics, in particular;
- set the definitive amount for the Capital Increase (Tranche 1 and Tranche 2) within the limit of the authorized amounts;

- decide to increase the Share Capital (Tranche 1 and Tranche 2) and set the subscription price for the transaction as a whole (nominal and issue premium);
- set the opening and closing dates of the subscription period for Tranches 1 and 2 of Capital Increase;
- close the subscription period in advance as soon as subscriptions on an irreducible and reducible basis have been made. It is specified that the amount of the Capital Increase, including both Tranches 1 and 2, may be limited to the amounts actually subscribed;
- record the subscriptions and releases of Tranches 1 and 2 of Capital Increase;
- record the final completion of the Capital Increase (Tranche 1 and Tranche 2);
- amend the Bank's bylaws accordingly to reflect the new share capital;
- carry out all the steps necessary to achieve the Capital Increase (Tranche 1 and Tranche 2);
- and, generally, take all necessary measures and complete all formalities necessary for the definitive completion of the Capital Increase (Tranche 1 and Tranche 2).

FOURTEENTH RESOLUTION

The Extraordinary General Meeting shall give full powers to the bearer of the original or copy or extract of this report to carry out all legal formalities.

VOTING RESULTS

The shareholders, present, represented and those having voted by correspondence, own 135,261,019 shares or 75.4% of the company's share capital and voting rights.

Resolution	Type	Numbers of votes			Number of shares for which voting intentions have been expressed	Proportion of the share capital represented by 'For' votes
		Votes 'For'	Votes 'Against'	Abstentions		
1	Ordinary	135 261 019	-	-	135 261 019	75.4%
2	Ordinary	135 261 019	-	-	135 261 019	75.4%
3	Ordinary	135 261 019	-	-	135 261 019	75.4%
4	Ordinary	135 261 019	-	-	135 261 019	75.4%
5	Ordinary	135 261 019	-	-	135 261 019	75.4%
6	Ordinary	135 261 019	-	-	135 261 019	75.4%
7	Ordinary	135 261 019	-	-	135 261 019	75.4%
8	Ordinary	135 261 019	-	-	135 261 019	75.4%
9	Ordinary	81 619 958	-	-	81 619 958	45.5%
10	Ordinary	135 261 019	-	-	135 261 019	75.4%
11	Ordinary	135 261 019	-	-	135 261 019	75.4%
12	Extraordinary	135 261 019	-	-	135 261 019	75.4%
13	Extraordinary	135 261 019	-	-	135 261 019	75.4%
14	Extraordinary	135 261 019	-	-	135 261 019	75.4%



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20050 Casablanca
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To the Shareholders of
BMCE Bank of Africa
140 Avenue Hassan II,
Casablanca



11, Avenue Bir Kacem Souissi
Rabat

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

We have audited the attached consolidated financial statements of BMCE Bank of Africa and its subsidiaries (BMCE Bank of Africa Group), comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity and notes providing a summary of the main accounting policies and other explanatory notes for the period from 1 January to 31 December 2018. These financial statements show consolidated shareholders' equity of MAD 23,841,510 K, including consolidated net income of MAD 2,808,722 K.

MANAGEMENT'S RESPONSIBILITY

It is Management's responsibility to prepare and present these financial statements to give a true and fair view of the company's financial position in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control procedures regarding the drawing up and presentation of the financial statements to ensure that they are free of material misstatement as a result of fraud or error and for making accounting estimates that are reasonable under the circumstances.

AUDITORS' RESPONSIBILITY

It is our responsibility to express an opinion on these financial statements based on our audit. We carried out our audit in accordance with Moroccan accounting standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves implementing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures adopted depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements as a result of fraud or error.

In making these risk assessments, the auditor takes into consideration the internal control procedures adopted by the entity regarding the drawing up and presentation of the financial statements so as to determine appropriate audit procedures under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the said procedures. An audit also consists of assessing whether the accounting policies adopted are appropriate and whether the accounting estimates made by senior management are reasonable, as well as assessing the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE FINANCIAL STATEMENTS

BMCE Bank of Africa possesses a stock of non-operating property assets that were acquired as dation-in-payment and valued at MAD 5.2 billion at 31 December 2018. The value of these assets was reduced to MAD 4.8 billion at the balance sheet date due to disposals made after 31 December 2018. Given the risks inherent in these real estate assets, particularly uncertainties about their resale value and the period of time required to liquidate them, we are therefore unable to give an opinion about the value of these assets at 31 December 2018.

Pending the outcome of the situation described above, in our opinion, the consolidated financial statements referred to above in the first paragraph give, in all material aspects, a true and fair view of the financial position of BMCE Bank of Africa Group, comprising the persons and entities included within the scope of consolidation at 31 December 2018 as well as its financial performance and cash flows over the same period, in accordance with International Financial Reporting Standards (IFRS).

Without in any way wishing to call into question the conclusion expressed above, we draw your attention to the appended note highlighting the impacts arising from first-time application of IFRS 9.

Casablanca, 12 April 2019

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Associé

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

1.1. CONSOLIDATED BALANCE SHEET

The consolidated financial statements at 31 December 2018 were approved by the board of directors on 29 March 2019.

ASSETS		NOTES	31/12/18	01/01/2018 FTA	31/12/17
Cash and amounts due from central banks and post office banks	4.1	14 310 554	14 490 894	15 497 685	
Financial instruments at fair value through profit or loss		-		34 002 616	
Financial assets held for trading	4.2	25 104 686	33 808 089		
Other financial assets at fair value through profit or loss	4.2	1 011 536	1 437 396		
Derivatives used for hedging purposes		-			
Available-for-sale financial assets		-		10 531 128	
Financial assets at fair value through equity		-			
Debt instruments recognised at fair value through recyclable equity	4.3	1 402 639	1 335 403		
Equity instruments reported at fair value through non-recyclable equity	4.3	3 986 053	4 048 481		
Held-to-maturity financial assets				23 016 078	
Financial assets at amortised cost	4.4	25 315 848	26 449 553		
Loans and advances to credit institutions at amortised cost	4.5	21 250 394	25 147 124	25 177 051	
Loans and advances to customers at amortised cost	4.6	179 302 874	181 984 271	183 814 990	
Remeasurement adjustment on interest-rate risk hedged portfolios		-			
Financial investments of insurance activities		-			
Current tax assets	4.8	783 556	855 725	855 725	
Deferred tax assets	4.8	1 615 532	1 802 409	793 123	
Accrued income and other assets	4.9	7 199 267	6 095 077	6 095 077	
Non-current assets held for sale		-			
Equity-method investments	4.10	874 360	643 037	643 037	
Investment property	4.11	3 730 378	3 824 439	3 824 439	
Property, plant and equipment	4.11	7 640 031	7 302 800	7 302 800	
Intangible assets	4.11	987 571	937 808	937 808	
Goodwill	4.12	1 032 114	852 310	852 310	
TOTAL ASSETS IFRS		295 547 393	311 014 816	313 343 867	

(In thousand MAD)

LIABILITIES & SHAREHOLDERS EQUITY		NOTES	31/12/18	01/01/2018 FTA	31/12/17
Cash and amounts due from central banks and post office banks		-			
Financial instruments at fair value through profit or loss		-		1 768 686	
Financial liabilities held for trading		-	37 094		
Financial liabilities at fair value through profit or loss under option		-	1 737 600		
Derivatives used for hedging purposes		-		6 008	
Debt securities issued	4.7	13 582 981	15 101 490	15 101 490	
Due to credit institutions	4.5	43 725 210	44 958 940	44 958 940	
Due to customers	4.6	192 474 205	198 783 598	198 783 598	
Remeasurement adjustment on interest-rate risk hedged portfolios		-			
Current tax assets	4.8	769 014	740 856	740 856	
Deferred tax assets	4.8	1 179 765	1 601 333	1 598 944	
Accrued expenses and other liabilities	4.9	9 350 024	13 419 677	13 419 677	
Liabilities associated with non-current assets held for sale		-			
Technical reserves of insurance companies		-			
Provisions for contingencies and charges	4.13	1 039 395	1 087 637	832 490	
Subsidies, assigned public funds and special guarantee funds					
Subordinated debts	4.6	9 585 289	11 448 754	11 448 754	
TOTAL DEBTS		271 705 883	288 916 979	288 659 443	
Capital and related reserves					
Consolidated reserves		14 365 774	13 748 403	13 748 403	
Attributable to parent		-			
Attributable to parent		1 584 607	2 788 767	2 427 415	
Non-controlling interests		3 977 575	4 420 422	4 625 624	
Gains et pertes comptabilisés directement en capitaux propres		-			
Attributable to parent		593 531	596 815	495 942	
Non-controlling interests		511 300	543 430	543 259	
Net Income		-			
Attributable to parent		1 831 171		2 036 321	
Non-controlling interests		977 552		807 460	
TOTAL CONSOLIDATED SHAREHOLDERS'S EQUITY		23 841 510	22 097 837	24 684 424	
TOTAL LIABILITIES		295 547 393	311 014 816	313 343 867	

(In thousand MAD)

1.2. CONSOLIDATED INCOME STATEMENT

	NOTES	31/12/18	31/12/17
Interest and similar income		14 934 916	14 895 644
Interest and similar expense		-5 252 749	-5 220 279
Net Interest income	2,1	9 682 167	9 675 365
Fees received and commission income		2 990 545	2 732 308
Fees paid and commission expense		-477 341	-315 612
Net fee income	2,2	2 513 204	2 416 697
Net gains or losses resulting from net position hedges		-	
Net gain on financial instruments at fair value through profit or loss	2,3	136 275	506 845
Net gains or losses on transaction assets/liabilities		138 632	-
Net gains or losses on other assets/liabilities at fair value through profit or loss		-2 357	-
Net gains on financial instruments at fair value through equity	2,4	226 865	
Net gains or losses on debt instruments recorded as recyclable CP		-	
Remuneration of equity instruments recognised as non-recyclable CP		226 865	
Net gains or losses on available-for-sale financial assets		-	228 257
Net gains on derecognised financial assets at amortised cost		-	
Gains or losses resulting from the reclassification of financial assets at amortised cost to financial assets at fair value through profit or loss		-	
Gains or losses resulting from the reclassification of financial assets by CP as financial assets at fair value through profit or loss		-	
Net income from insurance activities		-	
Net income from other activities	2,5	1 137 982	1 036 084
Expenses from other activities	2,5	-463 024	-495 692
Net Banking Income		13 233 468	13 367 556
General Operating Expenses	2,6	-7 194 827	-7 015 278
Allowances for depreciation and amortization PE and intangible assets	2,6	-620 980	-747 408
Gross Operating Income		5 417 661	5 604 869
Cost of Risk	2,7	-1 833 379	-1 794 180
Operating Income		3 584 281	3 810 689
Share in net income of companies accounted for by equity method		61 804	12 827
Net gains or losses on other assets	2,8	6 210	14 815
Change in goodwill		-	1
Pre-tax earnings		3 652 295	3 838 333
Corporate income tax	2,9	-843 574	-994 550
Tax Net income from discontinued activities or operations held for sale		-	-
Net Income		2 808 722	2 843 783
Non-controlling interests		977 552	807 460
Net income attributable to parent		1 831 170	2 036 323

(In thousand MAD)

1.3. STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	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 31.12.2016	1 794 634	11 504 456		4 970 436	-9 794	18 259 732	5 322 955	23 582 687
Change in the accounting methods						0		0
Beginning Balance of Shareholder's Equity 31.12.2016	1 794 634	11 504 456		4 970 436	-9 794	18 259 732	5 322 955	23 582 687
Operations on capital		449 313		-449 313		0		0
Share-based payment plans						0		0
Operations on treasury stock						0		0
Dividends				-897 317		-897 317	-523 494	-1 420 811
Net Income				2 036 321		2 036 321	807 460	2 843 781
Changes in assets and liabilities recognised directly in equity					-408 252	-408 252	442 957	34 705
Transfer to earnings					-31 826	-31 826		-31 826
Unrealized or deferred gains or losses				0	-440 078	-440 078	442 957	2 879
Change in the scope of consolidation				-92 449		-92 449	25 910	-66 539
Others				-158 128		-158 128	-99 445	-257 573
Ending balance of Shareholder's Equity 31.12.2017	1 794 634	11 953 769		5 409 550	-449 872	18 708 081	5 976 343	24 684 424
Recognition of expected credit losses (on financial instruments)				-1 574 096		-1 574 096	-1 012 491	-2 586 587
Beginning balance of Shareholder's Equity 01.01.2018	1 794 634	11 953 769		3 835 454	-449 872	17 133 985	4 963 852	22 097 837
Operations on capital		617 371		-617 371		0		0
Share-based payment plans						0		0
Operations on treasury stock						0		0
Dividends				-897 317		-897 317	-563 957	-1 461 274
Net Income				1 831 171		1 831 171	977 552	2 808 723
Changes in assets and liabilities recognised directly in equity					-409	-409	-371	-780
Transfer to earnings					-40 068	-40 068	-42 226	-82 295
Unrealized or deferred gains or losses				0	-40 478	-40 478	-42 597	-83 075
Change in the scope of consolidation				194 375		194 375	257 949	452 325
Others				153 346		153 346	-126 372	26 974
Ending balance of Shareholder's Equity 31.12.2018	1 794 634	12 571 140		4 499 659	-490 350	18 375 083	5 466 427	23 841 511

(In thousand MAD)

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

	31/12/18	31/12/17
Net income (loss)	2 808 722	2 843 781
Gains and losses recognised directly in equity and subsequently reclassified to income	28 168	-31 826
Transfer to earnings	28 168	-31 826
Financial assets at fair value through recyclable equity		
Revaluation differences		
Gains and losses recognised directly in equity and which will not subsequently be reclassified to income	-63 583	1 080 821
Actuarial gains and losses on defined benefit plans		-49 166
Items measured at fair value through non-recyclable equity	-63 583	1 129 987
Share of gains and losses recognised directly in equity on companies accounted for by the equity method		
Total gains and losses recognized directly in equity	-35 415	1 048 995
Net income and gains and losses recognised directly in equity	2 773 307	3 892 776
Group share	1 827 885	2 542 057
Minority interests' share	945 422	1 350 719

(In thousand MAD)

1.5. CASH FLOW STATEMENTS AS OF DECEMBER 31ST, 2018

1.5.1. Cash Flow Statement

	Notes	31/12/18	01-01-2018 FTA
Net Income Before Tax		3 652 296	3 838 331
+/- Net depreciation/amortization expense on property, plant, and equipment and intangible assets	2,6	630 876	747 408
+/- Impairment of goodwill and other non- current assets		-	-
+/- Impairment of financial assets		-15 026	-16 898
+/- Net allowances for provisions		1 523 643	561 456
+/- Share of earnings in subsidiaries accounted for by equity method	4.10	-61 366	-12 827
+/- Net loss (income) from investing activities		-465 450	-930 281
+/- Net loss (income) from financing activities		-	-
+/- Other movements		470 864	-1 406 990
Non monetary items included in pre-tax net income and other adjustments		2 083 541	-1 058 132
+/- Cash flows related to transactions with credit institutions		217 244	2 079 434
+/- Cash flows related to transactions with customers		-7 885 804	2 736 592
+/- Cash flows related to transactions involving other financial assets and liabilities		10 541 583	8 431 333
+/- Cash flows related to transactions involving non financial assets and liabilities		-4 878 370	-1 645 793
+/- Taxes paid		-641 628	-1 401 950
Net decrease / (increase) in assets and liabilities from operating activities		-2 646 975	10 199 617
Net Cash Flows from Operating Activities		3 088 862	12 979 816
+/- Cash Flows related to financial assets and equity investments		-418 474	-1 166 373
+/- Cash flows related to investment property		95 806	-81 056
+/- Cash flows related to PP&E and intangible assets		-477 724	-372 909
Net Cash Flows from Investing Activities		-800 392	-1 620 338
+/- Cash flows related to transactions with shareholders		-949 034	-1 425 511
+/- Cash flows generated by other financing activities		-5 109 235	2 950 430
Net increase/(decrease) in cash and cash equivalents		-6 058 269	1 524 919
Beginning Balance of Cash and Equivalents		-248 827	434 796
Net Balance of cash accounts and accounts with central banks and post office banks		-4 018 626	13 319 193
Net Balance of demand loans and deposits- credit institutions		21 008 455	7 689 262
Loan and loan of cash	4.1	14 490 894	12 155 637
Ending Balance of Cash and Equivalents		6 517 561	-4 466 375
Net Balance of cash accounts and accounts with central banks and post office banks		16 989 829	21 008 455
Net Balance of demand loans and deposits- credit institutions	4.1	14 310 554	14 490 894
Loan and loan of cash		2 679 275	6 517 561
Net increase in cash and equivalents		-4 018 626	13 319 193

(In thousand MAD)

1.5.2. IAS 39 accounting categories under IFRS 9

Financial Assets	Value in the balance sheet according to IAS 39	Central banks, public treasury, postal check service	31/12/2017		01/01/2018					
			Reclassification under IFRS 9							
			Financial assets held for trading	Financial assets at fair value through profit or loss		Financial assets at fair value through equity		Financial assets at amortized cost		
				Other financial assets at fair value through profit or loss	Debt instruments accounted for at fair value through non-recyclable equity	Equity instruments accounted for at fair value through recyclable equity	Loans and receivables from credit institutions	Loans and receivables from customers	Debt Securities	
Central banks, public treasury, postal check service	15 497 685	14 490 894							1 006 792	
Financial assets at fair value through profit or loss										
Financial assets held for trading	34 002 616		33 808 089							
Other financial assets at fair value through profit or loss	-			194 527						
Hedging derivatives -	-									
Available-for-sale assets	10 531 128			1 706	1 338 073	4 039 527	1 304 237	3 847 585		
Loans and receivables from credit institutions	25 177 051						25 177 051			
Loans and receivables from customers	183 814 990							183 814 990		
Securities held-to-maturity	23 016 078		1 232 941			8 954			21 774 183	
Accounting balances according to IFRS 9 valuation criteria	292 039 548	14 490 894	33 808 089	1 429 174	0	1 338 073	4 048 481	25 177 051	185 119 227	26 628 560
Fair value remeasurement under IAS 39			8 222		-2 670		-29 927	-3 134 956	-179 007	
Accounting balances according to IFRS 9 valuation criteria		14 490 894	33 808 089	1 437 396	0	1 335 403	4 048 481	25 147 124	181 984 271	26 449 553

(In thousand MAD)

Financial liabilities	Value in the balance sheet according to IAS 39	31/12/2017		01/01/2018			
		Reclassification under IFRS 9					
		Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost			
		Financial liabilities held for trading	Financial liabilities at fair value through profit or loss as an option	Hedging derivatives	Amounts due to credit institutions	Amounts due to customers	Debts represented by a security
Financial liabilities at fair value through profit or loss	1 768 686	37 094	1 737 600	-	-	-	-
Financial liabilities held for trading	1 768 686	37 094					
Financial liabilities at fair value through profit or loss as an option			1 737 600				
Hedging derivatives	6 008						
Amounts due to credit institutions	44 958 940				44 958 940		
Amounts due to customers	198 783 598					198 783 598	
Debts represented by a security	15 101 490						15 101 490
Accounting balances according to IAS 39 valuation criteria	260 618 722	37 094	1 737 600	-	44 958 940	198 783 598	15 101 490
Fair value remeasurement under IFRS 9							
Accounting balances according to IAS 39 valuation criteria		37 094	1 737 600	0	44 958 940	198 783 598	15 101 490

1.5.3. Depreciation under IAS 39 and IFRS 9

Depreciation of financial assets	IAS 39 - Depreciation amounts	dec-2017	01/01/2018						
		Central banks, public treasury, postal check service	IFRS 9 - Reclassification of the depreciation amounts			Financial assets at amortized cost			
			Financial assets at fair value through profit or loss		Financial assets at fair value through equity		Debt instruments accounted for at fair value through recyclable equity		Loans and receivables from credit institutions
			Financial assets held for trading	Other financial assets at fair value through profit or loss	Equity instruments	Financial assets at fair value through profit or loss as an option	Debt instruments accounted for at fair value through recyclable equity	Equity instruments accounted for at fair value through non-recyclable equity	Loans and receivables from customers
Central banks, public treasury, postal check service									
Available-for-sale assets	431 185						431 185		
Loans and receivables from credit institutions	68 751							68 751	
Loans and receivables from customers	9 377 885								9 377 885
Securities held-to-maturity									
Depreciation accounting balances according to IAS 39 provisions	9 877 821	-	-	-	-	-	431 185	68 751	9 377 885
Depreciation restatement under IFRS 9							2 670	-431 185	29 927
Depreciation accounting balances according to IFRS 9 provisions		-	-	-	-	-	2 670	-	98 678
								12 512 842	179 007

Depreciation breakdown of customer loans and receivables under IAS 39

		31/12/2017		
		Collective depreciations	Individual depreciations	Total
Depreciation accounting balance		2 517 473	6 860 412	9 377 885
Reclassification		-1 861 771	1 861 771	
Accounting balances reprocessed of depreciations		655 702	8 722 183	9 377 885

* Under IAS 39, statistical provisions of mass processing for small files in defaults were included in collective provisions. In order to be comparable under IFRS 9, these need to be classified under individual depreciations.

Depreciation breakdown of customer loans and receivables by bucket	Bucket 1	Bucket 2	Bucket 3	Total
Accounting balances of depreciations according to IFRS 9 FTA provisions (as of 01/01/2018)	1 313 542	2 310 794	8 888 506	12 512 842

1.6. SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE GROUP

1.6.1. Applicable accounting standards

The first consolidated financial statements to be prepared by BMCE Bank Group 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 consolidated financial statements of BMCE Bank Group 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.

The Group has adopted the new IFRS 9 standard on financial instruments and the impact of the first-time adoption is recorded in shareholders' equity in the opening balance sheet as at 1 January 2018 without restatement of comparatives, as required by the standard.

The IFRS 16 «Lease Agreement» will replace IAS 17 starting January 1, 2019. It will change the accounting for leases. For any lease, the lessee will have to show in their balance sheet an asset representative of the right to use the leased property and a debt representative of the obligation to pay rent. In the income statement, the amortization expense of the asset will be presented separately from the debt interest charges. This treatment, currently applied to finance leases, will be extended to operating leases.

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.

BMCE Bank 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 of December 31, 2018, 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

BMCE Bank 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.

As of December 2018, the Group has carried out tests to ensure the recoverable amount of a cash-generating unit is higher than its net fair value and its value in use.

The recoverable amount of a cash-generating unit is defined as the highest value between its fair net value of its cost of sales and its value in use, the fair value being the selling price of a 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.

1.6.3. Financial assets and liabilities

a. Loans and receivables

The "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 securities with a variable income are presented in the aggregate "Compensation of equity instruments recognized as non-recyclable CP" 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 recognized 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.

The main changes in the transition from IAS impairment rules 39 to IFRS 9 are:

- Calculation of provisions on non-sensitive performing loans;
- Forward looking: the standard requires new requirements in risk monitoring with the use of forward-looking data such as macroeconomic to assess default parameters;

- The need to monitor the deterioration of credit risk during its implementation life since the beginning at contract level;

- A broader scope of financial assets included in the scope of the calculation of depreciation. The financial assets concerned are as follows financial assets at amortised cost, financial assets at fair value through equity, loan commitments and financial guarantee that are not covered by the not recorded at market value, as well as receivables from of lease contracts. Equity instruments are not concerned by the depreciation provisions.

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 a defect is aligned with that of Circular 19G, refutably presuming that entry in default is at after 90 unpaid days of at the latest.

The definition of a defect is used consistently to assess increases in credit risk and in measuring expected credit losses.

The monitoring of risk degradation is based on internal risk monitoring systems, which notably include systems for monitoring sensitive receivables and unpaid debts.

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

Assessing significant increase in credit risk is made at the level of each instrument, based on indicators and thresholds that vary according to the nature of the exposure and the type of counterparty.

A financial asset is also considered to have suffered significant credit risk deterioration when one or more of the following occurs:

- The financial asset appears on the Watch List
- The financial asset is restructured because of payment difficulties without it defaulting
- Existence of unpaid bills
- Significant adverse changes in the economic, commercial or financial conditions in which the borrower operates,
- Risks of financial difficulties found, etc.

In order to compensate for the fact that certain significant deterioration factors or indicators are not identifiable at the level of a financial instrument taken in isolation, the standard allows the assessment of significant impairment for portfolios, portfolio groups, portions of portfolios or financial instruments.

The constitution of the portfolios for an assessment of the degradation on a collective basis can result from common characteristics such as:

- the type of instrument;
- the credit risk rating;
- the type of guarantee;
- the date of initial recognition;
- the period remaining until maturity;
- the area of the activity ;
- the borrower's geographic location;
- the value of the asset pledged against the financial asset, if this affects the likelihood of default (for example, in the case of loans secured only by collateral in certain countries, or on the proportion of financing);
- the distribution channel, the purpose of the financing, ...

Expected losses are defined as an estimate of the credit losses weighted by the likelihood of these losses occurring during the financial instruments' expected lifespan. These are calculated individually for each exhibition.

Depreciations are calculated based on 3 principles:

- Default probability

Default Probability is the probability that a borrower will default on his/ her financial commitments in the next 12 months or during the residual maturity of the contract (mature default probability). Default probability is the probability that borrowers will default on a given horizon t . The default probability used to estimate expected losses under IFRS9 principles and is calculated for each homogeneous class of risk.

For financial assets in "Bucket 1" (i.e. healthy non-sensitive), a 12-month default probability is calculated as the probability of default that may occur within 12 months of the closing date.

For financial assets in Bucket 2, a maturity default probability is calculated and, by definition, financial assets in Bucket 3 (i.e. defects) have a default probability of 1.

In order to calculate a one-year default probability for a given file, BMCE Bank has divided the portfolios' files into homogeneous risk classes that are segmented on the basis of external notes or on the basis of delinquency classes.

The default probability at maturity is calculated by applying B10 transition matrices to the one-year default probability, such that this default probability results from external rating systems or delinquency classes. Transition matrices are determined by modeling how the defaults develop between the initial posting date and the maturity of the contracts, for each portfolio. Transition matrices are developed on the basis of statistical observations.

- Losses in case of default (LGD)

Loss on default (LGD) is the expected loss on exposure that would be in default. Loss on default is expressed as a percentage of the EAD and is calculated from the Global Recovery Rates (GRR). The evaluation of FITs is done by defining homogeneous classes of risk per guarantee, based on the history of recovery.

For large cases in difficulty, when modeling on a statistical basis is not possible (number of reduced observations, special characteristics, etc.), the future recovery cash flows are estimated by BMCE Bank Group's recovery subsidiary, and LGD is the difference between the contractual cash flows and expected cash flows (including principal and interest).

- Exposure at default (EAD)

The calculation of exposure at default is based on the amount at which the Group expects to be effectively exposed at the time of the default,

ie over the next 12 months, ie + B1t on the residual maturity. It is based on the amount at which Group 17 expects to be effectively exposed at the time of the default, either over the next 12 months or on the residual maturity.

To define these parameters, the group builds on existing concepts and devices. Expected credit losses on financial instruments are measured as the product of these three parameters.

The IFRS 9 parameters must take into account the anticipated economic conditions over the projection horizon (forward-looking).

The adjustment of the parameters to the economic situation was carried out on the basis of the macroeconomic studies provided by internal sectorial experts. These studies made it possible to impact default probabilities (upwards or downwards depending on the outlook) according to experts over a three-year horizon. Consideration of other macroeconomic indicators is being implemented.

The definition of these scenarios follows the same organization and governance as that defined for the budget process, with an annual review based on economic research proposals and validation by the General Management Committee.

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

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

Forbearance

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

Restructuring of assets classed as "Loans and receivables"

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

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

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

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

The discount is calculated as the difference between :

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

e. Issues of debt securities

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

In the Group's case, this concerns certificates of deposit issued by Group banks such as BMCE BANK and BANK OF AFRICA 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, BMCE BANK SA and its fully consolidated subsidiaries.

"Treasury shares" refer to shares issued by the parent company, BMCE Bank 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 December 31, 2018, 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.

1.6.4. 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 BMCE Bank 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 BMCE Bank Group's buildings.

Component-based matrix adopted by BMCE Bank

	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.

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

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

c. Intangible assets

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

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

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

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

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

1.6.5. 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.

Operating leases

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the lessee's income statement on a straight-line basis over the lease term.

1.6.6. 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.

As of December 31, 2018, the Group did not recognize any assets as held for sale or discounted activities.

1.6.7. Employee benefits

Classification of employee benefits

a. Short terms 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.

d. 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.

1.6.8. 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 BMCE Bank 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.

1.6.9. 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.

1.6.10. 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.

1.6.11. 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).

1.6.12. 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 2018

2.1. NET INTEREST INCOME

This 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), available for sale financial assets and held-to

	31/12/18		
	Income	Expense	Net
Customer Items			
Deposits, loans and borrowings	10 818 793	2 830 855	7 987 938
Repurchase agreements	10 199 494	2 799 843	7 399 651
Finance leases	619 299	31 012	619 299
Interbank Items	1 289 625	1 464 925	-175 300
Deposits, loans and borrowings	1 084 082	1 194 800	-289 452
Repurchase agreements	205 543	270 125	98 632
Borrowings issued by the Group			
Instruments at fair value through equity			
Debt instruments	2 826 498		2 826 498
TOTAL INTEREST INCOME/(EXPENSE)	14 934 916	5 252 749	9 682 167

(In thousand MAD)

	31/12/17		
	Income	Expense	Net
Customer Items			
Deposits, loans and borrowings	10 861 834	2 829 142	8 032 692
Repurchase agreements	10 168 896	2 698 581	7 470 315
Finance leases	692 938	130 561	692 938
Interbank items	915 842	1 320 489	-404 647
Deposits, loans and borrowings	682 078	1 257 872	-575 794
Repurchase agreements	233 764	62 617	171 147
Debt securities issued			
Cash flow hedge instruments			
Interest rate portfolio hedge instruments			
Trading book	1 469 297	1 070 648	398 649
Fixed income securities	1 469 297	664 645	804 652
Repurchase agreements			
Loans/borrowings			
Debt securities			
Available for sale financial assets			
Held to maturity financial assets	1 648 671		1 648 671
TOTAL	14 895 644	5 220 279	9 675 365

(In thousand MAD)

2.2. NET FEE INCOME

	31/12/18			31/12/17		
	Income	Expense	Net	Income	Expense	Net
Net fee on transactions	2 243 610	248 194	1 995 416	1 999 586	121 990	1 877 596
With credit institutions						
With customers	1 537 760	-	1 537 760	1 534 862		1 534 862
On custody	216 942	73 617	143 325	219 209	43 129	176 080
On foreign exchange	488 908	174 577	314 331	245 515	78 861	166 654
On financial instruments and off balance sheet			-			-
Banking and financial services	746 935	229 147	517 788	732 722	193 622	539 100
Income from mutual funds management			-			-
Income from electronic payment services	388 448	88 300	300 148	355 604	72 706	282 898
Insurance	-	-	-	-	-	-
Other	358 487	140 847	217 640	377 118	120 916	256 202
NET FEE INCOME	2 990 545	477 341	2 513 204	2 732 308	315 612	2 416 696

(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.

	31/12/18			31/12/17		
	Trading Book	Assets measured under the fair value option	Total	Trading Book	Assets measured under the fair value option	Total
Fixed income and variable income securities	199 404	-2 357	197 047	499 400		499 400
Derivative instruments	-60 772		-60 772	7 098	347	7 445
Repurchase agreements						
Loans						
Borrowings						
Remeasurement of interest rate risk hedged portfolios						
Remeasurement of currency positions						
TOTAL	138 632	-2 357	136 275	506 498	347	506 845

(In thousand MAD)

2.4. NET GAINS ON AVAILABLE-FOR-SELL FINANCIAL ASSETS

	31/12/18		
	Remuneration of equity instruments recognised as non-recyclable equity instruments (Dividends)		
	TOTAL	226 865	226 865
(In thousand MAD)			
31/12/17			
Fixed income securities			
Disposal gains and losses			
Equity and other variable-income securities		228 257	
Dividend income			228 662
Impairment provisions			
Net disposal gains			-405
TOTAL		228 257	

(In thousand MAD)

2.5. NET INCOME FROM OTHER ACTIVITIES

	31/12/18			31/12/17		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities						
Net income from investment property						
Net income from assets held under operating leases	277 075	121 348	155 727	284 277	120 712	163 565
Net income from property development activities						
Other banking income & expenses	486 955	325 604	161 351	269 334	294 523	-25 189
Other operating income	373 952	16 072	357 880	482 473	80 457	402 016
TOTAL NET INCOME FROM OTHER ACTIVITIES	1 137 982	463 024	674 958	1 036 084	495 692	540 392

(In thousand MAD)

2.6. GENERAL OPERATING EXPENSES

	31/12/18			31/12/17		
	Staff expenses	Taxes	External expenses	Other general operating expenses	Allowances for depreciation and provisions of tangible and intangible assets	General Operating Expenses
Staff expenses						
Taxes						
External expenses						
Other general operating expenses						
Allowances for depreciation and provisions of tangible and intangible assets						
General Operating Expenses						

(In thousand MAD)

2.7. COST OF RISK

Includes expenses arising from the manifestation of credit risk and counterparty disputes inherent in the banking business conducted with stakeholders. Net impairment non covered by such risk allocations are classified in the income statement according to their type.

Cost of risk for the period

	31/12/18
Net allocations for deprecations	-1 571 517
Bucket 1	130 261
Including loans and receivables on EC and OA	2 950
Including customer loans and receivables	48 024
Including off-balance-sheet commitments	85 051
Including debt instruments	-7 326
Including debt instruments accounted for by JV and recyclable CP	1 562
Bucket 2	121 767
Including loans and receivables on EC and OA	-1 303
Including customer loans and receivables	82 405
Including off-balance-sheet commitments	2 691
Including debt instruments	37 974
Including debt instruments accounted for by JV and recyclable CP	-
Bucket 3	-1 823 545
Including loans and receivables on EC and OA	360
Including customer loans and receivables	-1 767 952
Including off-balance-sheet commitments	-78 329
Including debt instruments	22 377
Including debt instruments accounted for by JV and recyclable CP	-
Amounts recovered from amortized loans	52 617
Losses on bad debt	-365 896
Other	51 417
Cost of risk	-1 833 379

	31/12/17
Allocations to provisions	-2 964 249
Provisions on deprecations of loans and receivables	-2 778 762
Provisions on deprecations of held-to-maturity securities	-
Provision commitments by signature	-38 106
Other provisions for risks and charges	-147 381
Reversals of provisions	2 402 843
Reversals of provisions for depreciation of loans receivables	2 231 922
Reversals of provisions for deprecations of held-to-maturity securities (rate risk free)	-
Reversals of provisions commitments by signature	-
Reversals of other provisions for risk and charges	170 921
Variation of provisions	-1 232 774
Losses for counterparty risk of financial assets available-for-sale (fixed income securities)	-
Losses for counterparty risk of financial assets held-to-maturity	-
Losses on irrecoverable loans and receivables with no provision	-
Losses on irrecoverable loans and receivables with provision	-1 268 763
Discounts on restructured products	-
Recoveries of amortized loans and receivables	35 989
Losses on commitments by signature	-
Other losses	-
COST OF RISK	-1 794 180

(In thousand MAD)

2.8. NET GAINS ON OTHER ASSETS

	31/12/18	31/12/17
PP&E and intangible assets used in operations	-17 398	0
Capital gains on disposals	17 398	-
Capital losses on disposals	23 608	14 815
Others	6 210	14 815
Net Gain/Loss on Other Assets	(In thousand MAD)	

2.9. INCOME TAX

2.9.1. Current and deferred tax

	31/12/18	01/01/2018 FTA	31/12/17
Current tax	783 556	855 725	855 725
Deferred tax	1 615 532	1 802 409	793 123
Current and deferred tax assets	2 399 088	2 658 134	1 648 848
Current tax	769 014	740 856	740 856
Deferred tax	1 179 765	1 601 333	1 598 944
Current and deferred tax liabilities	1 948 779	2 342 189	2 339 800

(In thousand MAD)

2.9.2. Net income tax expense

	31/12/18	31/12/17
Current tax expense	-1 003 034	-1 063 443
Net deferred tax expense	159 460	68 893
Net Corporate income tax expense	-843 574	-994 550

(In thousand MAD)

2.9.3. Effective tax rate

	31/12/18	31/12/17
Net income	2 808 722	2 843 782
Net corporate income tax expense	-843 574	-994 550
Average effective tax rate	30,0%	35,0%

(In thousand MAD)

Analysis of effective tax rate

	31/12/18	31/12/17
Standard tax rate	37,0%	37,0%
Differential in tax rates applicable to foreign entities		
Reduced tax rate		
Permanent differences		
Change in tax rate		
Reportable deficit		
Other items	-7,0%	-2,0%
Average effective tax rate	30,0%	35,0%

(In thousand MAD)

III. SEGMENT INFORMATION

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

- Banking in Morocco** : BMCE Bank's Moroccan business;
- 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** : BMCE International Holding, Banque de Développement du Mali, La Congolaise de Banque, BMCE Bank International and Bank Of Africa.

3.1. EARNINGS BY BUSINESS LINE

	31/12/18					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
Net interest Income	4 208 303	30 416	693 085	-14 454	4 764 817	9 682 167
Net Fee income	1 153 827	160 521	23 045	0	1 175 811	2 513 204
Net Banking Income	5 593 863	343 167	729 591	143 272	6 423 575	13 233 468
General Operating Expenses & allowances for depreciation and amortization	-3 244 194	-295 744	-269 192	-100 197	-3 906 480	(7 815 807)
Operating Income	2 349 669	47 423	460 399	43 075	2 517 095	5 417 661
Corporate income tax	-380 412	-41 378	-113 199	-9 364	-299 221	(843 574)
Net Income Attributable to shareholders of the parent	665 151	98 154	112 808	6 159	948 898	1 831 170
	31/12/17					
Net interest Income	4 196 358	45 549	723 380	-17 713	4 727 791	9 675 365
Net Fee income	1 108 878	169 119	15 322		1 123 377	2 416 696
Net Banking Income	5 704 128	364 293	752 916	146 951	6 399 267	13 367 555
General Operating Expenses & allowances for depreciation and amortization	-3 366 046	-281 741	-227 367	-89 695	-3 797 837	(7 762 686)
Operating Income	2 338 082	82 552	525 549	57 256	2 601 430	5 604 869
Corporate income tax	-556 552	-51 216	-162 388	-16 732	-207 662	(994 550)
Net Income Attributable to shareholders of the parent	973 512	121 063	179 094	-28 253	790 905	2 036 321

(In thousand MAD)

3.2. ASSETS AND LIABILITIES BY BUSINESS ACTIVITY

	31/12/18					
	ACTIVITY IN MOROCCO	INVESTMENT BANKING	SPECIALISED FINANCIAL SERVICES	OTHERS	INTERNATIONAL ACTIVITIES	TOTAL
TOTAL ASSETS	178 593 133	863 975	17 876 020	200 249	98 014 015	295 547 392
ASSETS ITEMS						
Available for sale assets	2 325 525	6 823	19 618	22 550	3 014 176	5 388 692
Customer loans	112 536 900	70	16 132 363	0	50 633 541	179 302 874
Financial assets at fair value	25 104 686	97 566	861	0	913 109	26 116 222
Held to maturity assets	3 832 558	0	0	0	21 483 289	25 315 847
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	128 441 420	0	895 925	0	63 136 860	192 474 205
Shareholder's Equity	14 761 599	363 228	1 730 403	(132 498)	7 118 779	23 841 511
	01/01/2018 FTA					
TOTAL ASSETS	204 523 139	693 752	11 076 662	(415 344)	95 136 607	311 014 816
ASSETS ITEMS						
Available for sale assets	2 193 801	97 719	20 398	21 517	3 050 449	5 383 884
Customer loans	118 390 934	96	14 423 705		49 169 535	181 984 270
Financial assets at fair value	33 809 849	192 764	3		1 242 869	35 245 485
Held to maturity assets	3 286 607				23 162 946	26 449 553
LIABILITIES & SHAREHOLDERS EQUITY ITEMS						
Customer deposits	135 672 596	17 076	739 090		62 354 836	198 783 598
Shareholder's Equity	14 191 342	358 467	1 470 727	(639 611)	6 716 912	22 097 837

(In thousand MAD)

IV. NOTES TO THE BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2018

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

	31/12/18	01/01/2018 FTA	31/12/17
CASH	4 283 818	3 645 258	3 645 258
CENTRAL BANKS	9 703 011	9 554 881	10 561 672
TREASURY	318 964	1 006 777	1 006 777
GIRO	4 761	283 978	283 978
CENTRAL BANKS, TREASURY, GIRO	10 026 736	10 845 636	11 852 427
Cash, Central Banks, Treasury, Giro	14 310 554	14 490 894	15 497 685

(In thousand MAD)

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

Financial assets and liabilities recognized at fair value through profit or loss represent transactions negotiated for trading purposes

	31/12/18			01/01/2018 FTA		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposits	7 850 145	0	7 850 145	13 997 669		13 997 669
Treasury bills and other eligible for central bank refinancing	7 577 675		7 577 675	13 486 149		13 486 149
Other negotiable certificates of deposits	272 470		272 470	511 520		511 520
Bonds	1 432 273	0	1 432 273	1 133 601		1 133 601
Government bonds	999 176		999 176	475 893		475 893
Other bonds	433 096		433 096	657 708		657 708
Equities and other variable income securities	15 832 484	1 011 536	16 844 020	18 659 595	1 437 396	20 096 991
Repurchase agreements	-		-	-		-
Loans	-		-	-		-
To credit institutions		0				
To corporate customers		0				
To private individual customers		0				
Trading Book Derivatives	-10 215	0	-10 215	17 224		17 224
Currency derivatives	-10 215		-10 215	16 647		16 647
Interest rate derivatives		0	577			577
Equity derivatives		0				
Credit derivatives		0				
Other derivatives		0				
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	25 104 686	1 011 536	26 116 222	33 808 089	1 437 396	35 245 485
Of which loaned securities						
Excluding equities and other variable-income securities						
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling						
Repurchase agreements						
Borrowings				1 737 600		1 737 600
Credit institutions				1 737 600		1 737 600
Corporate customers						
Debt securities						
Trading Book Derivatives			37 094		37 094	
Currency derivatives			37 094		37 094	
Interest rate derivatives						
Equity derivatives						
Credit derivatives						
Other derivatives						
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			37 094		1 737 600	1 774 694

(In thousand MAD)

4.3. FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

	dec-2018		
	Balance Sheet	unrealised gains	Unrealized losses
	Value		
Debt instruments recognised at fair value through recyclable equity	1 402 639	901	-17 345
Equity instruments recognised at fair value through non-recyclable equity	3 986 053	1 582 357	-545 052
		(In thousand MAD)	

4.4. SECURITIES AT AMORTISED COST

	31/12/18	01/01/2018 FTA
Treasury bills and other bills mobilisable with central banks	5 066 899	5 603 947
Treasury bills and other bills mobilisable with central banks	5 023 497	5 532 488
Autres Titres de Créances Négociables	43 402	71 459
Bonds	20 397 838	21 024 613
Government bonds	16 420 029	17 750 410
Other Bonds	3 977 809	3 274 203
Depreciations	-148 889	-179 007
TOTAL DEBT INSTRUMENTS VALUED AT AMORTISED COST	25 315 848	26 449 553
		(In thousand MAD)

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

Loans and receivables due from credit institutions

	31/12/18	01/01/2018 FTA	31/12/17
Demand accounts	7 339 328	8 291 678	8 291 678
Loans	13 968 918	13 523 250	13 523 250
<i>Including cash loans</i>	304 165	186 045	186 045
Repurchase agreements	37 630	3 430 874	3 430 874
Total loans and receivables due from credit institutions, before impairment provisions	21 345 876	25 245 802	25 245 802
Provisions for impairment of loans and receivables due from credit institutions	-95 482	-98 678	-68 751
Total loans and receivables due from credit institutions, net of impairment provisions	21 250 394	25 147 124	25 177 051
			(In thousand MAD)

Amounts due to credit institutions

	2018	2017
Demand accounts	2 905 998	4 874 113
Borrowings	28 317 243	30 481 573
<i>Including cash borrowings</i>	1 047 509	168 500
Repurchase agreements	12 501 969	9 603 254
TOTAL	43 725 210	44 958 940
		(In thousand MAD)

4.6. LOANS, RECEIVABLES AND AMOUNTS DUE FROM CUSTOMERS

Loans and receivables due from customers

	31/12/18	01/01/2018 FTA	31/12/17
Demand accounts	22 879 106	26 047 637	24 743 400
Loans to customers	145 939 070	142 472 636	142 472 636
Repurchase agreements	9 815 519	12 203 716	12 203 716
Finance leases	14 594 299	13 773 123	13 773 123
Total loans and receivables due from customers, before impairment provisions	193 227 994	194 497 112	193 192 875
Impairment of loans and receivables due from customers	-13 925 121	-12 512 842	-9 377 885
Total loans and receivables due from customers, net of impairment provisions	179 302 874	181 984 270	183 814 990
			(In thousand MAD)

Breakdown of amounts due from customers by business activity

	31/12/18	01/01/2018 FTA	31/12/17
Activity in Morocco	112 536 900	118 390 934	118 209 182
Specialized Financial Services	16 132 363	14 423 705	14 713 386
International Activities	50 633 541	49 169 535	50 892 326
Investment Banking	70	96	96
Other Activities	-	-	-
Total	179 302 874	181 984 270	183 814 990
Allocated Debts			
Value at Balance sheet	179 302 874	181 984 270	183 814 990

(In thousand MAD)

Breakdown of amounts due from customers by geographical region

	31/12/18	01/01/2018 FTA	31/12/17
Morocco	128 669 333	132 814 735	132 922 664
Sub saharan Africa	46 281 694	44 937 825	46 643 948
Europe	4 351 847	4 231 711	4 248 378
Total	179 302 874	181 984 271	183 814 990
Allocated Debts			
Value at Balance sheet	179 302 874	181 984 271	183 814 990

(In thousand MAD)

Breakdown of loans & receivables and commitments by BUCKET

	Receivables and commitments			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	1 403 746	-	-	1 403 746
Debt instruments accounted for by JV at recyclable CP	1 403 746			1 403 746
Financial assets at amortized cost	206 823 803	17 375 491	15 839 314	240 038 608
Loans and receivables from credit institutions	21 282 989		62 887	21 345 876
Loans and receivables from customers	160 551 174	16 900 393	15 776 427	193 227 995
Debt instruments	24 989 640	475 097		25 464 737
Total assets	208 227 549	17 375 491	15 839 314	241 442 354
Total off-balance sheet	41 302 875	167 523	143 605	41 614 003

Breakdown of amortization by BUCKET

	Depreciation			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	1 107	-	-	1 107
Debt instruments accounted for by JV at recyclable CP	1 107			1 107
Financial assets at amortized cost	1 441 164	2 235 683	10 492 645	14 169 492
Loans and receivables from credit institutions	32 606		62 876	95 482
Loans and receivables from customers	1 263 393	2 231 959	10 429 769	13 925 121
Debt instruments	145 165	3 724		148 889
Total assets	1 442 271	2 235 683	10 492 645	14 170 599
Total off-balance sheet	165 838	1 568	122 802	290 209

	Receivables and commitments 01/01/2018 FTA			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	1 338 073	-	-	1 338 073
Debt instruments accounted for by JV at recyclable CP	1 338 073			1 338 073
Financial assets at amortized cost	212 330 380	19 172 163	14 868 931	246 371 474
Loans and receivables from credit institutions	25 133 271	0	112 531	25 245 802
Loans and receivables from customers	161 656 635	18 084 077	14 756 400	194 497 112
Debt instruments	25 540 474	1 088 087		26 628 560
Total assets	213 668 453	19 172 163	14 868 931	247 709 547
Total off-balance sheet	44 084 208	360 539	-	44 444 748

Breakdown of amortization by BUCKET

	Depreciation 01/01/2018 FTA			
	BUCKET 1	BUCKET 2	BUCKET 3	TOTAL
Financial assets at fair value through equity	2 670	-	-	2 670
Debt instruments accounted for by JV at recyclable CP	2 670			2 670
Financial assets at amortized cost	1 480 013	2 352 491	8 958 023	12 790 527
Loans and receivables from credit institutions	29 162	0	69 516	98 678
Loans and receivables from customers	1 313 542	2 310 794	8 888 506	12 512 842
Debt instruments	137 310	41 697	-	179 007
Total assets	1 482 683	2 352 491	8 958 023	12 793 197
Total off-balance sheet	250 889	4 259	-	255 148

Amounts due to customers

	31/12/18	31/12/17
On demand deposits	104 025 228	119 258 376
Term accounts	35 272 676	40 101 156
Savings accounts	36 360 381	23 497 437
Cash certificates	6 216 003	5 210 624
Repurchase agreements	914 037	3 592 561
Other items	9 685 880	7 123 444
TOTAL LOANS AND RECEIVABLES DUE TO CUSTOMERS	192 474 205	198 783 598

(In thousand MAD)

4.7. DEBT SECURITIES, SUBORDINATED DEBT AND SPECIAL GUARANTEE FUNDS

	31/12/18	31/12/17
Other debt securities	13 582 981	15 101 490
Negotiable certificates of deposit	13 082 981	14 601 490
Bond issues	500 000	500 000
Subordinated debts	9 585 289	11 446 992
Subordinated debt	9 585 289	11 446 992
Redeemable subordinated debt	6 585 289	8 446 992
Undated subordinated debt	3 000 000	3 000 000
Subordinated Notes		
Redeemable subordinated notes		
Undated subordinated notes		
Public Funds and special guarantee funds	1 762	
Total	23 168 270	26 550 244

(In thousand MAD)

4.8. CURRENT AND DEFERRED TAXES

	31/12/18	01/01/2018 FTA	31/12/17
Current taxes	783 556	855 725	855 725
Deferred taxes	1 615 532	1 802 409	793 123
Current and deferred tax assets	2 399 088	2 658 134	1 648 848
Current taxes	769 014	740 856	740 856
Deferred taxes	1 179 765	1 601 333	1 598 944
Current and deferred tax liabilities	1 948 779	2 342 189	2 339 800

(In thousand MAD)

4.9. ACCRUED INCOME AND EXPENSES, OTHER ASSETS AND LIABILITIES

	31/12/18	31/12/17
Guarantee deposits and bank guarantees paid	144 340	45 921
Settlement accounts related to securities transactions	86 594	113 893
Collection accounts	405 489	473 609
Reinsurers' share of technical reserves		
Accrued income and prepaid expenses	811 606	573 641
Other debtors and miscellaneous assets	5 301 929	4 560 301
Inter-related Accounts	449 310	327 712
TOTAL ACCRUED INCOME AND OTHER ASSETS	7 199 268	6 095 077
Guarantee deposits received	20 444	32 333
Settlement accounts related to securities transactions	1 009 167	5 524 109
Collection accounts	1 410 897	1 242 262
Accrued expenses and deferred income	1 088 065	481 157
Other creditors and miscellaneous assets	5 821 451	6 139 816
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	9 350 024	13 419 677

(In thousand MAD)

4.10. INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

	31/12/18	31/12/17
Euler Hermes Acmar	21 586	20 215
Banque de Développement du Mali	537 969	403 094
Eurafric	-20 949	-14 273
Africa Morocco Link	-9 600	-4 607
Société Conseil Ingénierie et Développement	153 270	152 052
Bank Al Tamwil wal Inmaa	107 288	-
Investments in equity methods compagnies belonging to BOA	84 796	86 556
Investments in companies accounted for under the equity method	874 360	643 037

(In thousand MAD)

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

	Total Assets	Net Banking Income or Net Revenues	Company Income	Contribution in Net Income attributable to the parent
Acmar	575 904	186 412	16 855	3 371
Banque de Développement du Mali	14 098 725	622 112	194 079	63 596
Africa Morocco Link	202 232	266 757	16 834	8 585
Eurafric	188 444	267 641	-11 756	-6 607
Société Conseil Ingénierie et Développement	152 550	266 263	24 560	9 554
Bank Al Tamwil wal Inmaa	320 191	1 217	-55 371	-28 239

(In thousand MAD)

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

	31/12/18	31/12/17				
	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount	Gross Value	Accumulated depreciation amortization and impairment	Carrying Amount
PP&E	13 776 687	6 136 656	7 640 031	13 109 310	5 806 510	7 302 800
Land and buildings	3 844 214	261 415	3 582 799	4 031 041	423 811	3 607 230
Equipment, furniture and fixtures	4 349 154	2 731 219	1 617 935	4 018 645	2 497 926	1 520 719
Plant and equipment leased as lessor under operating leases	0	0	0	0	0	0
Other PP&E	5 583 319	3 144 022	2 439 297	5 059 624	2 884 773	2 174 851
Intangible Assets	2 083 805	1 096 234	987 571	2 078 628	1 140 820	937 808
Purchased software	1 346 753	872 690	474 063	1 463 476	874 855	588 621
Internally-developed software	0	0	0	0	0	0
Other intangible assets	737 052	223 544	513 508	615 152	265 965	349 187
Investment Property	3 822 825	92 447	3 730 378	3 906 376	81 937	3 824 439

(In thousand MAD)

Change in property, plant and equipment

	31/12/18	31/12/17
Net value as of January, 1 st	7 302 800	6 988 824
Acquisition of the year	423 480	827 768
Entrées de périmètre	-	-
Depreciation, Amortization of impairment	(513 740)	(511 081)
Disposal of the year	(41 272)	(199 179)
Reclassifications	468 763	196 468
NET VALUE AT END OF PERIOD	7 640 031	7 302 800

(In thousand MAD)

Change in intangible assets

	31/12/18	31/12/17
Net value as of January, 1 st	937 808	828 970
Acquisition of the year	221 397	288 055
Entrées de périmètre	-	-
Depreciation, Amortization of impairment	(86 885)	(205 450)
Disposal of the year	(77 046)	(16 550)
Reclassifications	(7 703)	42 783
NET VALUE AT END OF PERIOD	987 571	937 808

(In thousand MAD)

Change in investment properties

	31/12/18	31/12/17
Net value as of January, 1st	3 824 439	3 746 146
Acquisition of the year	70 141	
Entrées de périmètre		
Depreciation, Amortization of impairment	(20 462)	(8 769)
Disposal of the year	(143 740)	(101 467)
Reclassifications	-	-
NET VALUE AT END OF PERIOD	3 730 378	3 824 439

(In thousand MAD)

4.12. GOODWILL

	31/12/18	31/12/17
Gross value at start of period	852 310	852 310
Accumulated impairment at start of period		
Carrying amount at start of period	852 310	852 310
Acquisitions		
Cessions		
Impairment losses recognized during the period		
Translation adjustments		
Subsidiaries previously accounted for by the equity method		
Other movements	179 804	0
Gross value at end of period	1 032 114	852 310
Accumulated impairment at end of period		
CARRYING AMOUNT AT END OF PERIOD	1 032 114	852 310

(In thousand MAD)

The following table provides a breakdown of goodwill:

	book Value 31-dec-2018	book Value 31-dec-2017
Maghrébail	10 617	10 617
Banque de développement du Mali	3 588	3 588
Salafin	184 978	5 174
Maroc Factoring	1 703	1 703
BMCE Capital Bourse	2 618	2 618
BMCE International (Madrid)	3 354	3 354
Bank Of Africa	711 976	711 976
Locasom	98 725	98 725
CID	14 555	14 555
Total group	1 032 114	852 310

(In thousand MAD)

Sensitivity to changes in assumptions

	Group	Bank Of Africa	LOCASOM
Cost of capital		18%	8,5%
Unfavorable change of 200 basis points		-1 601 375	-178 050
Favorable change of 200 basis points		2 066 035	381 104

4.13. PROVISIONS FOR CONTINGENCIES AND CHARGES

	31/12/18	01/01/2018 FTA	31/12/17
Total provisions at start of period	1 087 637	832 490	685 204
Additions to provisions	109 315	255 147	279 774
Reversals of provisions	-152 609		-170 869
Effect of movements in exchange rates and other movements	-4 947		38 381
TOTAL PROVISIONS AT END OF PERIOD	1 039 395	1 087 637	832 490

	Legal and fiscal risks	Obligations for post-employment benefits	Loan commitments and guarantees	Onerous contracts	Other provisions	Total book value
Opening balance	21 424	424 343	279 497		362 372	1 087 636
Provisions	8 793	17 241	-9 412		92 693	109 315
Amounts used	-6 538		-20 005		-126 066	-152 609
Other activity	-196		45 631		-50 383	-4 947
Closing balance	23 484	441 583	295 711		278 617	1 039 395

4.14. FAIR VALUE

4.14.1. Fair value of financial instruments carried at amortised cost

The information supplied in this note must be used and interpreted with the greatest caution because these fair values are an estimate of the value of the relevant instruments as of December 31, 2018. They are liable to fluctuate from day to day as a result of changes in different variables such as interest rates and credit quality of the counterparty.

In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instruments on the assumption that BMCE Bank Group remained a going concern.

The fair value of a financial instrument 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.

The valuation techniques and assumptions used ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the BMCE Bank Group.

Fair value is based on prices quoted on a liquid market when these are available. In other cases, fair value is determined using commonly-used valuation techniques.

The table below shows the fair value of the Group's financial assets and liabilities at 31 December 2018 :

	31/12/18		01/01/2018 FTA	
	Book value	Estimated market value	Book value	Estimated market value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions valued at amortized cost	21 250 394	21 264 422	25 147 124	25 151 799
Loans and receivables due from customers valued at amortized cost	179 302 874	179 601 283	181 984 271	182 759 842
Securities valued at amortized cost	25 315 848	25 366 370	26 449 553	26 531 736
Investment properties	3 730 378	3 800 018	3 824 439	3 894 079
FINANCIAL LIABILITIES				
Loans and receivables due to credit institutions	43 725 210	43 725 210	44 958 940	49 708 268
Loans and receivables due to customers	192 474 205	192 474 205	198 783 598	190 050 335
Debt securities	13 582 981	13 582 981	15 101 490	13 186 303
Subordinated debts	9 585 289	9 585 289	11 448 754	10 493 376

The techniques and assumptions used to determine fair value for each category are described hereafter:

Loans and receivables

The fair value of receivables is determined by estimating the fair value of assets held after conducting sensitivity analysis on each asset class on the basis of each instrument's duration and convexity by observing historical returns as a function of changes in market conditions.

In the absence of a market yield curve reflecting actual rates along the different segments of the curve, average yields on origination for the financial year in question have been used as indicative of actual market rates.

In the case of loans and receivables that have a maturity of less than one year (demand liabilities) or are granted on floating-rate terms, fair value equates to the carrying amount due to their limited sensitivity to changes in rates or by the simple fact that they are granted on the basis of actual market conditions.

Loans and receivables due from credit institutions

Loans and receivables due from credit institutions totalled MAD 21.2 billion with a fair value close to the carrying amount. This is due to the predominance of short-term money market transactions (in the form of cash loans, interbank loans and repurchase agreements).

Outstandings of loans to finance companies totalled 6.2 billion MAD, amortisable over a short period, with a fair value that is 14 million MAD higher than the carrying amount.

Loans and receivables due from customers

As of December 31, 2018, outstandings of loans and receivables due from customers totalled 179.3 billion MAD, consisting primarily of cash loans, overdraft facilities and floating rate loans.

Outstanding of fixed-rate loans primarily consist of consumer loans amortisable over a short period (average maturity 2.3 years) and fixed-rate mortgage loans amortisable over an average period of almost 7.2 years.

The sensitivity analysis of the Bank's fixed rate loan book shows a fair value that is 298 million MAD higher than the carrying amount.

Financial liabilities

In the case of financial liabilities that have a maturity of less than one year (demand liabilities) or are granted on floating-rate terms, or for an indefinite period (as is the case for perpetual subordinated debt) as well as most regulated savings products, fair value equates to the carrying amount.

Amounts due to credit institutions

Amounts due to credit institutions totalled 43.7 million MAD and are recognised at their carrying amount. They consist primarily of short-term cash borrowing transactions in the form of 7-day advances from the Central Bank, interbank borrowings and borrowings from local banks or foreign correspondent banks in addition to repurchase agreements.

Amounts due to customers

Amounts due to customers totalled 192.5 billion MAD, consisting primarily of non-interest-bearing sight deposits in the form of cheque accounts, current accounts in credit and immediate-access regulated savings account.

Repurchase agreements with customers, particularly in respect of mutual funds, are also recognised under "Amounts due to customers".

Outstandings of term deposits totalled 35 billion MAD, with an average maturity of less than one year consisting due to the predominance of 3-month, 6-month and 12-month maturities.

In the case of customer term deposits, fair value equates to the carrying amount.

Debt securities

Outstandings of debt securities totalled MAD 13.2 billion, consisting primarily of certificates of deposit issued by the Bank with predominantly 3-month, 6-month and 12-month maturities.

In the case of debt securities, fair value equates to the carrying amount.

Subordinated debt

Outstanding subordinated debt, which totalled 9.6 billion MAD, are recognised at the carrying amount due to the predominance of floating-rate issues and perpetual subordinated debt outstandings.

4.14.2. Breakdown by measurement method of financial instruments recognised at fair value presented in accordance with IFRS 7 recommendations

	31/12/18			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at-fair-value through profit or loss held for trading	26 116 222	-	-	26 116 222
of which financial assets at-fair-value through profit or loss	25 104 686			25 104 686
of which derivative financial instruments	10 115 36			10 115 36
Financial instruments designated as at-fair-value through profit or loss	1 555 495	-	3 833 196	5 388 692
Derivatives used for hedging purposes	1 402 638			1 402 638
Available for sale financial assets	152 857		3 833 196	3 986 054
FINANCIAL LIABILITIES				
Financial instruments at-fair-value through profit or loss held for trading				
Financial instruments designated as at-fair-value through profit or loss				
Derivatives used for hedging purposes				

	01/01/2018 FTA			
	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Financial instruments at-fair-value through profit or loss held for trading	35 245 485	-	-	35 245 485
of which financial assets at-fair-value through profit or loss	33 808 089			33 808 089
of which derivative financial instruments	1 437 396			1 437 396
Financial instruments designated as at-fair-value through profit or loss	1 335 403		4 048 481	5 383 884
Derivatives used for hedging purposes	1 335 403			1 335 403
Available for sale financial assets		4 048 481	4 048 481	
FINANCIAL LIABILITIES				
Financial instruments at-fair-value through profit or loss held for trading		37 094	37 094	
Financial instruments designated as at-fair-value through profit or loss		1 737 600	1 737 600	
Derivatives used for hedging purposes				

Unquoted available-for-sale financial assets classified as Level 3 assets under the fair value hierarchy are measured using the following methods:

- Carrying amount
- Adjusted net asset value
- Net asset value
- Pricing - corporate events

The Group primarily uses the 'net asset value' and 'carrying amount' valuation methods.

The above methods are preferred due to these securities' illiquidity and/or a lack of comparable transactions.

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

	31/12/18			
	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions				21 264 422
Loans and receivables due from customers				179 601 283
Held-to-maturity financial assets				25 366 370
LIABILITIES				
Due to credit institutions				43 725 210
Due to customers				192 474 205
Debt securities issued				13 582 981
Subordinated debt				9 585 289

	01/01/2018 FTA			
	Level 1	Level 2	Level 3	Total
ASSETS				
Loans and receivables due from credit institutions				25 151 799
Loans and receivables due from customers				182 759 842
Held-to-maturity financial assets				26 531 736
LIABILITIES				
Due to credit institutions				49 708 268
Due to customers				190 050 335
Debt securities issued				13 186 303
Subordinated debt				10 493 376

Fair value measurement of financial instruments

Financial instruments measured at fair value are classified at three levels in accordance with IFRS 7 :

► Level 1 :

Quoted prices on liquid markets for identical assets or liabilities :

This level includes financial instruments with quoted prices in a liquid market that can be used directly.

For BMCE Bank Group, it includes listed equities, mutual funds, bonds and Treasury bonds.

► Level 2 :

Observable inputs other than Level 1 quoted prices for the asset or liability in question either directly (prices) or indirectly (price-derived inputs):

This level includes financial instruments quoted on markets considered insufficiently liquid as well as those traded on over-the-counter markets. Prices published by an external source, derived from the measurement of similar instruments, are considered to be price-derived inputs.

The Group does not have any financial instruments measured at Level 2.

► **Level 3 :**

Inputs relating to the asset or liability that are not based on observable market data (non-observable inputs) : Given the diversity of instruments and the reasons for including them in this category, calculating the sensitivity of fair value to changes in variables would appear to be of little relevance.

The fair values of held-to-maturity financial assets are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to the instrument being illiquid as well as significant model risk. An unobservable input is a parameter for which there are no market data available. It is therefore derived from in-house assumptions about the data used by other market participants. Assessing whether a product is illiquid or subject to significant model risk is a matter of judgment.

Held-to-maturity financial assets classified under Level 3 are primarily bonds held by banks in sub-Saharan Africa.

V. FINANCIAL AND GUARANTEE COMMITMENTS

5.1. FINANCIAL COMMITMENT

	31/12/18	31/12/17
Financing commitments given	10 433 663	13 008 783
- To credit institutions	1 152 550	1 349 684
- To customers:	9 281 113	11 659 099
Confirmed letters of credit		
Other commitments given to customers		
Financing commitments received	2 518 082	1 906 864
From credit institutions	2 518 082	1 906 864
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 back-up commitments on securities issuance.

5.2. GUARANTEE COMMITMENTS

	31/12/18	31/12/17
Guarantee commitments given	31 180 340	31 435 965
To credit institutions	10 742 293	10 577 462
To customers :	20 438 048	20 858 503
Sureties provided to tax and other authorities, other sureties		
Autres garanties d'ordre à la clientèle		
Guarantee commitments received	97 549 646	97 117 142
From credit institutions	95 300 914	95 421 642
From the State and guarantee institutions	2 248 732	1 695 500

► **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 BMCE Bank 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**

	31/12/18	31/12/17
Retirement allowances and equivalents	441 583	424 824
Special seniority premiums allowances		
Other		
TOTAL	441 583	424 824

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

An analysis of sensitivity to the two main actuarial assumptions used to calculate the cost of benefit plans (post-employment benefits, long service awards) at 31 December 2016 is presented in the following table :

Post-employment benefits		-50 bp change in the rate	+50 bp change in the rate
Discount rate	-10 880	8 999	
Wage growth	10 714	-11 705	
Long service awards		-50 bp change in the rate	+50 bp change in the rate
Discount rate	-13 131	12 188	
Wage growth	14 921	-16 006	
Economic assumptions		31/12/18	
Discount rate		3,30%	
Discount rate		3%	
Long-term wage growth		10,61%-10,96%	
Demographic assumptions		31/12/18	
Retirement terms	Départ Volontaire		
Retirement age	60 ans		
Mortality table	PM 60/64 - PF 60/64		

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

6.2.3. Cost of post-employment plans

	31/12/18	dec-17
Normal cost	3 224	4 893
Interest cost	13 536	12 220
Expected returns of funds		
Amortization of actuarial gains/ losses		
Amortization of net gains/ losses		
Additional allowances	16 760	17 112
Other		
Net cost of the period		

6.2.4. Changes in the provision recognised on the balance sheet

	31/12/18	31/12/17
Actuarial liability, beginning of the period	424 824	329 668
Normal cost	32 526	26 105
Interest cost	13 536	12 220
Experience gains/ losses	-	72 177
Other actuarial gains/ losses	-	
Depreciation of net gains/losses	-	
Paid benefits	-29 302	-21 212
Additional benefits	0	
Other	-	5 866
Actuarial liability, end of the period	441 584	424 824
Whose relative cost to the assimilated retirement benefits		
Others		

VII. ADDITIONAL INFORMATION

7.1. CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

7.1.1. Share capital transactions

TRANSACTIONS ON CAPITAL	In number	Unit value	In MAD
Number of shares outstanding As of December 31, 2015	179 463 390	10	1794 633 900
Number of shares outstanding As of December 31, 2016	179 463 390	10	1794 633 900
Number of shares outstanding As of December 31, 2017	179 463 390	10	1794 633 900

7.1.2. Earnings per share

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

	31/12/18	31/12/17
SHARE CAPITAL (IN MAD)	1 794 633 900	1 794 633 900
Number of common shares outstanding during the year	179 463 390	179 463 390
NET INCOME ATTRIBUTABLE TO THE SHARHOLDER'S OF THE PARENT (IN MAD)	1 831 169 832	2 036 321 801
BASIC EARNINGS PER SHARE (IN MAD)	10,20	11,35
DILUTED EARNING PER SHARE (IN MAD)	10,20	11,35

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

denomination	Business line	% of control	% of interest	Consolidation method
BMCE BANK	Bank			Mère
BMCE CAPITAL	Investment Bank	100,00%	100,00%	F.C
BMCE CAPITAL GESTION	Assets Management	100,00%	100,00%	F.C
BMCE CAPITAL BOURSE	Stock Brokerage	100,00%	100,00%	F.C
MAROC FACTORING	Factoring	100,00%	100,00%	F.C
MAGHREBAIL	Leasing	52,47%	52,47%	F.C
SALAFIN	Financial Institution	60,79%	60,79%	F.C
BMCE EUROSERVICES	Financial Institution	100,00%	100,00%	F.C
LCB Bank	Bank	37,00%	37,00%	F.C
BMCE BANK INTERNATIONAL HOLDING	Bank	100,00%	100,00%	F.C
BOA GROUP	Banking Holding	72,85%	72,85%	F.C
LOCASOM	Car Rental	100,00%	97,39%	F.C
RM EXPERTS	Debt Collection	100,00%	100,00%	F.C
BANQUE DE DEVELOPPEMENT DU MALI	Bank	32,38%	32,38%	E.M
EULER HERMES ACMAR	Insurance	20,00%	20,00%	E.M
EURAFRIC INFORMATION	IT System	41,00%	41,00%	E.M
CONSEIL INGENIERIE ET DEVELOPPEMENT	Engineering	38,90%	38,90%	E.M
AFRICA MOROCCO LINKS	Maritime Transport	51,00%	51,00%	E.M
BANK AL TAMWIL WAL INMAA	Participating Bank	51,00%	51,00%	E.M

BMCE Bank of Africa holds 37% of La Congolaise de Banque's voting rights and has a controlling interest in this subsidiary as per the criteria outlined in IFRS 10.

• **Power** : BMCE 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** : BMCE 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** : BMCE Bank of Africa is responsible for appointing LCB's senior management as well as being able to influence this entity's returns.

7.3. COMPENSATION PAID TO THE MAIN EXECUTIVE CORPORATE OFFICERS

Remuneration paid to the main directors

By "main directors" is meant the members of the bank's general management team.

	31/12/18	31/12/17
Short-term benefits	21 061	20 278
Post-employment benefits	1 568	634
Other long-term benefits	6 179	4 846

Short-term benefits relate to the fixed remuneration inclusive of social security contributions received by the main Executive Corporate Officers in respect of the 2018 financial year.

Post-employment benefits relate to end-of-career bonuses and other long-term benefits relate to long-service awards.

Directors' fees paid to members of the board of directors

	31/12/18			31/12/17		
	Gross Amount	With holding tax	Net amount paid	Gross amount	Tax with holding	Net amount paid
Natural and legal persons Resident in Morocco	3 485	885	2 600	2 842	692	2 150
Physical and legal persons non Resident in Morocco	3 823	573	3 250	3 353	503	2 850
TOTAL	7 308	1 458	5 850	6 195	1 195	5 000

Loans granted to the main Executive Corporate Officers

	31/12/18	31/12/17
Consumer loans	37 492	18 087
Mortgage loans	12 965	9 331
Total	50 457	27 418

7.4. RELATED-PARTY BALANCE SHEET ITEMS

Relationship between BMCE Bank and consolidated companies and the Parent Company.

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.

7.4.1 Transactions between consolidated Group companies

	Parent Company (FINANCE COM)	Sister Companies	Companies consolidated according to the equity method	Companies consolidated through full integration
Asset				
Loans, advances and securities	1 158 421	2 884 512	65 060	11 320 285
Current accounts	1 158 421	2 087 842	29 592	10 814 585
Loans		674 062	35 468	505 700
Securities			122 607	0
Capital lease				
Miscellaneous assets				8 830
Total	1 158 421	2 884 512	65 060	11 329 115
Liability				
Deposits	-	1 751 112	20 043	11 121 711
Current accounts		1 751 112	20 043	10 793 965
Other borrowings				327 746
Debts represented by a security				198 677
Miscellaneous liability				8 728
Total	-	1 751 112	20 043	11 329 115
Financing and guarantee commitments				
Commitments given				1 382 931
Commitments received				1 382 931

Related party profit and loss items

	Parent company (FINANCE COM)	Sister companies	Companies consolidated under the equity method	Fully consolidated companies
Interest and similar income			-34 657	-3 583
Interest and similar expenses				407 009
Fees (income)			-48 413	-374 366
Fee (expenses)				61 756
Services provided		39 500		
Lease income			-70 587	-7 192
Other			83 498	457 297

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20050 Casablanca
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11, Avenue Bir Kacem Souissi
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To the Shareholders of
BMCE BANK
140, Avenue Hassan II
Casablanca

**STATUTORY AUDITORS' GENERAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

In compliance with the assignment entrusted to us by your Annual General Meeting, we have audited the attached financial statements of BMCE Bank of Africa, comprising the balance sheet, the off-balance sheet statement, the income statement, the management accounting statement, the cash flow statement and the additional information statement for the financial year ended 31 December 2018. These financial statements show shareholders' equity and equivalent of MAD 25,294,339 K, including net income of MAD 1,343,654 K.

Management's responsibility

It is Management's responsibility to draw up and present these financial statements to give a true and fair view of the company's financial position in accordance with the generally-accepted accounting principles and procedures applicable in Morocco. This responsibility includes drawing up, implementing and maintaining internal control procedures regarding the drawing up and presentation of the financial statements to ensure that they are free of material misstatement and for making accounting estimates that are reasonable under the circumstances.

Auditors' responsibility

It is our responsibility to express an opinion on these financial statements based on our audit. We carried out our audit in accordance with Moroccan accounting standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves implementing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures adopted depend on the auditor's judgement, including an assessment of the risks of material misstatement in the financial statements.

In making those risk assessments, the auditor takes into consideration the internal control procedures adopted by the entity regarding the drawing up and presentation of the financial statements so as to determine appropriate audit procedures under the circumstances and not for the purpose of expressing an opinion on the effectiveness of the said procedures. An audit also consists of assessing whether the accounting policies adopted are appropriate and whether the accounting estimates made by senior management are reasonable, as well as assessing the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

BMCE Bank of Africa possesses a stock of non-operating property assets that were acquired as dation-in-payment and valued at MAD 5.2 billion at 31 December 2018. The value of these assets was reduced to MAD 4.8 billion at the balance sheet date due to disposals made after 31 December 2018. Given the risks inherent in these property assets, particularly uncertainties about their resale value and the period of time required to liquidate them, we are therefore unable to give an opinion about the value of these assets at 31 December 2018.

Pending the outcome of the situation described above, in our opinion, the financial statements referred to above in the first paragraph give, in all material aspects, a true and fair view of the income from operations for the financial year ended 31 December 2018 and of the financial position of BMCE Bank of Africa in accordance with the generally-accepted accounting principles and procedures applicable in Morocco.

Specific checks and information

We also carried out specific checks required by law and we are satisfied that the Bank's financial statements are consistent with the information provided in the Board of Directors' management report for shareholders.

Furthermore, in accordance with the provisions of Article 172 of Act 17-95 as amended and completed, we hereby inform you that, in 2018, the Bank:

- Acquired a 19.61% stake in 'MAROC NUMERIC FUND II' for MAD 3,922 K;
- Established a subsidiary named 'OPERATION GLOBAL SERVICES SA' (OGS) with a share capital of MAD 5 K, wholly owned by the Bank;
- Established a subsidiary named 'FARACHA IMMO' with a share capital of MAD 10 K, wholly owned by the Bank;
- Established a subsidiary named 'KRAKER IMMO' with a share capital of MAD 10 K, wholly owned by the Bank;
- Established a subsidiary named 'NEJMI IMMO' with a share capital of MAD 10 K, wholly owned by the Bank.

Casablanca, 12 April 2019

The Statutory Auditors

Ernst & Young
SARL
37, Bd Abdellatif Ben Kadour
Casablanca
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Abdeslam BERRADA ALLAM
Associé

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To the Shareholders of
BMCE BANK
140, Avenue Hassan II
Casablanca

11, Avenue Bir Kacem Souissi
Rabat

**STATUTORY AUDITORS' SPECIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

As your company's statutory auditors, we hereby present to you our report on related party agreements in accordance with the provisions of Articles 56-59 of Act No. 17-95 as amended and completed by Act No. 20-05 and Act No. 78-12 and their application decrees.

It is our responsibility to present to you the main terms and conditions of the agreements that have been disclosed to us by the Chairman of the Board or ascertained when carrying out our assignment, without our commenting on their relevance or substance or our searching for any undisclosed agreements. Under the provisions of the above Act, it is your responsibility to determine whether these agreements should be approved.

We performed the procedures that we deemed necessary in accordance with Moroccan accounting standards. These procedures consisted of checking that the information given to us was consistent with the underlying documents.

1. AGREEMENTS ENTERED INTO DURING 2018

1.1 Management agreement between BMCE Bank of Africa and Maroc Factoring

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of Maroc Factoring's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of Maroc Factoring's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a member of Maroc Factoring's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Following on from the agreement entered into with Maroc Factoring in 2016, a management agreement was signed in March 2018 by which BMCE Bank shall fully and exclusively entrust Maroc Factoring with the management of its factoring business on its behalf.

As far as remuneration is concerned, Maroc Factoring shall receive a management fee based on a pre-set formula (receivables assigned, general operating expenses etc.). A minimum management fee has been agreed which will be no less than the total fees invoiced in 2017 i.e. MAD 14.7 million exclusive of taxes.

This agreement is for a 1-year period and may be automatically renewed by a further year.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 17,478 K for the period ended 31 December 2018.

1.2 Lease contract between BMCE Bank of Africa and RM Experts

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BMCE Bank of Africa, is also a Director of RM Experts
- Mr M'Fadel EL HALAISI, Delegated General Manager of BMCE Bank of Africa, is also a Director of RM Experts.

Main terms and conditions:

Under the terms of this contract, BMCE Bank of Africa shall lease to RM Experts mezzanine office space covering a total surface area of 86.40 m² and office space covering a total surface area of 243.87m² on the first floor of the Lina 250 building in Sidi Maarouf, Casablanca, whose land title number is No. 1,477/47.

The monthly rental payment is set at MAD 14,967.68 inclusive of taxes, including the communal services tax charged at a rate of 10.5% of the rental amount exclusive of taxes. This may be revised annually at a rate of 3.5% of the rental amount exclusive of taxes.

This lease contract is for a 3-year period and may be automatically renewed from 1 April 2018.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 135 K for the period ended 31 December 2018.

1.3 Agency agreement between BMCE Bank of Africa and Damane Cash

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of Damane Cash, is also Delegated General Manager of BMCE Bank of Africa
- Messrs M'Fadel EL HALAISI and Omar TAZI, Directors of Damane Cash, are also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Under the terms of this agency agreement entered into with Western Union Network for the purpose of offering Western Union-branded money transfer services in Morocco, Damane Cash shall be entitled to entrust BMCE Bank to provide these services.

BMCE Bank shall therefore undertake to offer a money transfer service across its entire network in compliance with applicable legislation and in accordance with the terms and conditions outlined in Western Union's fee schedules, International Service Reference Guide, policies and regulations.

As far as payment terms are concerned, BMCE Bank shall retrocede to Damane Cash the principal amount for each money transfer services transaction carried out via the Bank, as well as any fees or other charges invoiced in connection with the said transaction.

This agreement is for a 5-year period, taking effect on the date that it is signed. It may be automatically renewed for successive 1-year periods.

Amount(s) recognised:

This agreement did not have any impact on the BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

1.4 Shareholder current account advance agreement between BMCE BANK OF AFRICA and FARACHA IMMO

Person(s) concerned:

- Mr Mounir CHRAIBI, co-manager FARACHA IMMO is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BMCE Bank of Africa shall provide FARACHA IMMO with a shareholders' current account advance amounting to MAD 299,142 K net, repayable at the maximum statutory rate of interest rate applicable for shareholder current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when FARACHA IMMO has repaid the advance to BMCE BANK OF AFRICA in full.

Amount(s) recognised:

This agreement did not have any impact on the BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

1.5 Shareholder current account advance agreement between BMCE BANK OF AFRICA and NEJIMI IMMO

Person(s) concerned:

- Mr Mounir CHRAIBI, co-manager of NEJIMI IMMO is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BMCE Bank of Africa shall provide NEJIMI IMMO with a shareholders' current account advance amounting to MAD 60,217 K net, repayable at the maximum statutory rate of interest rate applicable for shareholder current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when NEJIMI IMMO has repaid the advance to BMCE BANK OF AFRICA in full.

Amount(s) recognised:

This agreement did not have any impact on the BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

1.6 Shareholder current account advance agreement between BMCE BANK OF AFRICA and KRAKER IMMO

Person(s) concerned:

- Mr CHRAIBI, co-manager of KRAKER IMMO is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

The purpose of this agreement is to establish the terms and conditions by which BMCE Bank of Africa shall provide KRAKER IMMO with a shareholders' current account advance amounting to MAD 53,432 K net, repayable at the maximum statutory rate of interest rate applicable for shareholder current account advances in 2018 of 2.2%, as determined by order of the Minister of the Economy and Finance No. 589-18 of 27 February 2018.

This agreement will take effect from the date that it is signed by the Parties.

It shall expire, except in the event of early termination, when KRAKER IMMO has repaid the advance to BMCE BANK OF AFRICA in full.

Amount(s) recognised:

This agreement did not have any impact on the BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

2. AGREEMENTS ENTERED INTO IN PREVIOUS YEARS WHICH REMAINED IN FORCE DURING 2018

2.1. Amendment to the agreement between BMCE Bank of Africa and RM Experts

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BMCE Bank of Africa, is also a Director of RM Experts;
- Mr M'Fadel EL HALAISSE, Delegated General Manager of BMCE Bank of Africa, is also a Director of RM Experts

Main terms and conditions:

Entered into 24 December 2010, the agreement exclusively appoints RM EXPERTS to recover the non-performing loan dossiers entrusted to it by BMCE Bank of Africa.

Under the terms of this amendment, BMCE Bank shall appoint RM Experts to undertake any enquiry requested of it into the financial situation or assets of individuals, legal entities or companies or for any other information.

RM Experts must thereby provide BMCE Bank with all possible information, regardless of its nature, to enable BMCE BANK to gain an insight into

the situation of such persons, prior to it granting the loan.

RM Experts shall be authorised by BMCE Bank to carry out any investigation that may be required to successfully carry out the assignment entrusted to it, either directly by its own means or by calling upon other service providers if needed.

The services will be priced on the basis of the region and type of asset in question.

Amount(s) recognised:

This agreement did not have any impact on BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

2.2. Services agreement between BMCE Bank of Africa and GNS Technologies

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of GNS Technologies' Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BMCE Bank of Africa, is also a Director of GNS Technologies
- Mr Omar TAZI, Delegated General Manager of BMCE Bank of Africa, is also a Director of GNS Technologies

Main terms and conditions:

The purpose of this services agreement, entered into in August 2017, is to define the contractual framework governing the relationship between BMCE Bank and GNS Technologies by clarifying the scope and terms and conditions for undertaking the services provided, as well as each party's obligations.

Under the terms of this agreement, GNS Technologies shall undertake to provide each of the services specified in the said agreement's annex.

As far as remuneration is concerned, it is agreed that GNS Technologies will receive an annual fee of MAD 100,000 exclusive of taxes, a fee of 6 dirhams exclusive of taxes per completed transaction in providing the Rapido service as well as fees in relation to the card and payment business. BMCE Bank shall retrocede to GNS Technologies any fees relating to local and international prepaid card transactions.

This agreement is for a 3-year period. At the end of this initial period, the agreement may be automatically renewed from one year to the next.

Amount(s) recognised:

This agreement did not have any impact on the BMCE BANK OF AFRICA's financial statements for the period ended 31 December 2018.

2.3. Agreement to retrocede placing fees to BMCE Bank of Africa as book runner for LABEL'VIE's new share issue

Person(s) concerned:

- Mr Zouheir BENSAID, a Director of BMCE Capital Bourse, is also a Director of BMCE Bank of Africa.

Main terms and conditions:

The purpose of this agreement between BMCE Bank of Africa, BMCE Capital Bourse, Valoris Securities and Capital Trust Securities is to determine the terms and conditions for cooperation and retrocession in accordance with the terms outlined in the prospectus relating to Label'Vie's new share issue of 31 January 2017.

The agreement shall remain in place until the transaction is complete, upon full and final receipt by BMCE Bank of book runner fees as well as the reference amount by Capital Trust Securities and Valoris Securities.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.4. Agency agreement between BMCE Bank of Africa and Damane Cash, a money transfer company, relating to transactions carried out by credit institutions

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of Damane Cash, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISSI, a Director of Damane Cash, is also Delegated General Manager of BMCE Bank of Africa
- Mr Omar TAZI, a Director of Damane Cash, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

BMCE Bank of Africa shall entrust to Damane Cash, a wholly-owned indirect subsidiary of the Bank, an agency mandate relating to transactions carried out by credit institutions within the framework of marketing domestic and international prepaid bank cards to BMCE Bank of Africa customers and to approved partners within the Damane Cash network which shall undertake to comply with the Bank's vigilance and compliance requirements.

This is a five-year automatically-renewable agreement.

Amount(s) recognised:

This agreement did not have any impact on the BMCE Bank of Africa's financial statements for the period ended 31 December 2018.

2.5. Sales and lease-back agreement financed by MAGHREBAIL in favour of BMCE Bank of Africa

Person(s) concerned:

- Mr Azeddine GUESSOUS, Chairman of Maghrebail, is also a Director of BMCE Bank of Africa
- Messrs Othman BENJELLOUN, Zouheir BENSAID and Brahim BENJELLOUN-TOUIMI, Directors of Maghrebail, are also respectively Chairman

and Chief Executive Officer, and Group Executive Managing Director of BMCE Bank of Africa

- Mr M'Fadel EL HALAISI, a Director of Maghrebail, is also Delegated General Manager of BMCE Bank of Africa.

Main terms and conditions:

Under the terms of the agreement, BMCE Bank of Africa shall enter into a sale and lease-back transaction with MAGHREBAIL relating to a series of IT programmes and solutions.

The agreement, entered into at end-December 2017, relates to equipment lease finance of MAD 561,938 K inclusive of taxes over a 60-month period, with the unitary rental payment set at MAD 8,794 K exclusive of taxes.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 108,909 K for the period ended 31 December 2018.

2.6. Agreement between BMCE Bank of Africa et BMCE Capital Bourse

Person(s) concerned:

- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa

Main terms and conditions:

Under the terms of this agreement entered into in February 2016, BMCE Capital Bourse shall delegate to BMCE Bank of Africa the operational and technical handling of its asset custody business.

In consideration, BMCE Capital Bourse shall pay an annual fee of MAD 50,000 exclusive of taxes. Furthermore, it shall remain liable to Maroclear for all membership fees and taxes.

This is a one-year automatically-renewable agreement.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.7. Advisory mandate between BMCE Bank of Africa and BMCE Capital Titrification relating to the securitisation of mortgage-backed securities

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Under the terms of this agreement, BMCE Bank of Africa shall entrust to BMCE Capital Titrification the securitisation of the Group's mortgage-backed securities.

This agreement is for a 12-month period taking effect on the date that it is signed and may be automatically renewed by 3-month periods if required.

As far as remuneration is concerned, a flat-rate fee of MAD 1 million exclusive of taxes will be charged on the date that the agreement is signed and shall end as soon as the deal is completed.

Amount(s) recognised:

This agreement did not have any impact on the BMCE Bank of Africa's expense account for the period ended 31 December 2018.

2.8. Mandate between BMCE Bank of Africa and BMCE Capital Titrification to arrange a real estate asset securitisation deal

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa.

Main terms and conditions:

In a context of optimising limited resources, BMCE Bank intends to manage its balance sheet as effectively as possible in relation to its sizeable real estate assets.

By transferring its real estate assets, BMCE Bank will be able to: (i) free up a portion of the capital mobilised on its balance sheet under liabilities in respect of these assets and (ii) generate fresh cash reserves by ceding these assets.

Under the terms of this agreement, BMCE Capital Titrification shall be appointed as arranger for the Group's first real estate securitisation deal. This inaugural deal will be for a sum of between MAD 500 million and MAD 1 billion exclusive of taxes.

This agreement is for a 12-month period taking effect on the date that it is signed. It may be automatically renewed by additional 3-month periods, if required, and shall end as soon as the deal is completed.

As far as the structuring fee is concerned, a retainer fee of MAD 1 million exclusive of taxes will be charged on the date that the mandate is signed. A success fee of 0.4% exclusive of taxes will be paid in the event that the deal is completed successfully.

As far as the placing fee is concerned, remuneration of 0.2% exclusive of taxes of the total deal size will be paid at the delivery/settlement date.

Amount(s) recognised:

This agreement did not have any impact on the Bank's expense account for the period ended 31 December 2018.

2.9. Addendum to the agreement relating to the management of financial market and custody operations

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa.

Main terms and conditions:

The purpose of this addendum, entered into 29 April 2016, is to amend the scope of delegated activities to enable BMCE Capital to provide to BMCE Bank of Africa with any type of specialised service or benefit in terms of research, analysis or financial appraisal.

This agreement is for an indefinite period.

The annual remuneration shall remain unchanged at 15% of the surplus, by comparison with MAD 100 million, of the gross operating income generated by BMCE Bank's capital market operations and will be between MAD 20 million and MAD 30 million.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised in the expense account in 2018: MAD 51,600 K in respect of the delegated management component and MAD 30,900 K in respect of the variable remuneration component.

2.10. Agreement between BMCE Bank of Africa and FinanceCom to provide assistance and services

Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman of FinanceCom, is also Chairman and Chief Executive Officer of BMCE Bank of Africa
- Mr Zouheir BENSAID is a Director of both companies
- Mr Brahim BENJELLOUN-TOUIMI, a Director of FinanceCom, is also Group Executive Managing Director of BMCE Bank of Africa

Main terms and conditions:

Under the terms of the agreement entered into by BMCE Bank of Africa and FinanceCom, the latter shall undertake to provide BMCE Bank of Africa with assistance in drawing up its Strategic Plans, research, implementing partnerships in Morocco and overseas, generating commercial synergies and support.

This agreement is automatically renewable.

Remuneration shall amount to 0.3% of BMCE Bank of Africa's net banking income, in addition to re-invoicing for FinanceCom staff seconded to the Bank for a pre-determined period and any justifiable expenses incurred.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised a total expense of MAD 40,828 K for the period ended 31 December 2018.

2.11. Shareholders' current account advance agreement in favour of O TOWER between FINANCECOM, BMCE BANK OF AFRICA and RMA

Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman and Chief Executive Officer of BMCE Bank of Africa, is also Chairman of O TOWER's Board
- Mr Zouheir BENSAID, a Director of BMCE Bank of Africa, is also a Director of O TOWER
- Mr Mounir CHRAIBI, Delegated General Manager of BMCE Bank of Africa, is also a Director of O TOWER

Main terms and conditions:

Under the terms of this agreement entered into 1 January 2015, BMCE Bank of Africa, FINANCECOM and RMA WATANYA, shareholders in O TOWER, with FINANCECOM holding a 15% stake, RMA WATANYA a 37% stake and BMCE Bank of Africa a 48% stake, shall accept to provide O TOWER with a shareholders' current account advance at 2.21% interest. The purpose of this current account advance is to provide temporary funding for O TOWER's operations.

This agreement has been entered into for a twelve-month (12) period beginning 1 January 2015. Subsequently, it may be automatically renewed by further one-year (1) periods on 31 December of each year.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised interest income amounting to MAD 4,320 K on amounts owing in respect of the shareholders' current account advance for the period ended 31 December 2018.

2.12. Addendum to the agreement between SALAFIN and BMCE BANK OF AFRICA relating to establishing a customer file recovery management system**Person(s) concerned:**

- Mr Brahim BENJELLOUN TOUIMI, Chairman of SALAFIN's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Messrs Mamoun BELGHITI and Amine BOUABID, members of SALAFIN's Supervisory Board, are also Delegated General Managers of BMCE Bank of Africa
- Messrs Driss BENJELLOUN and Omar TAZI, members of SALAFIN's Supervisory Board, are also Delegated General Managers of BMCE Bank of Africa

Main terms and conditions:

As part of the project for adopting a joint approach to loan recovery, BMCE Bank of Africa and Salafin entered into a framework agreement 15 September 2008, subsequently modified 5 June 2009, which shall define the terms for establishing a dedicated loan recovery system.

The revised loan recovery policy at the commercial level recommends that the banking network becomes involved by assuming responsibility for the first and second missed payments for all types of product.

The purpose of this amendment is to define the new terms and remit of each party.

Regarding remuneration, since 1 July 2015, Salafin will intervene from the third missed payment and will invoice 13% of the amount recovered with a minimum payment of 60 dirhams exclusive of taxes per customer.

A customer file is managed on the Salafin system until all arrears have been recovered or transferred to those entities defined under the recovery strategy. In the event that the number of customers in arrears is halved, the remuneration will be 5% of the amount recovered with a minimum payment of 60 dirhams exclusive of taxes per customer.

Text messages are invoiced at the same rate as for customer files not managed by Salafin.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised a total expense of MAD 10,544 K for the period ended 31 December 2018.

2.13. Deed of sale of the current account between ALLIANCES DARNA and BMCE BANK OF AFRICA**Person(s) concerned:**

- Mr M'Fadel ELHALAISI, Delegated General Manager of BMCE Bank of Africa, is also a Director of RIYAD ALNOUR

Main terms and conditions:

Previously, ALLIANCES DARNA held a shareholders' current account with a balance of MAD 250,143 K against RIYAD ALNOUR, a real estate developer in which BMCE Bank of Africa acquired a holding as part of a sale with a buy-back option.

A deed of transfer was signed 21 July 2015 by Alliances Darna and BMCE Bank of Africa, as a result of which the latter became owner of the said shareholder current account.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 5,630 K for the period ended 31 December 2018.

2.14. Services agreement between BMCE BANK OF AFRICA and BMCE CAPITAL**Person(s) concerned:**

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

BMCE Bank of Africa and BMCE Capital entered into a services agreement 27 November 2015 effective 1 January 2015.

This agreement shall provide for legal and regulatory assistance in carrying out specific transactions within BMCE Bank of Africa Group and the drawing up of deeds in BMCE Bank of Africa's name and on its behalf.

This is a one-year automatically-renewable agreement.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.15. Shareholder current account agreement between RIYAD ALNOUR and BMCE BANK OF AFRICA

Person(s) concerned:

- Mr M'Fadel ELHALAISI, Delegated General Manager of BMCE Bank of Africa, is also a Director of RIYAD ALNOUR.

Main terms and conditions:

Under the terms of this agreement entered into 22 December 2015, BMCE Bank of Africa shall agree to provide RIYAD ALNOUR with a shareholders' current account advance of MAD 221,500 K with 2.21% interest. The purpose of this advance is to enable RIYAD ALNOUR to entirely clear its debts towards BMCE Bank of Africa regarding short- and medium-term loans and overdrawn balances. The amount advanced under the shareholders' current account will be fully repaid in fine on exercising the buy-back option.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 4,985 K for the period ended 31 December 2018.

2.16. Addendum to the agreement between BMCE BANK OF AFRICA and BMCE CAPITAL relating to financial market and custody operations

Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Amine BOUABID, a Director of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board
- Mr Zouheir BENSAID, a Director of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board
- Messrs Driss BENJELLOUN and M'Fadel EL HALAISI, Delegated General Managers of BMCE Bank of Africa, are also Members of BMCE Capital's Supervisory Board

Main terms and conditions:

This addendum, entered into 18 December 2014, amends the terms and conditions for remunerating BMCE Capital in respect of its management of BMCE Bank of Africa's financial market and custody operations as stipulated in the initial contract of 1999 and in subsequent amendments.

This is a one-year automatically-renewable addendum.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 7,740 K in respect of the delegated management component and MAD 3,090 K in respect of the variable remuneration component for the period ended 31 December 2018.

2.17. Shareholder current account advance agreement between BMCE BANK OF AFRICA and BMCE IMMOBILIER (ex MABANICOM)

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa
- Mr Omar TAZI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa.

Main terms and conditions:

Under the terms of this agreement entered into 13 February 2014, BMCE Bank of Africa shall agree to provide BMCE IMMOBILIER (ex MABANICOM) with a shareholders' current account advance in the total net sum of MAD 38,000,000 with 2.21% statutory interest in respect of the period ended 31 December 2013.

The advance has been agreed for a one-year renewable period and it will be repaid by appropriating income arising on the sale of property units acquired by means of the said advance to the company Pack Energy on a gradual basis.

Entered into for a renewable one-year period, the agreement shall expire when BMCE IMMOBILIER (ex MABANICOM) has repaid BMCE Bank of Africa in full.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised a total expense of MAD 855 K for the period ended 31 December 2018.

2.18. Cooperation agreement between BMCE BANK OF AFRICA and BMCE IMMOBILIER

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa
- Mr Omar TAZI, a Director of BMCE IMMOBILIER (ex MABANICOM), is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Entered into 3 February 2014, the purpose of this agreement is to carry out the following assignments in consideration for remuneration on an individual assignment basis:

- Real estate brokerage services when requested or required by BMCE Bank of Africa in respect of leasing, purchasing or selling real estate assets owned by or on behalf of BMCE Bank of Africa and BMCE Bank of Africa Group;
- Collecting rents and lease payments due to BMCE Bank of Africa and BMCE Bank of Africa Group;
- Providing real estate valuation services, researching real estate projects, and notifying the customer of special conditions when requested or required in respect of valuing real estate assets on behalf of BMCE Bank of Africa and BMCE Bank of Africa Group;

This agreement shall be for a period of 3 years.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 14,902 K for the period ended 31 December 2018.

2.19. Draft agreement between BMCE BANK OF AFRICA and MEDI TELECOM SA relating to establishing an operational partnership regarding the Mobile Money service

Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman and Chief Executive Officer of BMCE Bank of Africa, is also a Director of MEDI TELECOM
- Mr Zouheir BENSAID, a Director of MEDI TELECOM, is also a Director of BMCE Bank of Africa.

Main terms and conditions:

This draft agreement, entered into 26 June 2012, prior to establishing a definitive contract, shall establish the project's purpose, strategic guidelines and principles for doing business.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.20. Delegated responsibility agreement between BMCE BANK OF AFRICA and BMCE INTERNATIONAL S.A.U relating to the management of BMCE EUROSERVICES

Person(s) concerned:

- Mr Mohamed AGOUMI, Chairman of BMCE International SAU's Board, is also Delegated General Manager of BMCE Bank of Africa and a Director of BMCE EuroServices
- Messrs Azzedine GUESSOUS and Mohammed BENNANI are Directors of BMCE Bank of Africa and of BMCE International SAU
- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BMCE Bank of Africa, is also a Director of BMCE International SAU and Chairman of the Board of BMCE EuroServices.

Main terms and conditions:

The purpose of this contract, entered into 10 April 2012, is to formalise intra-Group relations between the parties regarding the responsibility assumed by BMCE INTERNATIONAL SAU in relation to services carried out by BMCE EuroServices, its wholly-owned subsidiary, under the orders of BMCE Bank of Africa, of which the former is indirectly a wholly-owned subsidiary.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.21. Management mandate between BMCE BANK OF AFRICA and BOA France

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BOA Group's Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Azeddine GUESSOUS is a Director of BOA Group and of BMCE Bank of Africa
- Mr Amine BOUABID, Chief Executive Officer of BOA Group, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a Director of BOA Group, is also Delegated General Manager of BMCE Bank of Africa
- Mr Mohamed AGOUMI, a Director of BOA Group, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

This agreement, entered into 6 June 2012 between BMCE Bank of Africa and BOA France, a subsidiary of BOA Group, establishes the terms and conditions by which BMCE Bank of Africa mandates BOA France, in consideration for the payment of fees, to handle on its behalf financial transactions for Moroccan customers living abroad. The contract shall also define the operating terms and conditions of the BMCE Bank of Africa account held in the ledgers of BOA France.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.22. Agreement between BANK OF AFRICA et BMCE CAPITAL GESTION PRIVÉE to manage structured product margin calls

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Amine BOUABID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a member of BMCE Capital's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa
- Mr M'Fadel EL HALAISSI, a member of BMCE Capital's Supervisory Board, is also Delegated General Manager of BMCE Bank of Africa.

Main terms and conditions:

Under this agreement, entered into 29 June 2012, BMCE Capital Gestion Privée shall undertake to monitor the risk of fluctuation in the structured products contracted between the Parties by adopting a margin call system for the said structured products.

Remuneration for margin calls on behalf of BMCE Bank of Africa is based on dirham-denominated money market rates.

Amount(s) recognised:

This agreement did not have any impact on BMCE Bank of Africa's financial statements for the period ended 31 December 2018.

2.23. Services contract between BMCE BANK OF AFRICA and RMA

Person(s) concerned:

- Mr Othman BENJELLOUN, Chairman of RMA's Supervisory Board is also Chairman and Chief Executive Officer of BMCE Bank of Africa
- Mr Zouheir BENSAID is Chairman of RMA's Supervisory Board and a Director of BMCE Bank of Africa
- Mr Brahim BENJELLOUN-TOUIMI is a Member of RMA's Supervisory Board and is Group Executive Managing Director of BMCE Bank of Africa.

Main terms and conditions:

Entered into in April 2012 effective 1 October 2011, this contract shall define general and specific terms and conditions regarding the provision of premises, miscellaneous services and equipment by BMCE Bank of Africa to RMA.

It also establishes the terms and conditions of use by the latter of the resources made available in consideration for a flat-rate payment.

Amount(s) recognised:

This agreement did not have any impact on BMCE Bank of Africa's financial statements for the period ended 31 December 2018.

2.24. Technical support agreement between BMCE BANK OF AFRICA and AFH SERVICES

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BOA Group, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, Delegated General Manager of BMCE Bank of Africa, is also a Director of AFH Services

Main terms and conditions:

Under the terms of this one-year automatically-renewable agreement entered into in 2012, BMCE Bank of Africa shall provide intra-Group technical support to AFH aimed at providing BOA Group with business line expertise.

In consideration, AFH shall be invoiced for these services on the basis of man days, at a rate of €1,200 exclusive of taxes per man day.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised a total expense of MAD 1,688 K for the period ended 31 December 2018.

2.25. Services agreement between BMCE BANK OF AFRICA and BMCE CAPITAL

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Amine BOUABID, a Director of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board
- Mr Zouheir BENSAID, a Director of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board
- Mr Driss BENJELLOUN, Delegated General Manager of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BMCE Bank of Africa, is also Member of BMCE Capital's Supervisory Board

Main terms and conditions:

Entered into 20 November 2012 effective 1 January 2012, this one-year automatically-renewable agreement establishes the terms and conditions by which BMCE Bank of Africa shall remunerate BMCE Capital for technical support provided to BOA Group via its legal division.

Remuneration for the said services, invoiced on an annual basis, is calculated on the basis of man days, at a rate of €100 per man day.

Amount(s) recognised:

This agreement did not have any impact on BMCE Bank of Africa's financial statements for the period ended 31 December 2018.

2.26. Subordinated loan contract between BMCE BANK OF AFRICA and BMCE BANK INTERNATIONAL (BBI)

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, a Director of BMCE BANK International Plc, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Mohammed AGOUMI, a Director of BMCE BANK International Plc, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Under the terms of this agreement entered into 30 May 2010, BMCE Bank of Africa shall provide BBI with a subordinated loan in the euro equivalent sum of £15,000,000 at an annual fixed rate of 4% in respect of Tier 2 capital.

The loan's repayment date shall be ten years after the agreement's effective date under the terms of an amendment entered into 25 July 2012.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 7,847 K for the period ended 31 December 2018.

2.27. Agreements between BMCE BANK OF AFRICA and SALAFIN

Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of SALAFIN's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Messrs Mamoun BELGHITI and Amine BOUABID are members of Salafin's Supervisory Board and Directors of BMCE Bank of Africa
- Messrs Omar TAZI and Driss BENJELLOUN are members of Salafin's Supervisory Board and Delegated General Managers of BMCE Bank of Africa

- Services contract between BMCE Bank of Africa and SALAFIN

This three-year automatically-renewable services contract, entered into in 2009, shall define the terms and conditions by which BMCE BANK shall provide SALAFIN with a certain number of services and equipment as well as the terms governing usage.

BMCE BANK shall receive a flat royalty payment of MAD 1,000 inclusive of taxes per desk. Royalties are paid on a quarterly basis in advance.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 96 K for the period ended 31 December 2018.

- Agreement that SALAFIN establishes an on-demand credit compliance control system for BMCE Bank of Africa's customer files as well as hosting a management system on an ASP basis (via its ORUS subsidiary)

Entered into in 2011, the purpose of this agreement between BMCE Bank of Africa and SALAFIN is to establish a back-office system to ensure customer file compliance, send reminders to the network to correct non-compliant customer files and report on operational risks. The system also centralises and processes customer declarations of death and disability insurance subscriptions and digitises and archives customer loan files that have been transferred to an entity appointed by the Bank.

The agreement also relates to hosting, running and maintaining on a daily basis a customer file management system based on the Immédiat system which is interfaced with the Bank's information systems as well as providing BMCE Bank of Africa with a maintenance centre.

The remuneration paid by BMCE Bank of Africa is calculated on the basis of the number of customer files actually processed by the system based on a pricing structure.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 210 K for the period ended 31 December 2018.

- Agreement between BMCE Bank of Africa and Salafin relating to services, technical support and application hosting

Entered into 15 January 2009, this agreement relates to the implementation of a recovery service by which SALAFIN shall undertake to carry out the assignments entrusted to it by BMCE Bank of Africa (recovery system support and set-up, provision of a user licence for the management module for attributing portfolios to agents and the telecommunications management module, development of interfaces with BMCE Bank of Africa's information systems, dedicated hosting and running of the recovery software solution on a daily basis and the provision of a maintenance centre).

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 1,077 K for the period ended 31 December 2018.

- Amendment to the agreement that SALAFIN establishes an on-demand credit compliance control system for BMCE Bank of Africa's customer files

Entered into 1 July 2011, this amendment to the agreement between BMCE Bank of Africa and SALAFIN modifies the remuneration terms, established by the distribution agreement entered into in 2006, by ensuring joint management by both Parties in respect of new consumer loans distributed to retail customers. As a result, interest income will be split as follows: 80% to the entity which bears the risk and 20% to the other entity. This amendment also specifies the services provided by SALAFIN for all outstandings managed by one or both Parties.

Amount(s) recognised:

In respect of this agreement and its amendment, BMCE Bank of Africa recognised an expense of MAD 101,593 K and total income of MAD 12,657 K for the period ended 31 December 2018.

2.28. Agreements between BMCE BANK OF AFRICA and EURAFRIC INFORMATION (EAI)

- Draft agreement between BMCE Bank of Africa and Eurafic Information (EAI) relating to invoicing software licences and related services

Entered into 2 December 2011, the purpose of this agreement is for EAI to provide BMCE Bank of Africa with a certain number of licences as described in the contract (Briques GRC, E-Banking Cyber Mut, Poste Agence Lot 1) for use by the latter's employees.

In consideration, BMCE Bank of Africa must pay EAI the dirham equivalent of €4,800,370.40 for CRM services, €3,303,063.20 for CRM licences, €201,976.60 for the Poste Agence Lot 1 licence, €729.504 for Poste Agence Lot 1 services, €500,000 for E-Banking licences and €768,672 for E-Banking services. These amounts exclude taxes, to which must be added an additional 10% in respect of a government withholding tax deducted at source.

BMCE Bank of Africa must also pay licence maintenance costs including €545,004.80 for CRM maintenance, €105,694 for the Poste Agence Lot 1 contract and €162,801 for maintenance of E-banking Cyber Mut.

- Amendment No.2 APPENDIX III to the services contract between BMCE Bank of Africa and EAI

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of EAI's Supervisory Board, is also a Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a Director of BMCE Bank of Africa, is also a member of EAI's Supervisory Board
- Messrs Driss BENJELLOUN and Mounir CHRAIBI, Directors of EAI, are also Delegated General Managers of BMCE Bank of Africa

Main terms and conditions:

Entered into 10 March 2011 effective 1 January, this amendment modifies the services provided by EAI to BMCE Bank of Africa as well as the pricing structure and the terms and conditions of payment. The amendment offers the possibility of revising on an annual basis the man-hour rate applicable to services provided under the initial contract.

Amount(s) recognised:

In respect of both these agreements entered into with EAI in 2011, BMCE Bank of Africa recognised the following amounts for the period ended 31 December 2018:

- Recurring services (expenses): MAD 55,143 K
- Maintenance (expenses): MAD 14,609 K
- Non-recurring services (SIBEA prepayments): MAD 65,414 K

2.29. Agreement between BMCE BANK OF AFRICA and GLOBAL NETWORK SYSTEMS SA ("GNS") relating to Carte MPOST - PASSPORT

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Technologies, is also Delegated General Manager of BMCE Bank of Africa.
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Managers of BMCE Bank of Africa, are also Directors of GNS Technologies

Main terms and conditions:

Entered into 1 February 2011, the purpose of this agreement is for BMCE Bank of Africa to provide GNS with prepaid cards as well as determining the terms for recharging, personalising and using these cards.

For each card delivered, the Bank is credited an amount previously agreed by both Parties.

The cost of recharging the card is debited against the customer's bank account held with BMCE Bank of Africa. All other expenses are debited against the card's balance.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 2,871 K for the period ended 31 December 2018.

2.30. Services contract between BMCE BANK OF AFRICA and EURAFRIC GED SERVICES

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, Chairman of EAI's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa

Main terms and conditions:

Entered into in 2011 for an initial three-month automatically-renewable period prior to establishing a definitive contract when authorisation is obtained from Bank Al Maghrib, the purpose of this contract is to define the terms and conditions by which BMCE Bank of Africa entrusts to Eurafic GED Services document digitisation services.

Monthly invoices are issued based on volume. The cost is 0.86 dirhams per digitised page, 0.68 dirhams per video-encoded document, 5 dirhams per document for the return of any previously unreturned document to the service provider, 3 dirhams per document communicating the index in the event that the document has been returned to BMCE Bank of Africa (prices quoted exclude taxes).

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 1,587 K for the period ended 31 December 2018.

2.31. Partnership agreement between BMCE BANK OF AFRICA and BMCE BANK INTERNATIONAL Plc (BBI) relating to sub-contracting clearing services

Person(s) concerned:

- Mr Brahim BENJELLOUN-TOUIMI, a Director of BMCE BANK International Plc, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Mohammed AGOUMI, a Director of BMCE BANK International Plc, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Under the terms of this agreement entered into 4 October 2011, BMCE BANK International shall provide BMCE Bank of Africa with a number of banking services including:

- Cheques drawn on French- or foreign-domiciled banks
- Inter-bank transfers to BMCE Bank of Africa or its customers
- International SWIFT transfers
- Bills of exchange domiciled with BMCE Bank of Africa and payable in France
- Documentary credit confirmations

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.32. Agreement between BMCE BANK OF AFRICA and BMCE CAPITAL GESTION to promote and market mutual funds via the BMCE BANK OF AFRICA branch network

Person(s) concerned:

- Mr Amine BOUABID, a Director of BMCE Capital Gestion, is also a Director of BMCE Bank of Africa
- Mr Driss BENJELLOUN, Delegated General Manager of BMCE Bank of Africa, is also a Director of BMCE Capital Gestion

Main terms and conditions:

Entered into 1 March 2011 for an automatically-renewable 12-month period, the purpose of this agreement is to determine the terms and conditions for cooperation between the Parties relating to the marketing by BMCE Bank of Africa of a specific number of BMCE Capital Gestion products via the BMCE Bank of Africa branch network. In this regard, the Parties give a mutual undertaking to allocate the necessary human, material, technical and logistical resources to develop and promote the mutual funds.

BMCE Bank of Africa's remuneration is calculated on the basis of the volume of subscriptions/redemptions generated by the branch network with BMCE CAPITAL GESTION retroceding a share of the entry/exit fees at the rates set out in an appendix to the agreement.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 200 K for the period ended 31 December 2018.

2.33. Agreements relating to leasing premises

These agreements relate to the leasing of premises or offices to the following companies:

Company	Date	Type	Location	Amount 2018 (MAD K)
BMCE Capital	01/10/2009	Office space	142, avenue Hassan II aux 4th, 7th and 8th floor, Casablanca	3,031
MEDITELCOM	01/08/2012	Building patio	Essaouira	106
BMCE Capital	01/07/2002	Office space	BMCE Bank of Africa Branch, Agadir Ville	36.39
EURAFRIC INFORMATION	15/10/2009	279 m ² apartment. TF No.36929/C, property known as « GAMECOUR ».	Casablanca 243 Bd Mohamed V	Not applicable Contract cancelled 30/09/16
EURAFRIC INFORMATION	01/10/2016	Office space Block A2 – 3,624m ²	Bouskoura Green City TF No.18827/47	4,720
EURAFRIC INFORMATION	01/10/2016	Office space Block B2 – 3,822m ²	Bouskoura Green City TF No.18827/47	4,964
EURAFRIC INFORMATION	01/01/2017	DATA CENTER 1,735 M ²	Bouskoura Green City TF No.18827/47	2,079.72 Premises partially unoccupied

The leases shall be renewed automatically.

2.34. Three-party agreement relating to the transfer of leases relating to acquiring and developing office premises in Avenue Imam Malik, Rabat

Person(s) concerned:

- Mr Azeddine GUESSOUS, Chairman of the Board of Maghrebail, is also a Director of BMCE Bank of Africa
- Messrs Othman BENJELLOUN, Zouheir BENSAID and Brahim BENJELLOUN-TOUIMI, Directors of Maghrebail, are also respectively Chairman and Chief Executive Officer, Director and Group Executive Managing Director of BMCE Bank of Africa
- Mr Brahim BENJELLOUN-TOUIMI, Chairman of BMCE Capital's Supervisory Board, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Zouheir BENSAID, a Director of BMCE Bank of Africa, is also a member of BMCE Capital's Supervisory Board
- Messrs Driss BENJELLOUN and M'Fadel EL HALAISSI, members of BMCE Capital's Supervisory Board are also Delegated General Managers of BMCE Bank of Africa.

Main terms and conditions:

Entered into 16 March 2011 between BMCE CAPITAL, the initial lessee, BMCE Bank of Africa, the current lessee and MAGHREBAIL, the lessor, this agreement shall provide for the transfer of leases to BMCE Bank in consideration for a monthly rental payment of MAD 68,453.70 exclusive of taxes and a total fixed cost of MAD 7,200,000 in relation to funding costs of which MAD 720,000 relates to the estimated land value.

This contract is for a period of 97 months from 25 April 2011 to 24 May 2019.

Amount(s) recognised:

Regarding this contract, BMCE Bank of Africa recognised a total expense of MAD 411 K for the period ended 31 December 2018.

2.35. Amendment to the BMCE EDIFIN agreement between BMCE BANK OF AFRICA and GLOBAL NETWORK SYSTEMS GNS), now GNS TECHNOLOGIES SA

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Holding, is also Delegated General Manager of BMCE Bank of Africa
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Managers of BMCE Bank of Africa, are also Directors of GNS Holding

Main terms and conditions:

Entered into 2 April 2010 and effective 1 January 2010, the purpose of this amendment, as part of the Bank's policy to extend BMCE EDIFIN services to all commercial relations and enhance profitability, is to revise the monthly payment for GNS' Value-Added Network services. In this regard, BMCE Bank of Africa shall assume the role of wholesaler as well responsibility for marketing the services acquired from GNS.

A second amendment, entered into 30 December 2011 and effective January 2012, sees the annual payment made by BMCE Bank of Africa to the service provider reduced to MAD 2,750,000 exclusive of taxes which corresponds to the minimum volume that it undertakes to acquire from 2,000,000 transaction entries.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.36. Services contract between BMCE BANK OF AFRICA and RM EXPERTS relating to debt recovery

Person(s) concerned:

- Mr Mamoun BELGHITI, Chairman of the Board of RM EXPERTS, is also a Director of BMCE Bank of Africa
- Mr Brahim BENJELLOUN-TOUIMI, Group Executive Managing Director of BMCE Bank of Africa, is also a Director of RM Experts
- Mr M'Fadel EL HALAISSI, Delegated General Manager of BMCE Bank of Africa, is also a Director of RM Experts

Main terms and conditions:

Entered into 24 December 2010 between RECOVERY INTERNATIONAL MANAGEMENT AND EXPERTISE (RM EXPERTS) and BMCE Bank of Africa, the agreement mandates RM EXPERTS on an exclusive basis to recover the non-performing loans entrusted to it by BMCE Bank of Africa.

The contract is for a five-year period which is automatically renewable in subsequent two-year periods.

BMCE Bank of Africa shall undertake to make available to the service provider, on a secondment basis, all staff working in the Remedial Management Division from the contract date. These employees will be paid directly by BMCE Bank of Africa.

BMCE Bank of Africa will invoice the service provider for these employees' salaries and other items of remuneration plus a 20% margin.

RM EXPERTS will invoice BMCE Bank of Africa for "managing its human resources".

As part of this agreement, for each customer file for which the amount to be recovered is less than two hundred thousand dirhams, BMCE Bank of Africa will be invoiced for the sum of five hundred dirhams exclusive of taxes in respect of related expenses. RM EXPERTS shall also receive from BMCE Bank of Africa success fees payable on a quarterly basis depending on the sums repaid or recovered.

In the event of non-recovery, BMCE Bank of Africa shall undertake to reimburse RM EXPERTS for all actual costs incurred by the latter.

Amount(s) recognised:

BMCE Bank of Africa paid RM EXPERTS success fees of MAD 52,106 K and management fees of MAD 2,606 K for the period ended 31 December 2018.

2.37. Agreement between BMCE BANK OF AFRICA and MAGHREBAIL

Person(s) concerned:

- Mr Azeddine GUESSOUS, Chairman of Maghrebail, is a Director of BMCE Bank of Africa
- Messrs Othman BENJELLOUN, Zouheir BENSAID and Brahim BENJELLOUN TOUIMI, Members of the Board of Maghrebail, are respectively Chairman, Directors and Group Executive Managing Director of BMCE Bank of Africa
- Mr M'Fadel EL HALAISI, a Director of Maghrebail, is also Delegated General Manager of BMCE Bank of Africa

Main terms and conditions:

Entered into 8 May 2009, the purpose of this agreement is to determine the terms and conditions governing BMCE Bank of Africa's marketing of MAGHREBAIL's formatted lease products, the BMCE Bail product, the BMCE Immobail Entreprise product and standard leasing products, regardless of whether or not they are severally and jointly backed by BMCE Bank of Africa.

The terms and conditions of this agreement are as follows:

- MAGHREBAIL shall pay BMCE Bank of Africa agency fees as set out in a price list
- MAGHREBAIL shall undertake to pay quarterly agency fees in respect of BMCE Bank of Africa's remuneration.
- MAGHREBAIL shall undertake to pay annual success fees calculated on the basis of achieving sales targets that are independently confirmed by a steering committee.
- MAGHREBAIL shall undertake to remunerate BMCE Bank of Africa for its guarantee at the annual rate of interest in respect of formatted products. The rate of interest charged on the guarantee is determined on a case-by-case basis in respect of standard leasing products, regardless of whether or not they are severally and jointly backed; it is calculated annually on the amount of MAGHREBAIL's financial outstandings guaranteed by BMCE Bank of Africa (financial outstandings x proportion of bank guarantee).

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 9,168 K for the period ended 31 December 2018..

2.38. Partnership agreement between BMCE BANK OF AFRICA and BUDGET LOCASOM

Person(s) concerned:

- Messrs Driss BENJELLOUN and M'Fadel EL HALAISI, Delegated General Managers of BMCE BANK and Mr Azeddine GUESSOUS, a Director of BMCE Bank of Africa, are also Directors of Budget Locasom

Main terms and conditions:

Entered into 29 May 2009, the purpose of this agreement is to determine the terms and conditions governing marketing by BMCE Bank of Africa of LOCASOM's BMCE LLD product (a vehicle leasing product for acquiring and managing a fleet of vehicles). Under this agreement, BMCE Bank of Africa will steer its customers towards this product while LOCASOM will follow up with interested customers by providing the necessary support. This product will be marketed via the BMCE Bank of Africa branch network.

The terms and conditions of this agreement are as follows:

- BMCE Bank of Africa shall solely undertake to encourage BMCE LLD customers to make regular lease payments (by directly debiting the customer's account etc.)
- BMCE Bank of Africa shall receive a fee ranging from 0.15% to 0.40% calculated on the basis of the vehicle's budgeted amount and the lease period.

Amount(s) recognised:

This agreement did not have any impact on the Bank's financial statements for the period ended 31 December 2018.

2.39. Services contract between BMCE BANK OF AFRICA and BMCE EUROSERVICES

Person(s) concerned:

- Mr Brahim BENJELLOUN TOUIMI, Chairman of the Board of BMCE EuroServices, is also Group Executive Managing Director of BMCE Bank of Africa
- Mr Omar TAZI, Assistant Director of BMCE EuroServices, is also Delegated General Manager of BMCE Bank of Africa
- Messrs Driss BENJELLOUN, Mohamed AGOUMI and Mounir CHRAIBI, Directors of BMCE EuroServices, are also Delegated General Managers of BMCE Bank of Africa

Main terms and conditions:

The purpose of this contract, entered into in 2013, is to clarify the underlying terms and conditions by which BMCE Bank of Africa will pay half-yearly fees to the Service Provider in consideration for the latter developing the Moroccans living abroad customer segment in Morocco.

Remuneration of Head Office and Branch Offices will be based on two criteria: a percentage of the net banking income earned by BMCE Bank of Africa in the Moroccans living abroad segment and a percentage of the funds transferred to BMCE Bank of Africa accounts in Morocco.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised an expense of MAD 170,217 K for the period ended 31 December 2018.

2.40. Commercial lease contract between BMCE BANK OF AFRICA and GNS TECHNOLOGIES

Person(s) concerned:

- Mr Mounir CHRAIBI, Chairman of the Board of GNS Technologies, is also Delegated General Manager of BMCE Bank of Africa
- Messrs M'Fadel EL HALAISSI and Driss BENJELLOUN, Delegated General Managers of BMCE Bank of Africa, are also Directors of GNS Technologies

Main terms and conditions:

Under the terms of this agreement, effective 1 January 2013 for an automatically-renewable 3-year period, BMCE Bank of Africa shall lease to GNS Technologies office space on the 2nd floor of a building located at 239 Boulevard Mohammed V in Casablanca whose land title number is No.36.829/C with a surface area of 276 m² whose land title number is in turn No.75.965/C, a property known as "GAMECOUR 4".

The monthly rental payment relating to this office space is set at MAD 16.6 K for the first year, MAD 19.3 K for the second year and MAD 22 K for the third year. To that is added a local council tax of 10.5% payable monthly as well as rental charges to maintain and manage the building's common areas which are invoiced pro-rata to the surface area rented.

Amount(s) recognised:

In respect of this agreement, BMCE Bank of Africa recognised income of MAD 322 K for the period ended 31 December 2018.

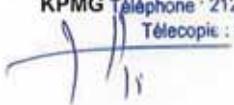
Casablanca, 12 April 2019

The Statutory Auditors

Ernst & Young
~~Ernst & Young~~
S.A.R.L
17, Rue Abdellatif Ben Kadour
Casablanca - Maroc
Tél. : (212) 522 11 02 76
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Abdeslam BERRADA ALLAM
Associé

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Fouad LAHG AZI
Associé

1 - FUNDAMENTAL ACCOUNTING PRINCIPLES

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

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

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

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

2.1. PRESENTATION

The financial statements comprise:

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

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

2.2 GENERAL PRINCIPLES

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

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

2.3 AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS AND SIGNATURE LOANS

General presentation of amounts due

- Amounts due from credit institutions and customers are classified on the basis of their initial maturity or economic purpose:
- Demand or term deposits in the case of credit institutions;

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

Non-performing customer loans

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

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

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

2.4 AMOUNTS OWING TO CREDIT INSTITUTIONS AND CUSTOMERS

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

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

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

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

2.5 SECURITIES PORTFOLIO

2.5.1 General presentation

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

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

2.5.2 Trading securities

Securities are considered to be Trading securities if they are:

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

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

2.5.3 Available-for-sale securities

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

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

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

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

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

2.5.4 Held-to-maturity securities

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

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

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

2.5.5 Long-term investment securities

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

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

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

2.5.6 Repurchase agreements

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

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

2.6. FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

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

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

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

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

2.7. TRANSLATION OF FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

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

Translation of balance sheet and off-balance sheet items

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

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

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

2.8. GENERAL RISK PROVISIONS

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

Provisions booked are added back for taxation purposes.

2.9. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Category	Amortisation period
Land	Non amortisable
Operating premises:	
Built before 1986	20 years
Built after 1986	40 years
Office furniture	10 years
IT hardware	5 years
Vehicles	5 years
Fixtures, fittings and equipment	10 years
Shares in non-profit companies	Non amortisable

2.10 DEFERRED CHARGES

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

2.11 STATUTORY PROVISIONS

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

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

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

INTEREST INCOME

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

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

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

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

Fee income

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

2.13 NON-RECURRING INCOME AND EXPENDITURE

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

2.14 RETIREMENT OBLIGATIONS

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

AGGREGATED ACTIVITY

ASSETS

	31/12/18	31/12/17
Cash, central banks, treasury, giro accounts	5 625 922	5 878 612
Loans to credit institutions and equivalent	20 645 443	25 310 048
. Demand	5 076 685	8 842 973
. Time	15 568 758	16 467 075
Loans and advances to customers	109 721 074	117 240 319
. Cash and consumer loans	33 015 606	36 762 530
. Equipment loans	21 811 901	22 310 597
. Mortgage loans	40 456 856	40 478 952
. Other loans	14 436 711	17 688 240
Advances acquired by factoring	2 515 204	860 845
Transaction and marketable securities	25 180 944	33 890 104
. Treasury bonds and equivalent securities	8 643 121	14 291 200
. Other debt securities	610 039	926 552
. Title deeds	15 832 484	18 672 352
. Sukuks Certificates	95 300	-
Other assets	4 205 962	2 692 565
Investment securities	3 770 452	3 190 421
. Treasury bonds and equivalent securities	1 453 364	964 189
. Other debt securities	2 317 088	2 226 232
Equity investments and equivalent uses	10 719 322	10 357 921
. Investments in joint ventures	8 121 778	
. Other equity securities and similar assets	2 597 544	
. Moudaraba and Moucharaka securities	-	
Subordinated loans	198 469	202 745
Placed investment deposits	-	
Leased and rented fixed assets	151 266	103 119
Ijara leased assets	-	
Intangible fixed assets	232 960	191 871
Tangible fixed assets	5 143 410	5 325 367
TOTAL ASSETS	188 110 428	205 243 937

(In thousand MAD)

LIABILITIES

	31/12/18	31/12/17
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	19 869 938	20 482 268
. Demand	1 441 442	2 620 616
. Time	18 428 496	17 861 652
Customer deposits	128 759 406	135 815 145
. Demand deposits	74 862 064	75 986 426
. Savings deposits	23 519 703	22 621 427
. Time deposits	23 982 912	31 159 953
. Other deposits	6 394 727	6 047 339
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	8 595 966	12 565 911
. Negotiable debt securities	8 095 966	10 156 422
. Bond loans	500 000	2 409 489
. Other debt securities issued	-	-
Other liabilities	4 727 486	9 010 886
Provisions for liabilities and charges	863 291	685 988
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	9 584 871	11 447 182
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	12 571 143	11 953 769
Capital	1 794 634	1 794 634
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	37	16
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	1 343 654	1 488 138
TOTAL LIABILITIES	188 110 428	205 243 937

(In thousand MAD)

OFF-BALANCE SHEET

	2018	2017
Given commitments	22 457 705	22 867 740
Financing commitments on behalf of credit institutions and equivalent	628 306	469 741
Financing commitments on behalf of customers	4 828 204	6 934 207
Guarantee commitments given to credit institutions and equivalent	3 587 105	5 109 213
Guarantee commitments given to customers	10 295 288	9 131 162
Securities repos purchased	78 357	78 357
Other securities to be delivered	3 040 445	1 145 060
Received commitments	18 181 253	18 874 748
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	16 072 674	17 915 756
Guarantee commitments received from the State and various guarantee bodies	1 892 562	947 160
Securities repos sold	-	-
Other securities to be received	216 017	11 832
Moucharaka and Moudaraba securities to be received	-	-

INCOME STATEMENT
AGGREGATED ACTIVITY

	2018	2017
BANK OPERATING INCOME	10 594 778	10 675 594
Interests and assimilated revenues on transactions with credit institutions	702 881	688 569
Interests and assimilated revenues on transactions with customers	5 625 747	5 913 159
Interests and assimilated revenues on debt securities	501 987	528 858
Revenue from property securities (1) and Sukuks certificates	699 212	727 474
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	16 190	12 362
Revenue from leased assets (Ijara)	-	-
Fees on provided services	1 189 821	1 123 474
Other banking revenues	1 858 940	1 681 698
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	4 575 473	4 467 464
Interests and assimilated expenses on transactions with credit institutions	993 554	1 074 001
Interests and assimilated expenses on transactions with customers	1 450 090	1 602 087
Interests and assimilated expenses on debt securities issued	396 364	457 840
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	10 466	10 466
Expenses from leased assets (Ijara)	-	-
Other banking expenses	1 724 999	1 323 070
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	6 019 302	6 208 130
Non-banking operating revenues	239 596	215 861
Non-banking operating expenses	11 573	71 516
GENERAL OPERATING EXPENSES	3 594 893	3 621 263
Staff expenses	1 603 716	1 611 041
Tax expenses	105 306	97 581
External expenses	1 627 598	1 544 669
Other general operating expenses	9 538	8 996
Allowances for depreciation and provisions for intangible and tangible fixed assets	248 735	358 976
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	1 119 460	2 246 036
Allowances for non performing loans and commitments	941 496	985 587
Loan losses	24 656	1 077 416
Other allowances for provisions	153 308	183 033
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	330 158	1 611 098
Provision write-backs on non performing loans and commitments	291 902	1 566 196
Recovery on amortised debts	31 156	21 387
Other provision write-backs	7 100	23 515
CURRENT INCOME	1 863 131	2 096 274
Non-current revenues	-	-
Non-current expenses	-	-
PRE-TAX EARNINGS	1 863 131	2 096 274
Corporate tax	519 477	608 137
NET EARNINGS FOR THE YEAR	1 343 654	1 488 138

**AGGREGATED MANAGEMENT
BALANCES STATEMENT**

EARNINGS FORMATION TABLE

	2018	2017
(+) Interests and equivalent revenues	6 830 615	7 130 587
(-) Interests and equivalent expenses	2 840 009	3 133 927
NET INTEREST INCOME	3 990 606	3 996 660
(+) Revenues from leased and rented fixed assets	-	-
(-) Expenses on leased and rented fixed assets	-	-
INCOME FROM ON PARTICIPATIVE FUNDING	-	-
(+) Profit from leasing and renting operations	16 190	12 362
(-) Expenses from leasing and renting operations	10 465	10 466
Income from leasing and rental operations	5 725	1 896
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	1 450 018	1 323 913
(-) Fees paid	357 368	279 924
Fee income (1)	1 092 650	1 043 989
(+) Income from trading securities	262 796	431 048
(+) Income from investment securities	-63 377	28 223
(+) Income from payload operations	361 350	229 468
(+) Income from by-product operation	-60 770	7 097
Income from market transactions (1)	499 999	695 836
(+/-) Income from Moudaraba and Mousharaka securities	-	-
(+) other banking products	699 212	727 474
(-) other banking expenses	268 890	257 723
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	6 019 302	6 208 130
(+) Income from financial asset operations (2)	-12 304	-25 679
(+) Other non-banking operating revenues	239 376	215 861
(-) Other non-banking operating expenses	11 152	68 879
(-) General operating expenses	3 594 893	3 621 263
Gross operating income	2 640 329	2 708 172
(+) Allowances for non performing loans and commitments (net of write-backs)	-643 094	-475 422
(+) Other allowances net of provision write-backs	-134 105	-136 476
Current income	1 863 131	2 096 273
Non-current income	-	-
(-) Corporate tax	519 477	608 137
Net earnings for the year	1 343 654	1 488 138

(In thousand MAD)

CASH-FLOW

	2018	2017
+ Net earnings for the year	1 343 654	1 488 138
+ Allowances for depreciation and provisions for intangible and tangible fixed assets	248 735	358 976
+ Allowances for provisions for equity investments depreciation	12 665	30 424
+ Allowances for provisions for general risks	131 850	132 300
+ Allowances for regulated provisions	-	-
+ Non-current allowances	-	-
- Provision write-backs	562	7 383
- Capital gains on disposals of intangible and tangible fixed assets	163 331	114 912
+ Capital losses on disposals of intangible and tangible fixed assets	-	-
- Capital gains on disposals of equity investments	220	-
+ Capital losses on disposals of equity investments	421	2 638
- Write-backs of investment subsidies received	-	-
+ Financing	1 573 211	1 890 181
- Dividends distributed	-	897 317
+ Cash-flow	1 573 211	992 864

(In thousand MAD)

STATEMENT OF CASH FLOW

	2018	2017
1. (+) Operating income received from banking operations	9 845 282	8 868 707
2. (+) Recovery of amortised debts	31 156	21 387
3. (+) Non-banking revenues received	239 596	215 861
4. (+) Banking operating expenses paid	5 272 231	4 964 271
5. (+) Non-banking operating expenses paid	11 573	71 516
6. (+) General operating expenses paid	3 346 158	3 262 287
7. (+) Corporate tax paid	519 477	608 137
I - Net Cash Flows from the Income Statement	966 595	199 744
Change in :		
(+) Loans to credit institutions and equivalent	4 664 605	-747 286
(+) Loans to customers	5 864 886	-1 441 508
(+) Debt and marketable securities	8 709 160	5 579 948
(+) Other assets	-1 513 397	-744 126
(-) Moudaraba and Mousharaka securities	-	-
(+) Leasing and renting operations	-48 147	-29 119
(+) Ijara operations	-	-
(+) Investments placed through credit institutions and equivalent	-	-
(+) Amounts owed to credit institutions and equivalent	-612 330	-5 284 823
(+) Customer deposits	-7 055 739	4 690 724
(+) Customer borrowings on participatory financing	-	-
(+) Debt securities issued	-3 969 945	489 234
(+) Other liabilities	-4 283 400	-1 684 432
II - Balance of Changes in Operating Assets and Liabilities	1 755 693	828 612
III - Net Cash Flows from Operating Activities (I + II)	2 722 288	1 028 356
(+) Revenues from equity investments (1) (4)	200 175	-
(+) Revenues from disposals of intangible and tangible fixed assets (4)	465 442	600 624
(-) Acquisitions of equity investments (1)	723 594	-
(-) Acquisitions of intangible and tangible fixed assets	467 860	685 680
(+) Interests received	94 095	548 090
(+) Dividends received	611 817	635 095
IV - Net Cash Flows from Investment Activities	180 076	1 098 129
(+) Subsidies, public funds and guarantee funds received	-	-
(+) Issues of subordinated debts	1 361 646	-
(+) Received investment deposits	-	-
(+) Stock issues	-	-
(-) Repayment of shareholders equity and equivalent	1 862 311	-
(-) Reimbursed investment deposits (2)	-	-
(-) Interests paid	395 426	859 884
(-) Rémunérations versées sur dépôts d'investissement (3) (4)	897 317	897 317
(-) Dividends paid	897 317	897 317
V - Net Cash Flows from Financing Activities	-3 155 054	-395 555
VI - Net Change In Cash (III + IV + V)	-252 690	1 730 931
VII - Cash & Cash Equivalent at Beginning of Year	5 878 612	4 147 681
VIII - Cash & Cash Equivalent at Year-end	5 625 922	5 878 612

(In thousand MAD)

STATEMENT OF ADDITIONAL INFORMATION

MAIN VALUATION METHODS APPLIED

VALUATION METHODS APPLIED BY BMCE BANK

Cf : Accounting Principles.

LOANS TO CREDIT INSTITUTIONS AND EQUIVALENT

Claims	Bank Al-Maghrib Treasury and giro accounts	Banks in Morocco	Other credit institutions and equivalent in Morocco	Foreign credit institutions	Total 2018	Total 2017
Ordinary accounts in debit	4 189 917	120 540	531 865	5 826 391	10 668 714	11 915 300
Securities received as pledges	-	23 148	-	-	23 148	3 426 909
- Overnight	-	-	-	-	-	3 016 602
- Time	-	23 148	-	-	23 148	410 307
Short-term loans	-	1 370 191	1 845 464	1 690 909	4 906 563	4 275 981
- Overnight	-	-	-	-	-	2 443 818
- Time	-	1 370 191	1 845 464	1 690 909	4 906 563	1 832 163
Financial loans	-	992 515	6 244 391	329 913	7 566 819	8 384 665
Other loans	2 895 759	151 315	-	33 568	3 080 642	3 173 167
Receivables accrued interest	103	2 537	10 348	12 486	25 474	12 638
Non performing loans	-	-	5	-	5	-
TOTAL	7 085 779	2 660 246	8 632 073	7 893 267	26 271 365	31 188 660

(In thousand MAD)

LOANS TO CUSTOMERS

Claims	Public sector	Financial companies	Private Sector	Non financial companies	Other customers	Total 2017	Total 2016
Short-term loans	207 046	1 926 796	20 099 059	1 566 527	23 799 428	26 761 609	
- Deposit accounts in debit	178 197	1 926 796	12 602 525	1 458 266	16 165 784	18 624 101	
- Commercial loans in Morocco	14 142	-	3 455 311	6 752	3 476 205	3 858 215	
- Export loans	-	-	280 514	44 083	324 597	360 299	
- Other cash loans	14 707	-	3 760 709	57 426	3 832 842	3 918 994	
Consumer loans	-	-	-	8 830 232	8 830 232	9 586 255	
Equipment loans	4 842 992	407 282	15 310 281	1 009 407	21 569 962	22 068 652	
Mortgage loans	211 713	-	9 824 599	30 336 568	40 372 880	40 410 267	
Other loans	-	10 992 210	982 031	-	11 974 241	15 105 358	
Advances acquired by factoring	1 991 746	-	523 458	-	2 515 204	860 845	
Receivables accrued interest	32 966	79 597	337 117	262 181	711 861	725 294	
Non performing loans	32	-	1 312 014	1 150 424	2 462 470	2 582 885	
- Substandard loans	-	-	5 368	391 355	396 723	447 951	
- Doubtful loans	-	-	478 869	155 225	634 094	718 806	
- Loss loans	32	-	827 776	603 845	1 431 653	1 416 128	
TOTAL	7 286 494	13 405 885	48 388 559	43 155 339	112 236 278	118 101 165	

(In thousand MAD)

BREAKDOWN OF TRANSACTION & MARKETABLE SECURITIES AND INVESTMENT SECURITIES BY CATEGORY OF ISSUER

	Credit Institutions and Equivalent	Public Issuers	Private Issuers		Total 2018	Total 2017
			Financial companies	Non financial companies		
Quoted securities	404 911	10 725 789	16 119 517	1 516 151	28 766 368	34 897 287
- Treasury bonds and equivalent securities	-	10 022 245	-	-	10 022 245	15 178 231
- Bonds	28 845	608 244	297 376	1 516 001	2 450 467	435 946
- Other debt securities	369 304	-	-	-	369 304	610 759
- Title deeds	6 762	-	15 822 141	150	15 829 053	18 672 352
Certificats de Sukus	-	95 300	-	-	95 300	-
Titres non cotés	1 496	174 529	1 284	18 782	196 092	2 183 237
- Treasury bonds and equivalent securities	-	-	-	-	-	-
- Bonds	-	-	-	-	-	1 777 962
- Other debt securities	-	-	-	-	-	201 001
- Title deeds	-	-	-	-	-	-
Certificats de Sukus	-	-	-	-	-	-
Accrued interest	1 496	174 529	1 284	18 782	196 092	204 274
TOTAL	406 407	10 900 318	16 120 802	1 534 933	28 962 460	37 080 524

(In thousand MAD)

BREAKDOWN OF TRANSACTION & MARKETABLE SECURITIES AND INVESTMENT SECURITIES

	Gross book value	Current value	Redemption price	Unrealised capital gains	Unrealised capital losses	Provisions
Transaction securities	23 796 647	23 796 647	23 796 647	-	-	-
Treasury bonds and equivalent securities	7 473 780	7 473 780	7 473 780	-	-	-
Bonds	175 800	175 800	175 800	-	-	-
Other debt securities	368 197	368 197	368 197	-	-	-
Title deeds	15 683 570	15 683 570	15 683 570	-	-	-
Sukus certificates	95 300	95 300	95 300	-	-	-
Marketable securities	1 394 446	1 384 297	1 394 446	-	10 149	10 149
Treasury bonds and equivalent securities	1 179 490	1 169 341	1 179 490	-	10 149	10 149
Bonds	-	-	-	-	-	-
Other debt securities	66 042	66 042	66 042	-	-	-
Title deeds	148 914	148 914	148 914	-	-	-
Investment securities	3 771 368	3 770 452	3 621 539	-	130 867	916
Treasury bonds and equivalent securities	1 453 364	1 453 364	1 374 762	-	78 602	-
Bonds	2 274 667	2 274 667	2 222 402	-	52 265	-
Other debt securities	43 337	42 421	24 375	-	-	916
TOTAL	28 962 461	28 951 396	28 812 632	-	141 016	11 065

(In thousand MAD)

DETAIL OF OTHER ASSETS

	2018	2017
Optional instruments	-13 033	2 667
Miscellaneous transactions on securities	303 697	170 848
Other Debtors	945 775	1 311 808
- Sums due by the state	811 721	733 591
- Sums due by provident companies	-	-
- Receivables from staff	90 641	88 230
- Receivable for non-banking services	-	-
- Other debtors	43 413	489 987
Other securities and assets	9 405	6 412
Adjustment accounts	2 960 119	1 200 830
Off-balance sheet adjustment accounts	57 172	10 087
Currency discrepancy accounts	57 172	-
Derivatives discrepancy accounts	-	-
Securities discrepancy accounts	-	-
Currency and securities Goodwill	-	-
Income on hedging transactions	-	-
Deferred expenses	138 188	181 255
Liaison accounts between the head office, subsidiaries and branches in Morocco	449 310	326 508
Accrued income and prepayment	320 266	269 285
Accrued income	303 356	10 778
Prepayment	16 910	258 507
Transitory accounts	-	-
Other adjustment accounts	1 995 183	413 695
Non performing loans on miscellaneous transactions	-	-
TOTAL	4 205 963	2 692 565

(In thousand MAD)

516 SECURITIES/ACTIVITIES OF THE PORTFOLIO		516 SECURITIES/ACTIVITIES OF THE PORTFOLIO	
PROPARCO E.S.F.G.	175 728	PROPARCO E.S.F.G.	175 728
UBAE ARAB ITALIAN BANK	-	UBAE ARAB ITALIAN BANK	-
AMETHIS FINANCE Luxembourg	-	AMETHIS FINANCE Luxembourg	-
BOURSE DE CASABLANCA	-	BOURSE DE CASABLANCA	-
MAROC NUMERIC FUND	-	MAROC NUMERIC FUND	-
MAROC NUMERIC FUND II	-	MAROC NUMERIC FUND II	-
SEAF MOROCCO GROWTH FUND	-	SEAF MOROCCO GROWTH FUND	-
BANQUE MAGHRÈBINE D'INVESTISSEMENT ET DU COMMERCE EXT	-	BANQUE MAGHRÈBINE D'INVESTISSEMENT ET DU COMMERCE EXT	-
FONDS D'INVESTISSEMENT DE L'ORIENTAL INMA SA	-	FONDS D'INVESTISSEMENT DE L'ORIENTAL INMA SA	-
AFREXIM BANK (AFRICAN IMPORT EXPORT)	-	AFREXIM BANK (AFRICAN IMPORT EXPORT)	-
FONDS MONÉTAIRE ARABE/ARAB TRADE FINANCING PROGRAM	-	FONDS MONÉTAIRE ARABE/ARAB TRADE FINANCING PROGRAM	-
FIRGGEST	-	FIRGGEST	-
SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE BANCAIRE	-	SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE BANCAIRE	-
516 SECURITIES/ACTIVITIES OF THE PORTFOLIO	59	516 SECURITIES/ACTIVITIES OF THE PORTFOLIO	59
OTHER	386 517	OTHER	386 517
CFG GROUP	285 065	CFG GROUP	285 065
Mutangas SCA	832 458	Mutangas SCA	832 458
Mutangas AUTOMOBILE SCA	846 892	Mutangas AUTOMOBILE SCA	846 892
ROYAL RANCHES MARRAKECH	106 667	ROYAL RANCHES MARRAKECH	106 667
VIGEO	94 000	VIGEO	94 000
SGEDPOS	46 216	SGEDPOS	46 216
LA CELLULOSE DU MAROC	52 864	LA CELLULOSE DU MAROC	52 864
SMAEX	22 563	SMAEX	22 563
FRUMAT	4 000	FRUMAT	4 000
SITE IMMOBILIERE SIEGE GPBM	12 670	SITE IMMOBILIERE SIEGE GPBM	12 670
SITE DAMENAGEMENT DU PARC INDUSTRIE	10 000	SITE DAMENAGEMENT DU PARC INDUSTRIE	10 000
MAROCLEAR	803	MAROCLEAR	803
SITE IPÉ	8 013	SITE IPÉ	8 013
CASABLANCA PATRIMOINE S.A	5 000	CASABLANCA PATRIMOINE S.A	5 000
GEOTEX	31 000	GEOTEX	31 000
SOCIETE ALLICOM MAROC	5 000	SOCIETE ALLICOM MAROC	5 000
DAR ADDAMANE	1 922	DAR ADDAMANE	1 922
PORNET	1 800	PORNET	1 800
SINCOMAR	494	SINCOMAR	494
SWIFT	23	SWIFT	23
DYAR AL MADINA	640	DYAR AL MADINA	640
RMA WATANYA	5	RMA WATANYA	5
RISMA	10	RISMA	10
516-9 Other Equity Investment	9 836	516-9 Other Equity Investment	9 836
MARTCO	1 500	MARTCO	1 500
Siège G.P.B.M.	723	Siège G.P.B.M.	723
ALLICOM MAROC	552	ALLICOM MAROC	552
HANOUTY	1 615	HANOUTY	1 615
MOHIT IMMO	3 838	MOHIT IMMO	3 838
NEJMI IMMO	60 218	NEJMI IMMO	60 218
KRAKER IMMO	53 432	KRAKER IMMO	53 432
NOUACER CITY IMMO	9	NOUACER CITY IMMO	9
Associates current account	1 586 509	Associates current account	1 586 509
RYAD ENNOUR	471 643	RYAD ENNOUR	471 643
MORAD IMMO	376 433	MORAD IMMO	376 433
O TOWER	47 898	O TOWER	47 898
IT International Service ITIS	52 572	IT International Service ITIS	52 572
AKENZA IMMO	46 791	AKENZA IMMO	46 791
SUX HILL SECONDO	48 555	SUX HILL SECONDO	48 555
SAISS IMMO NEJMA	42 936	SAISS IMMO NEJMA	42 936
BMCE IMMOBILIER	38 000	BMCE IMMOBILIER	38 000
SUX HILL PRIMERO	25 691	SUX HILL PRIMERO	25 691
SUX HILL TERCIO	14 960	SUX HILL TERCIO	14 960
MARTCO	1 500	MARTCO	1 500
Total	1 586 509	Total	1 586 509
516 230	550 908	516 230	550 908
10 719 322	10 719 322	10 719 322	10 719 322

SUBORDINATED DEBTS

	Amount						Included linked and related Companies
	31/12/18			31/12/17		31/12/18	31/12/17
	Gross	Provisions	Net	Net	Net		
Subordinated loans to credit institutions and similar	193 859	-	193 859	198 036	193 859	198 036	
Subordinated loans to customers	-	-	-	-	-	-	
TOTAL	193 859	0	193 859	198 036	193 859	198 036	

(In thousand MAD)

FIXED ASSETS ON LEASING, WITH OPTION TO PURCHASE, AND WITH SIMPLE LEASE

NATURE	Gross amount beginning of the year	Acquisi- tions of the year	Ces- sions of the year	Gross Amount year ended	Depreciation		Provisions			Net Amount year ended
					Depre- ciation	Total Depre- ciations	Provi- sions	Write- backs	Total provi- sions	
Fixed Leasing Assets	113 444	58 754	-	172 197	10 466	20 931	-	-	-	151 266
Leasing on intangible assets	6 572	-	-	6 572	-	-	-	-	-	6 572
Furniture leasing	74 000	12 933	-	86 933	10 466	20 931	-	-	-	66 002
- In progress	-	-	-	-	-	-	-	-	-	-
- Leased	74 000	12 933	-	86 933	10 466	20 931	-	-	-	66 002
- Non Leased after termination	-	-	-	-	-	-	-	-	-	-
Real leased leasing	32 686	42 088	-	74 774	-	-	-	-	-	74 774
- In progress	32 686	42 088	-	74 774	-	-	-	-	-	74 774
- Leased	-	-	-	-	-	-	-	-	-	-
- Non leased after termination	-	-	-	-	-	-	-	-	-	-
Leased to perceive	186	3 732	-	3 918	-	-	-	-	-	3 918
Restructured leases	-	-	-	-	-	-	-	-	-	-
Non paid leases	-	-	-	-	-	-	-	-	-	-
Non performing loans	-	-	-	-	-	-	-	-	-	-
Fixed assets given on simple lease	-	-	-	-	-	-	-	-	-	-
Furniture given on simple lease	-	-	-	-	-	-	-	-	-	-
Real-estate given on simple lease	-	-	-	-	-	-	-	-	-	-
Leases to perceive	-	-	-	-	-	-	-	-	-	-
Restructured leases	-	-	-	-	-	-	-	-	-	-
Non paid leases	-	-	-	-	-	-	-	-	-	-
Non performing loans	-	-	-	-	-	-	-	-	-	-
TOTAL	113 444	58 754	-	172 197	10 466	20 931	-	-	-	151 266

(In thousand MAD)

TANGIBLE AND INTANGIBLE FIXED ASSETS

Fixed Assets	Gross amount at the begin-ning of the year	Gross reclassi-fication of the year	Acquisi-tions of the year	Dispos-als or with-drawals of the year	Gross amount at the end of the year	Depreci-ation and/or provi-sions at the begin-ning of the year	Depreciation and/or Provisions				Net amount at the end of the year
							Depreci-ation of the year	Reclassi-fication of the year	Allow-ances for the year	Depreci-ation on fixed assets with-drawn	
Intangible fixed assets	691 566	-238	179 121	135 131	735 319	499 696	-178	12 320	9 479	502 360	232 960
Leasehold rights	97 113	-23	-	-	97 091	-	-	-	-	-	97 091
Investment in research and development	-	-	-	-	-	-	-	-	-	-	-
Other operating intangible fixed assets	594 453	-215	179 121	135 131	638 228	499 696	-178	12 320	9 479	502 360	135 868
Non-operating intangible fixed assets	-	-	-	-	-	-	-	-	-	-	-
Tangible fixed assets	9 047 777	-2 185	288 739	260 433	9 073 897	3 722 410	-82	236 415	28 256	3 930 487	5 143 410
Operating buildings	1 319 106	-	30 596	5 750	1 343 952	379 031	-	27 775	-	406 807	937 145
Operating land	183 375	-	2 552	565	185 362	-	-	-	-	-	185 362
Operating buildings offices	1 135 731	-	28 043	5 185	1 158 589	379 031	-	27 775	-	406 807	751 783
Operating buildings. Staff housing	-	-	-	-	-	-	-	-	-	-	-
Operating furniture and equipment	1 825 766	-41	91 842	52 496	1 865 070	1 561 924	-31	57 835	1 419	1 618 309	246 762
Operating office furniture	495 868	-	65 497	51 769	509 596	358 132	-	19 597	1 235	376 495	133 101
Operating office equipment	203 261	-20	10 693	-	213 934	178 103	-12	8 930	-	187 021	26 913
Computer equipment	967 577	-21	12 472	-	980 028	915 351	-19	17 004	-	932 336	47 692
Operating vehicles	54 589	-	535	727	54 397	26 853	-	9 056	184	35 725	18 672
Other operating equipment	104 470	-	2 645	-	107 115	83 484	-	3 248	-	86 731	20 384
Other operating tangible fixed assets	2 043 651	-2 144	86 354	-	2 127 861	1 518 103	-51	110 333	-	1 628 385	499 476
Non operating tangible fixed assets	3 859 255	-	79 947	202 188	3 737 014	263 352	-	40 471	26 836	276 987	3 460 028
Non-operating land	3 005 901	-	66 237	40 588	3 031 550	-	-	-	-	-	3 031 550
Non-operating buildings	687 740	-	4 946	126 400	566 287	160 950	-	31 294	23 249	168 995	397 292
Non-operating furniture and equipment	94 740	-	4 151	35 200	63 691	45 954	-	6 258	3 588	48 624	15 067
Other non-operating tangible fixed assets	70 874	-	4 612	-	75 487	56 448	-	2 919	-	59 368	16 119
TOTAL	9 739 343	-2 423	467 860	395 564	9 809 216	4 222 106	-260	248 735	37 734	4 432 847	5 376 370

(In thousand MAD)

DISPOSAL OF TANGIBLE AND INTANGIBLE FIXED ASSETS

Sale or withdrawal date	Nature	Gross book value	Accumulated depreciation and/or provisions	Net book value	Revenues from disposals	Capital gain on disposals	Capital loss on disposal
02/02/18	VEHICULES USED IN OPERATIONS	5	-	5	5	-	-
02/04/18	VEHICULES USED IN OPERATIONS	275	78	197	200	3	-
01/06/18	IT SOFTWARE AND SOLUTIONS	135 131	9 479	125 652	125 652	-	-
22/06/18	VEHICULES USED IN OPERATIONS	5	-	5	5	-	-
06/07/18	VEHICULES USED IN OPERATIONS	5	-	5	5	-	-
10/07/18	VEHICULES USED IN OPERATIONS	425	106	320	320	0	-
20/07/18	VEHICULES USED IN OPERATIONS	4	-	4	4	-	-
17/08/18	VILLA	38 000	10 493	27 507	36 000	8 493	-
01/10/18	OPERATING FURNITURE	1 235	1 235	-	124	124	-
16/11/18	VEHICULES USED IN OPERATIONS	7	-	7	7	-	-
20/12/18	LAND	565	-	565	1 120	555	-
25/12/18	LAND	8 988	-	8 988	12 000	3 012	-
27/12/18	CONSTRUCTION LAND	120 000	12 756	107 244	250 000	142 756	-
27/12/18	MATERIALS	35 200	3 588	31 612	40 000	8 388	-
		339 845	37 734	302 111	465 442	163 331	-

(In thousand MAD)

DEBTS TO CREDIT INSTITUTIONS AND EQUIVALENT

Debts	Credit institutions and equivalent in Morocco					
	Bank Al-Maghrib, Treasury and giro current account	Banks in Morocco	Other credit institutions and equivalent in Morocco	Credit institutions abroad	Total 2018	Total 2017
Ordinary credit accounts	-	131 892	335 292	384 257	851 441	2 452 035
Securities pledged	10 000 006	2 501 783	-	-	12 501 789	9 500 072
- Overnight	-	-	-	-	-	-
- Time	10 000 006	2 501 783	-	-	12 501 789	9 500 072
Cash Borrowings	500 000	-	900 923	2 810 224	4 211 147	6 195 547
- Overnight	500 000	-	90 000	-	590 000	699 567
- Time	-	-	810 923	2 810 224	3 621 147	5 495 980
Financial borrowings	5 000	83 698	1 683 436	-	1 772 134	2 278 457
Other debts	9 212	399	18 844	478 275	506 730	23 912
Payable accrued interests	13 601	332	4 604	8 162	26 698	32 245
TOTAL	10 527 819	2 718 104	2 943 099	3 680 918	19 869 939	20 482 268

(In thousand MAD)

CUSTOMER DEPOSITS

Deposits	Public sector	Private Sector			Total 2018	Total 2017
		Financial companies	Non financial companies	Other companies		
Demand credit accounts	1 500 874	942 635	16 551 567	54 366 029	73 361 105	73 425 538
Saving accounts	-	-	-	24 129 793	24 129 793	23 436 331
Time Deposits	1 065 000	6 222 671	3 570 880	12 623 575	23 482 126	28 847 070
Other credit accounts (*)	2 936 403	1 073 083	2 658 344	640 934	7 308 764	9 639 901
Payable accrued interests	31 306	39 821	81 174	325 315	477 617	466 305
TOTAL	5 533 583	8 278 210	22 861 965	92 085 647	128 759 405	135 815 145

(In thousand MAD)

DEBT SECURITIES ISSUED

Type of securities	Starting Date	Maturity Date	Characteristics Nominal unit value	Rate
CD BMCE	30/04/14	30/04/19	4,55%	365 000,00
CD BMCE	08/05/14	08/05/19	4,50%	12 000,00
CD BMCE	20/12/16	20/12/19	3,00%	350 000,00
CD BMCE	29/03/17	29/03/19	2,75%	200 000,00
CD BMCE	29/03/17	29/03/20	2,80%	250 000,00
CD BMCE	13/04/17	13/04/19	2,75%	250 000,00
CD BMCE	18/04/17	18/04/19	2,75%	295 000,00
CD BMCE	02/05/17	02/05/19	2,75%	460 000,00
CD BMCE	08/05/17	08/05/19	2,75%	50 000,00
CD BMCE	02/06/17	02/06/19	2,82%	250 000,00
CD BMCE	23/11/17	23/11/19	2,62%	134 000,00
CD BMCE	23/11/17	23/11/20	2,75%	681 000,00
CD BMCE	18/12/17	18/12/19	2,90%	415 500,00
CD BMCE	18/12/17	18/12/20	3,00%	120 000,00
CD BMCE	09/03/18	09/03/20	2,82%	200 000,00
CD BMCE	29/03/18	29/03/20	2,42%	440 000,00
CD BMCE	29/03/18	28/03/20	2,75%	505 000,00
CD BMCE	17/04/18	16/04/19	2,56%	925 000,00
CD BMCE	17/04/18	17/04/20	2,75%	185 000,00
CD BMCE	17/12/18	17/06/19	2,56%	65 000,00
CD BMCE	17/12/18	16/12/19	2,70%	1 000 000,00
CD BMCE	27/12/18	26/12/19	2,70%	238 800,00
CD BMCE	28/12/18	28/12/20	2,90%	60 000,00
CD BMCE	28/12/18	28/03/19	2,55%	548 700,00
TOTAL				8 000 000

DETAIL OF OTHER LIABILITIES

LIABILITIES	2018	2017
Optional Instruments Sold	-2 172	531
Miscellaneous Transactions on Securities	1 025 665	5 826 824
Other Creditors	1 345 519	1 592 830
State debt	1 024 003	1 058 941
Social security and provident societies debts	54 221	47 640
Staff debt	159 063	197 053
Shareholders and partners debt	3 674	3 662
Supply of goods and services	12 973	18 718
Other creditors	91 585	266 816
Accrual Accounts	2 358 474	1 590 701
Adjustment accounts of off-balance sheet transactions	14 893	58 623
Currencies and securities differential accounts	-	-
Profit on hedging instruments	-	-
Liaison accounts between the head office, branches and Moroccan branches	303	162 623
Expenses payable and prepaid income	308 871	201 567
Other accruals	2 034 407	1 167 888
TOTAL	4 727 486	9 010 886

(In thousand MAD)

PROVISIONS

	Amount 2017	Allowances	Write backs	Other changes	Outstanding 2018
Provisions, deducted from assets, on :	5 559 578	948 563	297 620	-5 281	6 205 240
Loans to credit institutions and equivalent	58 616				58 616
Loans and advances to customers	4 950 192	898 295	291 048	-291	5 557 148
Doubtful interest	1 062	27 299	859	-	27 502
Marketable securities	2 811	10 304	5 151	2 185	10 149
Equity investments and equivalent assets	545 429	12 665		-7 186	550 908
Leased and rented fixed assets	-	-	-	-	-
Other assets	1 467	-	562	11	916
Provisions Recorded under liabilities	685 989	183 844	6 538	-4	863 291
Provisions for risks of fulfilment of commitments	12 784	43 201		-	55 985
Contingent liabilities	-	-	-	-	-
Provisions for general risks	647 005	131 850	-	-	778 855
Provisions for retirement pensions and similar obligations	-	-	-	-	-
Other contingent liabilities (E.C)	26 200	8 793	6 538	-4	28 451
Regulated provisions	-	-	-	-	-
TOTAL	6 245 567	1 132 407	304 158	-5 285	7 068 531

(In thousand MAD)

SUBORDINATED DEBTS

Currency	Debt amount	closing ex-change rate (1)	Interest rate	Term (2)	Conditions for anticipated reimbursement, subordinated and convertibility	Debt amount in thousands MAD
MAD	150 000	1	5,95%	Perpetual		150 000
MAD	850 000	1	3,29%	Perpetual		850 000
MAD	950 000	1	3,25%	Perpetual		950 000
MAD	50 000	1	5,30%	Perpetual		50 000
MAD	160 000	1	6,18%	10 years		160 000
MAD	50 000	1	6,18%	10 years		50 000
MAD	790 000	1	3,63%	10 years		790 000
MAD	154 500	1	5,64%	10 years		154 500
MAD	845 500	1	3,45%	10 years		845 500
MAD	626 000	1	4,74%	10 years		626 000
MAD	1 374 000	1	3,36%	10 years		1 374 000
MAD	447 200	1	3,74%	10 years		447 200
MAD	78 900	1	3,74%	10 years		78 900
MAD	1 473 900	1	3,22%	10 years		1 473 900
MAD	200 000	1	7,05%	Perpetual		200 000
MAD	800 000	1	5,52%	Perpetual		800 000
MAD	400 000	1	3,13%	5 years		400 000
						9 400 000

SHAREHOLDER'S EQUITY

	2017	Allocation of earning	Other changes	2018
Revaluation reserve	-	-	-	-
Additional paid-in capital	11 953 768	590 800	26 575	12 571 143
Legal reserve	460 306	-	-	460 306
Other reserves	6 587 044	590 800	26 575	7 204 419
Issuance, merger and contribution premiums	4 906 418	-	-	4 906 418
Capital	1 794 634	-	-	1 794 634
Called-up capital	1 794 634	-	-	1 794 634
Uncalled capital	-	-	-	-
Investment certificates	-	-	-	-
Allowance fund	-	-	-	-
Shareholders. Unpaid-up capital	-	-	-	-
Retained earnings (+/-)	16	21	-	37
Net earnings being appropriated (+/-)	-	-	-	-
Net earnings for fiscal year(+/-)	1 488 138	-	-	1 343 654
TOTAL	15 236 556	-	-	15 709 468

(In thousand MAD)

FINANCING AND GUARANTEE COMMITMENTS

	2018	2017
Financing and guarantee commitments given	19 338 903	21 644 322
Financing commitments on behalf of credit institutions and equivalent	628 306	469 741
- Import letters of credit	-	-
- Payment acceptances or commitments	-	-
- Opening of confirmed credit	628 306	469 741
- Substitution commitments on issuing of securities	-	-
- Irrevocable leasing commitments	-	-
- Other financing commitments given	-	-
Financing commitments on behalf of customers	4 828 204	6 934 207
- Import letters of credit	1 966 305	3 370 929
- Payment acceptances or commitments	482 908	935 026
- Opening of confirmed credit	1 246 318	1 807 607
- Substitution commitments on issuing of securities	-	-
- Irrevocable leasing commitments	67 437	-
- Other financing commitments given	1 065 235	820 645
Guarantee commitments for credit institutions and equivalent	3 587 105	5 109 213
- Confirmed export letters of credit	19 098	93 528
- Payment acceptances or commitments	3 096	30 722
- Credit guarantees given	-	-
- Other securities, endorsements and guarantees given	285 906	4 984 963
- Non performing commitments	3 279 005	-
Guarantee commitments for customers	10 295 288	9 131 161
- Credit guarantees given	-	-
- Securities and guarantees given on behalf of the public administration	6 313 050	6 850 864
- Other securities and guarantees given	3 982 238	2 280 297
- Non performing commitments	-	-
Financing and guarantee commitments received	17 965 237	18 862 916
Financing commitments received from credit institutions and equivalent	-	-
- Opening of confirmed credit	-	-
- Substitution commitments on issuing of securities	-	-
- Other financing commitments received	-	-
Guarantee commitments received from credit institutions and equivalent	16 072 674	17 915 756
- Credit guarantees	2 304 661	2 301 176
- Other guarantees received	13 768 013	15 614 580
Guarantee commitments received from the state and other guarantee institutions	1 892 563	947 160
- Credit guarantees	655 773	30 773
- Other guarantees received	1 236 790	916 387

(In thousand MAD)

COMMITMENTS ON SECURITIES

	AMOUNT
Given commitments	3 118 803
Securities repos purchased	78 357
Other securities to be delivered	3 040 445
Received commitments	216 017
Securities repos sold	-
Other securities to be received	216 017

(In thousand MAD)

FORWARD EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVES

	Holding transaction	Other transaction of BMCE Paris and Offshore bank		
		2018	2017	2018
Forward exchange transactions	22 776 744	14 802 386	22 776 744	10 366 377
Currency to be received	5 364 223	4 146 333	5 364 223	2 423 342
Currency to be delivered	2 265 582	1 133 975	2 265 582	1 467 980
Dirhams to be received	9 069 748	6 204 754	9 069 748	3 708 997
Dirhams to be delivered	6 077 191	3 317 324	6 077 191	2 766 058
Of which financial currency swaps	-	-	-	-
Commitments on derivatives	2 747 533	7 440 435	2 747 534	179 016
Commitments on regulated interest rate markets	-	-	-	-
Commitments on OTC interest rate markets	1 545 629	2 666 447	1 545 629	179 016
Commitments on regulated exchange rate markets	-	-	-	-
Commitments on OTC exchange rate markets	162 029	4 369 484	162 029	-
Commitments on regulated markets for other instruments	-	-	-	-
Commitments on OTC markets for other instruments	1 039 875	404 504	1 039 876	-

(In thousand MAD)

SECURITIES RECEIVED AND GIVEN AS COLLATERAL

Securities received as collateral	Net book value	Loans or given commitments posted to assets or to off balance sheet	Amount of loans and given commitments
Treasury bills and equivalent	9 831 285		
Other securities	6 301 583		
Mortgages	87 468 086		
Other securities received as collateral	213 408 814		
TOTAL	317 009 768		
Securities given as collateral	Net book value	Loans or given commitments posted to assets or to off balance sheet	Amount of loans and given commitments
Treasury bills and equivalent	10 000 006	T. Bills repo	
Other securities	776 934		
Mortgages	-	Other securities delivered on repo	
Other securities received as collateral	-		
TOTAL	10 776 940		

(In thousand MAD)

BREAKDOWN OF USES AND RESOURCES ACCORDING TO RESIDUAL MATURITIES

	D< 1 month	1 month<D< 3 months	3 months<D< 1 year	1 year <D< 5 years	D> 5 years	Total
ASSETS						
Loans to credit institutions and equivalent	4 783 401	2 442 352	2 311 918	4 288 812	1 742 275	15 568 758
Loans and advances to customers	17 131 585	7 054 751	11 590 018	37 014 511	36 930 208	109 721 074
Debt securities	1 172 006	103 300	4 588 080	4 983 320	2 272 207	13 118 912
Subordinated loans	-	-	-	-	-	-
Leasing and equivalent	945	3 350	13 082	75 086	58 803	151 266
TOTAL	23 087 937	9 603 753	18 503 098	46 361 729	41 003 493	138 560 010
LIABILITIES						
Liabilities to credit institutions and equivalent	11 809 214	3 154 010	374 125	2 968 670	122 477	18 428 496
Debts to customers	3 099 037	7 351 391	11 916 677	1 615 808	-	23 982 912
Debt securities issued	-	1 253 700	5 357 300	1 389 000	-	8 000 000
Subordinated borrowings	-	-	-	1 000 000	8 400 000	9 400 000
TOTAL	14 908 251	11 759 101	17 648 102	6 973 477	8 522 477	59 811 407

(In thousand MAD)

CONCENTRATION RISK ON THE SAME BENEFICIARY

Number	Total amount of risks	Amount of risk by passing 5% of capital		
		Operating loans	Contracting loans	Amount of securities held in the capital of the beneficiary
18	39 173 867	30 111 445	2 732 145	535 674

(In thousand MAD)

BREAKDOWN OF TOTAL ASSETS, LIABILITIES AND OFF-BALANCE SHEET IN FOREIGN CURRENCY

2018

ASSETS	34 105 505
Cash, central banks, treasury, giro accounts	363 748
Loans to credit institutions and equivalent	18 977 244
Loans and advances to customers	5 729 558
Transaction, marketable and investment securities	1 329 670
Other assets	237 787
Equity investments and equivalent uses	7 250 546
Subordinated loans	193 859
Fixed assets leased and rented	19 505
Intangible and tangible fixed assets	3 588
LIABILITIES	22 169 246
Central banks, treasury, giro accounts	-
Liabilities to credit institutions and equivalent	16 933 356
Customer deposits	4 862 823
Debt securities issued	-
Other liabilities	373 067
Subordinated debts	-
Subsidies, assigned public funds and special guarantee funds	-
OFF-BALANCE SHEET	7 594 850
Given commitment	4 750 666
Received commitment	2 844 184

(In thousand MAD)

NET INTEREST INCOME

2018 2017

Interest received	6 830 615	7 130 586
Interest and similar income on transactions with credit institutions	702 881	688 569
Interest and similar income on transactions with customers	5 625 747	5 913 159
Interest and similar income on debt securities	501 987	528 858
Interest paid	2 840 008	3 133 928
Interest and similar fees on transactions with credit institutions	993 554	1 074 001
Interest and similar fees on transactions with customers	1 450 090	1 602 087
Interest and similar fees on debt securities	396 364	457 840

(In thousand MAD)

NON-PERFORMING LOANS TO SOCIAL CUSTOMERS

31/12/2018

31/12/2017

	Credit lines	Signed Com- mitments	Total	Provisions for credit lines
Pre-doubtful loans	446 206	49 482	515 030	67 079
Non performing loans	1 423 937	789 843	1 388 224	669 418
Doubtful debts	6 235 597	4 803 940	5 689 502	4 273 374
TOTAL	8 105 740	5 643 265	7 592 756	5 009 871

(In thousand MAD)

REVENUES FROM INVESTMENT SECURITIES

2018 2017

Equity Securities	10 596	9 905
Equity in affiliates	595 686	645 095
Equity in portfolio	5 535	-
Other securities	87 395	72 474
TOTAL	699 212	727 474

(In thousand MAD)

COMMISSIONS

	2018	2017
Fees received	1 450 018	1 323 913
On transactions with credit institutions	-	-
On transactions with customers	454 438	536 266
Concerning operations on the primary securities markets	260 197	200 439
On derivatives	43 829	44 612
On transactions on securities under management and custody	-	-
On means of payment	24 458	25 078
On consulting and assistance	387 641	353 749
On sales of insurance products	-	-
On other services	41 101	45 885
Fees paid	238 354	117 884
On transactions with credit institutions	357 368	279 924
On transactions with customers	-	-
Concerning operations on the primary securities markets	-	-
On derivatives	143 362	144 382
On transactions on securities under management and custody	-	-
On means of payment	19	381
On consulting and assistance	126 154	28 690
On sales of insurance products	87 833	72 217
On other services	-	-
On sales of insurance products	-	-
On other services	-	34 254

(In thousand MAD)

INCOME FROM MARKET TRANSACTIONS

	2018	2017
Revenues	1 598 741	1 481 259
Gains on transactions securities	550 621	459 395
Capital gains on disposals of marketable securities	6 328	143 812
Provision write-backs on depreciation of marketable securities	5 151	15 548
Gains on derivatives	107 139	510 604
Gains on exchange transactions	929 502	351 900
Expenses	1 098 741	785 423
Losses on transaction securities	287 824	28 347
Capital losses on disposals of marketable securities	64 550	125 990
Provisions for depreciation of marketale securities	10 306	5 147
Losses on derivatives	167 909	503 507
Losses on exchange transactions	568 152	122 432
Earning	500 000	695 836

(In thousand MAD)

GENERAL OPERATING EXPENSES

	2018	2017
Staff expenses	1 603 716	1 611 041
Taxes	105 306	97 581
External expenses	1 637 136	1 553 665
Allowances for depreciation and provision for intangible and tangible fixed assets	248 735	358 976

(In thousand MAD)

OTHER REVENUES AND EXPENSES

	2018	2017
Revenues and expenses		
Other banking revenues and expenses	133 941	358 628
Other banking revenues	1 858 940	1 681 698
Other banking expenses	1 724 999	1 323 070
Non-banking operating revenues and expenses	228 023	144 345
Non-banking operating revenues	239 596	215 861
Non-banking operating expenses	11 573	71 516
Other expenses		
Allowances for provisions and loan losses	1 119 460	2 246 036
Other revenues		
Provision write-backs and recoveries on amortised debts	330 158	1 611 098

(In thousand MAD)

FROM NET BOOK EARNINGS TO NET FISCAL EARNINGS

I- Net Book earning	
Net gain	1 343 655
Net loss	-
II- Tax Reintegration	678 005
1- Current	158 527
Non-deductible expenses	26 677
Provision for general risks	131 850
2- Non-current	519 478
Corporate taxes	519 478
III- Tax deductions	611 817
1- Current	611 817
Dividends	611 817
2- Non-current	-
IV- Net income tax	1 409 842
Corporate taxes	519 478
V- Net income tax	
Provisions Write-backs for investments	

DETERMINATION OF CURRENT EARNINGS AFTER-TAX

	Amount
I. Earnings determination	1 863 133
. Current earnings according to the income statement	158 527
. Tax deductions on current transactions	611 817
. Current earnings theoretically taxable	1 409 842
. Theoretical tax on current earnings	521 642
. Current earnings after tax	1 341 491
II. Indications of the tax system and the incentives Granted by the investment codes or by specific provisions	

(In thousand MAD)

DETAIL ON VALUE ADDED TAX

Category	Balance at the beginning of the fiscal year 1	Accounting operations of the fiscal year 2	VAT claims for the fiscal year 3	VAT claims for the fiscal year 3
A. VAT Collected	109 191	675 970	685 148	100 013
B. VAT to be Recovered	62 067	455 125	464 162	53 030
* On expenses	49 197	406 477	410 858	44 815
* On fixed assets	12 870	48 648	53 304	8 214
C. T.V.A = (A - B)	47 124	220 845	220 986	46 983

(In thousand MAD)

DISTRIBUTION OF THE SHARE CAPITAL AS OF DECEMBER 31ST, 2017

Amount of the capital : 1 794 633 900

Amount of the uncalled committed capital : -

Nominal value : 10.00

Name of the main shareholders	Address	Number of shares		(% of capital held)	(% of voting rights)
		31 dec 2018	31 dec 2017		
A- Moroccan shareholders					
RMA WATANYA	67 Avenue des FAR - Casablanca	53 600 192	53 600 192	29,87%	29,87%
SFCM	239, Bd Mohamed V	907 205	1 159 205	0,65%	0,65%
FINANCECOM	69 Avenue des FAR - Casablanca	10 705 251	10 453 351	5,82%	5,82%
CIMR	100, Bd Abdelmoumen - Casablanca	7 371 263	7 371 263	4,11%	4,11%
CDG	place Moulay ElHassan - ex Piétri . Rabat	17 138 328	15 638 328	8,71%	8,71%
MAMDA/ MCMA	16 Rue Abou Inane -Rabat	9 395 899	9 395 940	5,24%	5,24%
Personnel BMCE		2 481 327	2 452 440	1,37%	1,37%
SBVC et divers		30 834 871	32 363 617	18,03%	18,03%
TOTAL (1)		132 434 336	132 434 336	73,79%	73,79%
B- Foreign shareholders					
Banque Fédérative du Crédit Mutuel	6 rue de ventadour 75001 paris 6 rue de ventadour 75001 paris	47 029 054	47 029 054	26,21%	26,21%
TOTAL		179 463 390	179 463 390	100%	100%

* Including OPCVM DE RMA WATANYA

** Following CDG confirmation dated on 12/05/2014

ALLOCATION OF EARNINGS THAT OCCURED DURING THE FISCAL YEAR

A- Origin of the earnings allocated	Amount	B- Income allocation	Amount
Decision of 24 May 2018			
Retained earnings	16	Legal reserves	-
Net earnings being allocated	-	Dividends	897 317
Net earnings for the fiscal year	1 488 138	Other allocations	590 837
Withdrawals from earnings	-		
Other withdrawals	-		
TOTAL A	1 488 154	TOTAL B	1 488 154

(In thousand MAD)

EARNINGS AND OTHER ELEMENTS OF THE LAST THREE FISCAL YEARS

	2018	2017	2016
Equity capital and equivalent	25 294 339	26 683 739	24 709 660
Operations and earnings for the fiscal year			
1- Net banking income	6 019 305	6 208 130	6 136 373
2- Pre-tax earnings	1 863 133	1 938 774	1 875 332
3- Corporate tax	519 477	608 137	550 362
4- Dividends distributed	897 317	897 317	897 317
5- Earnings not distributed			
Earnings per share (in MAD)			
Net earnings per share	-	-	-
Earnings distributed per share	5	5	5
Staff			
Gross remunerations for the year	1 603 716	1 611 041	1 540 320
Average number of staff employed during the fiscal year	5 328	5 370	5 031

(In thousand MAD)

DATING AND SUBSEQUENT EVENTS

I. DATING

. Date of the end of the fiscal year (1) 31 December 2018

. Date of financial statements performance (2)

(1) Justification in case of a change in the date of the end of the fiscal year

(2) Justification in the case of an overrun on the statutory period of three months allowed for drawing up the financial statements

II. EVENTS OCCURRING SUBSEQUENT TO THE END OF THE FISCAL YEAR NOT CHARGED TO THIS YEAR AND KNOWN BEFORE THE 1ST EXTERNAL DISCLOSURE OF THE FINANCIAL STATEMENTS

Dates Event's Indication

. Favorable

. Unfavorable

STAFF NUMBERS

	2018	2017
Staff renumerated	5 328	5 370
Staff employed	5 328	5 370
Equivalent full time staff	5 328	5 370
Administrative and technical staff (full-time equivalent)	-	-
Staff assigned to banking tasks (full-time equivalent)	-	-
Executives (full-time equivalent)	5 147	5 154
Employees (full-time equivalent)	181	216
Of which employees working abroad	51	46

(In thousand MAD)

SECURITIES AND OTHER ASSETS UNDER MANAGEMENT OR UNDER CUSTODY

	Number of accounts		Amounts	
	2018	2017	2018	2017
Securities of which the institution is custodian	37 091	36 709	216 069 197	225 495 887
Securities managed under mandate	-	-	-	-
Mutual funds of which the institution is custodian	88	86	101 381 421	103 480 616
Mutual funds managed under mandate	-	-	-	-
Other assets of which the institution is custodian	-	-	-	-
Other assets managed under mandate	-	-	-	-

(In thousand MAD)

NETWORK

	2018	2017
Permanent branches	736	733
Temporary branches	-	-
ATMs	883	878
Main branches and branches abroad	41	39
Representative offices abroad	5	5

(In number)

NUMBER OF CUSTOMER ACCOUNTS

	2018	2017
Customer accounts	118 211	110 204
Current accounts	285 455	286 947
Check accounts excluding Moroccan expatriates	1 274 498	1 211 682
Moroccan expatriates accounts	-	-
Factoring accounts	931 516	889 960
Savings accounts	9 606	10 360
Time deposits	1 563	1 574
Interest-bearing notes	-	-

(In number)

The following statements post "non applicable" mention for the 2018 fiscal year :

- Derogatory statements
- Summary of changing methods
- Subsidies, assigned public funds and special guarantee funds

**DOMESTIC ACTIVITY
BALANCE SHEET**

ASSETS

	2018	2017
Cash, central banks, treasury, giro accounts	5 624 005	5 876 724
Loans to credit institutions and equivalent	24 932 899	28 609 971
. Demand	4 683 712	7 634 329
. Time	20 249 187	20 975 642
Loans and advances to customers	107 157 963	114 744 201
. Cash and consumer loans	32 858 026	36 595 598
. Equipment loans	19 406 371	19 981 411
. Mortgage loans	40 456 855	40 478 952
. Other loans	14 436 711	17 688 240
Advances acquired by factoring	2 515 204	860 845
Transaction and marketable securities	23 943 152	32 838 845
. Treasury bonds and equivalent securities	7 577 675	13 672 249
. Other debt securities	590 038	926 552
. Title deeds	15 680 139	18 240 044
. Sukuks Certificates	95 300	
Other assets	3 842 430	2 505 406
Investment securities	2 065 841	1 392 162
. Treasury bonds and equivalent securities	1 453 364	964 189
. Other debt securities	612 477	427 973
. Sukuks Certificates	-	
Equity investments and equivalent uses	10 219 890	9 829 628
. Investments in joint ventures	7 339 255	
. Other equity securities and similar assets	2 880 635	
. Moudaraba and Mousharaka securities	-	
Subordinated loans	198 469	202 745
Equity investments and equivalent uses	-	
Subordinated loans	131 761	96 406
Fixed assets leased and rented	-	
Intangible fixed assets	230 497	189 037
Tangible fixed assets	5 142 285	5 323 902
TOTAL ASSETS	186 004 396	202 469 872

(In thousand MAD)

LIABILITIES

	2018	2017
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	20 464 000	19 951 796
. Demand	1 438 109	1 943 829
. Time	19 025 891	18 007 967
Customer deposits	127 269 806	134 321 974
. Demand deposits	73 697 177	74 789 919
. Savings deposits	23 519 703	22 621 427
. Time deposits	23 708 701	30 890 951
. Other deposits	6 344 225	6 019 677
Customer borrowings and deposits on participatory products	-	
Debt securities issued	8 595 966	12 565 911
. Negotiable debt securities	8 095 966	10 156 422
. Bond loans	500 000	2 409 489
. Other debt securities issued	-	
Other liabilities	4 385 413	9 136 368
Contingent liabilities	862 723	685 417
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	
Subordinated debts	9 584 871	11 447 182
Received investment deposits	-	
Revaluation reserve	-	
Reserves and premiums related to capital	11 910 504	11 319 704
Capital	1 794 634	1 794 634
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	37	16
Net earnings being appropriated (+/-)	-	
Net earnings for the year (+/-)	1 136 443	1 246 870
TOTAL LIABILITIES	186 004 396	202 469 872

(In thousand MAD)

OFF-BALANCE SHEET

	2018	2017
Given commitments	21 143 882	22 193 940
Financing commitments on behalf of credit institutions and equivalent	628 306	469 741
Financing commitments on behalf of customers	4 762 765	6 934 207
Guarantee commitments given to credit institutions and equivalent	2 930 371	4 448 512
Guarantee commitments given to customers	10 271 067	9 118 063
Securities repos purchased	78 357	78 357
Other securities to be delivered	2 473 016	1 145 060
Received commitments	16 622 174	17 856 500
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	15 386 651	17 167 750
Guarantee commitments received from the State and various guarantee bodies	1 235 498	676 918
Securities repos sold	-	-
Other securities to be received	25	11 832
Moucharaka and Moudaraba securities to be received	-	-

(In thousand MAD)

STATEMENT OF INCOME AND EXPENSES

	2018	2017
BANK OPERATING INCOME	9 883 428	9 998 823
Interests and assimilated revenues on transactions with credit institutions	517 069	537 874
Interests and assimilated revenues on transactions with customers	5 522 283	5 802 966
Interests and assimilated revenues on debt securities	356 231	375 738
Revenue from property securities (1) and Sukuks certificates	697 110	725 622
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	15 397	12 362
Revenue from leased assets (Ijara)	-	-
Fees on provided services	1 176 621	1 114 506
Other banking revenues	1 598 717	1 429 755
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	4 113 226	4 158 804
Interests and assimilated expenses on transactions with credit institutions	820 694	1 019 612
Interests and assimilated expenses on transactions with customers	1 440 376	1 594 945
Interests and assimilated expenses on debt securities issued	396 364	457 840
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	10 466	10 466
Expenses from leased assets (Ijara)	-	-
Other banking expenses	1 445 326	1 075 941
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	5 688 153	5 840 020
Non-banking operating revenues	239 474	215 861
Non-banking operating expenses	11 573	71 516
GENERAL OPERATING EXPENSES	3 588 542	3 615 119
Staff expenses	1 600 054	1 607 436
Tax expenses	105 306	97 581
External expenses	1 626 052	1 543 188
Other general operating expenses	9 538	8 996
Allowances for depreciation and provisions for intangible and tangible fixed assets	247 592	357 918
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	1 119 448	2 245 502
Allowances for non performing loans and commitments	941 496	985 323
Loan losses	24 644	1077 146
Other allowances for provisions	153 308	183 033
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	329 596	1 589 688
Provision write-backs on non performing loans and commitments	291 902	1 545 412
Recovery on amortised debts	31 156	21 387
Other provision write-backs	6 538	22 889
CURRENT INCOME	1 537 660	1 713 431
Non-current revenues	-	-
Non-current expenses	-	-
PRE-TAX EARNINGS	1 537 660	1 713 431
Corporate tax	401 217	466 562
NET EARNINGS FOR THE YEAR	1 136 443	1 246 870

(En milliers de dirhams)

EARNINGS FORMATION TABLE

	2018	2017
(+) Interests and equivalent revenues	6 395 582	6 716 579
(-) Interests and equivalent expenses	2 657 435	3 072 396
NET INTEREST INCOME	3 738 147	3 644 183
(+) Revenues from leased and rented fixed assets	-	-
(-) Expenses on leased and rented fixed assets	-	-
INCOME FROM ON PARTICIPATIVE FUNDING	-	-
(+) Profit from leasing and renting operations	15 397	12 362
(-) Expenses from leasing and renting operations	10 466	10 466
Income from leasing and rental operations	4 931	1 896
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	1 436 461	1 314 653
(-) Fees paid	356 008	277 336
Fee income (1)	1 080 453	1 037 317
(+) Income from trading securities	242 637	426 728
(+) Income from investment securities	-	670
(+) Income from payload operations	334 838	254 301
(+) Income from by-product operation	-59 028	6 861
Income from market transactions (1)	518 447	688 560
(+/-) Income from Moudaraba and Mousharaka securities	-	-
(+) other banking products	697 110	725 622
(-) other banking expenses	268 890	257 558
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	5 688 149	5 840 020
(+) Income from financial asset operations (2)	-12 866	-26 305
(+) Other non-banking operating revenues	239 254	215 861
(-) Other non-banking operating expenses	11 152	68 879
(-) General operating expenses	3 588 542	3 615 119
Gross operating income	2 314 843	2 345 578
(+) Allowances for non performing loans and commitments (net of write-backs)	-643 082	-495 671
(+) Other allowances net of provision write-backs	-134 105	-136 476
Current income	1 537 656	1 713 431
Non-current income	-	-
(-) Corporate tax	401 217	466 562
Net earnings for the year	1 136 443	1 246 870

(In thousand MAD)

CASH-FLOW

	2018	2017
+ Net earnings for the year	1 136 443	1 246 870
+ Allowances for depreciation and provisions for intangible and tangible fixed assets	247 592	357 918
+ Allowances for provisions for equity investments depreciation	12 665	30 424
+ Allowances for provisions for general risks	131 850	132 300
+ Allowances for regulated provisions	-	-
+ Non-current allowances	-	-
- Provision write-backs	-	6 757
- Capital gains on disposals of intangible and tangible fixed assets	163 331	114 912
+ Capital losses on disposals of intangible and tangible fixed assets	-	-
- Capital gains on disposals of equity investments	220	-
+ Capital losses on disposals of equity investments	421	2 638
- Write-backs of investment subsidies received	-	-
+ Financing	1 365 416	1 648 481
- Dividends distributed	-	-
+ Cash-flow	1 365 416	1 648 481

(In thousand MAD)

ASSETS

	2018	2017
Cash, central banks, treasury, giro accounts	1 917	1 888
Loans to credit institutions and equivalent	5 219 273	7 417 289
. Demand	583 840	1 281 554
. Time	4 635 433	6 135 735
Loans and advances to customers	2 563 111	2 496 118
. Cash and consumer loans	157 581	166 932
. Equipment loans	2 405 530	2 329 186
. Mortgage loans	-	-
. Other loans	-	-
Advances acquired by factoring	-	-
Transaction and marketable securities	1 237 791	1 051 259
. Treasury bonds and equivalent securities	1 065 446	618 951
. Other debt securities	20 000	-
. Title deeds	152 345	432 308
. Sukuks Certificates	-	-
Other assets	356 423	591 114
Investment securities	1 704 611	1 798 259
. Treasury bonds and equivalent securities	-	-
. Other debt securities	1 704 611	1 798 259
. Sukuks Certificates	-	-
Equity investments and equivalent uses	-	-
. Investments in joint ventures	-	-
. Other equity securities and similar assets	-	-
. Moudaraba and Mousharaka securities	-	-
Subordinated loans	-	-
Placed investment deposits	-	-
Leased and rented fixed assets	19 505	6 713
Ijara leased assets	-	-
Intangible fixed assets	2 463	2 834
Tangible fixed assets	1 124	1 465
TOTAL ASSETS	11 106 218	13 366 939

(In thousand MAD)

LIABILITIES

	2018	2017
Central banks, treasury, giro accounts	-	-
Liabilities to credit institutions and equivalent	8 912 750	11 247 769
. Demand	278 659	736 651
. Time	8 634 091	10 511 118
Customer deposits	1 489 600	1 493 171
. Demand deposits	1 164 887	1 196 507
. Savings deposits	-	-
. Time deposits	274 211	269 002
. Other deposits	50 502	27 662
Customer borrowings and deposits on participatory products	-	-
Debt securities issued	-	-
. Negotiable debt securities	-	-
. Bond loans	-	-
. Other debt securities issued	-	-
Other liabilities	379 135	267 636
Provisions for liabilities and charges	568	571
Regulated provisions	-	-
Subsidies, assigned public funds and special guarantee funds	-	-
Subordinated debts	-	-
Received investment deposits	-	-
Revaluation reserve	-	-
Reserves and premiums related to capital	112 170	111 860
Capital	4 783	4 664
Shareholders unpaid-up capital (-)	-	-
Retained earnings (+/-)	-	-
Net earnings being appropriated (+/-)	-	-
Net earnings for the year (+/-)	207 212	241 268
TOTAL LIABILITIES	11 106 218	13 366 939

(In thousand MAD)

OFF-BALANCE SHEET

	2018	2017
Given commitments	1 313 822	673 800
Financing commitments on behalf of credit institutions and equivalent	-	-
Financing commitments on behalf of customers	65 438	-
Guarantee commitments given to credit institutions and equivalent	656 734	660 701
Guarantee commitments given to customers	24 221	13 099
Securities repos purchased	-	-
Other securities to be delivered	567 429	-
Received commitments	1 559 081	1 018 248
Financing commitments received from credit institutions and equivalent	-	-
Guarantee commitments received from credit institutions and equivalent	686 024	748 006
Guarantee commitments received from the State and various guarantee bodies	657 065	270 242
Securities repos sold	-	-
Other securities to be received	215 992	-
Moucharaka and Moudaraba securities to be received	-	-

(In thousand MAD)

STATEMENT OF INCOME AND EXPENSES

	2018	2017
BANK OPERATING INCOME	711 350	797 353
Interests and assimilated revenues on transactions with credit institutions	185 812	271 277
Interests and assimilated revenues on transactions with customers	103 464	110 193
Interests and assimilated revenues on debt securities	145 756	153 120
Revenue from property securities (1) and Sukuks certificates	2 102	1 852
Revenue from Moudaraba and Moucharaka securities	-	-
Revenues from leased and rented fixed assets	793	-
Revenue from leased assets (Ijara)	-	-
Fees on provided services	13 200	8 968
Other banking revenues	260 223	251 943
Cost transfer on received investment deposits	-	-
BANK OPERATING EXPENSES	462 247	429 242
Interests and assimilated expenses on transactions with credit institutions	172 860	174 971
Interests and assimilated expenses on transactions with customers	9 714	7 142
Interests and assimilated expenses on debt securities issued	-	-
Expenses from Moudaraba and Moucharaka securities	-	-
Expenses on leased and rented fixed assets	-	-
Expenses from leased assets (Ijara)	-	-
Other banking expenses	279 673	247 129
Cost transfer on received investment deposits	-	-
NET BANKING INCOME	331 152	368 111
Non-banking operating revenues	122	-
Non-banking operating expenses	-	-
GENERAL OPERATING EXPENSES	6 351	6 144
Staff expenses	3 662	3 605
Tax expenses	-	-
External expenses	1 546	1 481
Other general operating expenses	-	-
Allowances for depreciation and provisions for intangible and tangible fixed assets	1 143	1 058
ALLOWANCES FOR PROVISIONS AND LOAN LOSSES	12	534
Allowances for non performing loans and commitments	-	264
Loan losses	12	270
Other allowances for provisions	-	-
PROVISION WRITE-BACKS AND RECOVERY ON AMORTISED DEBTS	562	21 410
Provision write-backs on non performing loans and commitments	-	20 784
Recovery on amortised debts	-	-
Other provision write-backs	562	626
CURRENT INCOME	325 473	382 843
Non-current revenues	-	-
Non-current expenses	-	-
PRE-TAX EARNINGS	325 473	382 843
Corporate tax	118 261	141 575
NET EARNINGS FOR THE YEAR	207 212	241 268

(In thousand MAD)

EARNINGS FORMATION TABLE

	2018	2017
(+) Interests and equivalent revenues	435 033	534 590
(-) Interests and equivalent expenses	182 574	182 113
NET INTEREST INCOME	252 459	352 477
(+) Revenues from leased and rented fixed assets	-	-
(-) Expenses on leased and rented fixed assets	-	-
INCOME FROM ON PARTICIPATIVE FUNDING	-	-
(+) Profit from leasing and renting operations	793	-
(-) Expenses from leasing and renting operations	-	-
Income from leasing and rental operations	793	-
(+) Revenue from leased assets (Ijara)	-	-
(-) Expenses from leased assets (Ijara)	-	-
Income from Ijara operation (1)	-	-
(+) Fees received	13 557	9 260
(-) Fees paid	1 359	2 588
Fee income (1)	12 198	6 672
(+) Income from trading securities	20 161	4 320
(+) Income from investment securities	-63 377	27 553
(+) Income from payload operations	26 512	-24 833
(+) Income from by-product operation	-1 743	236
Income from market transactions (1)	-18 447	7 276
(+/-) Income from Moudaraba and Mousharaka securities	-	-
(+) other banking products	2 102	1 852
(-) other banking expenses	-	165
(+/-) Holders' share in investment deposit accounts	-	-
NET BANKING INCOME	331 153	368 111
(+) Income from financial asset operations (2)	562	626
(+) Other non-banking operating revenues	122	-
(-) Other non-banking operating expenses	-	-
(-) General operating expenses	6 351	6 144
Gross operating income	325 486	362 594
(+) Allowances for non performing loans and commitments (net of write-backs)	-13	20 249
(+) Other allowances net of provision write-backs	-	-
Current income	325 473	382 842
Non-current income	-	-
(-) Corporate tax	118 261	141 575
Net earnings for the year	207 212	241 267

(In thousand MAD)

CASH-FLOW

	2018	2017
+ Net earnings for the year	207 212	241 267
+ Allowances for depreciation and provisions for intangible and tangible fixed assets	1 143	1 058
+ Allowances for provisions for equity investments depreciation	-	-
+ Allowances for provisions for general risks	-	-
+ Allowances for regulated provisions	-	-
+ Non-current allowances	-	-
- Provision write-backs	562	626
- Capital gains on disposals of intangible and tangible fixed assets	-	-
+ Capital losses on disposals of intangible and tangible fixed assets	-	-
- Capital gains on disposals of equity investments	-	-
+ Capital losses on disposals of equity investments	-	-
- Write-backs of investment subsidies received	-	-
+ Financing	207 793	241 699
- Dividends distributed	-	-
+ Cash-flow	207 793	241 699

(In thousand MAD)

BMCE BANK

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