Attijariwafa bank
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FINANCIAL REPORT 2019

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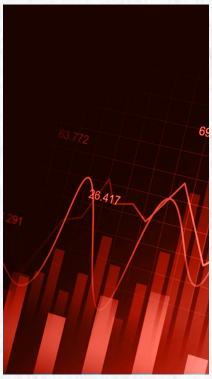
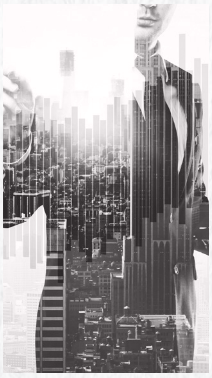
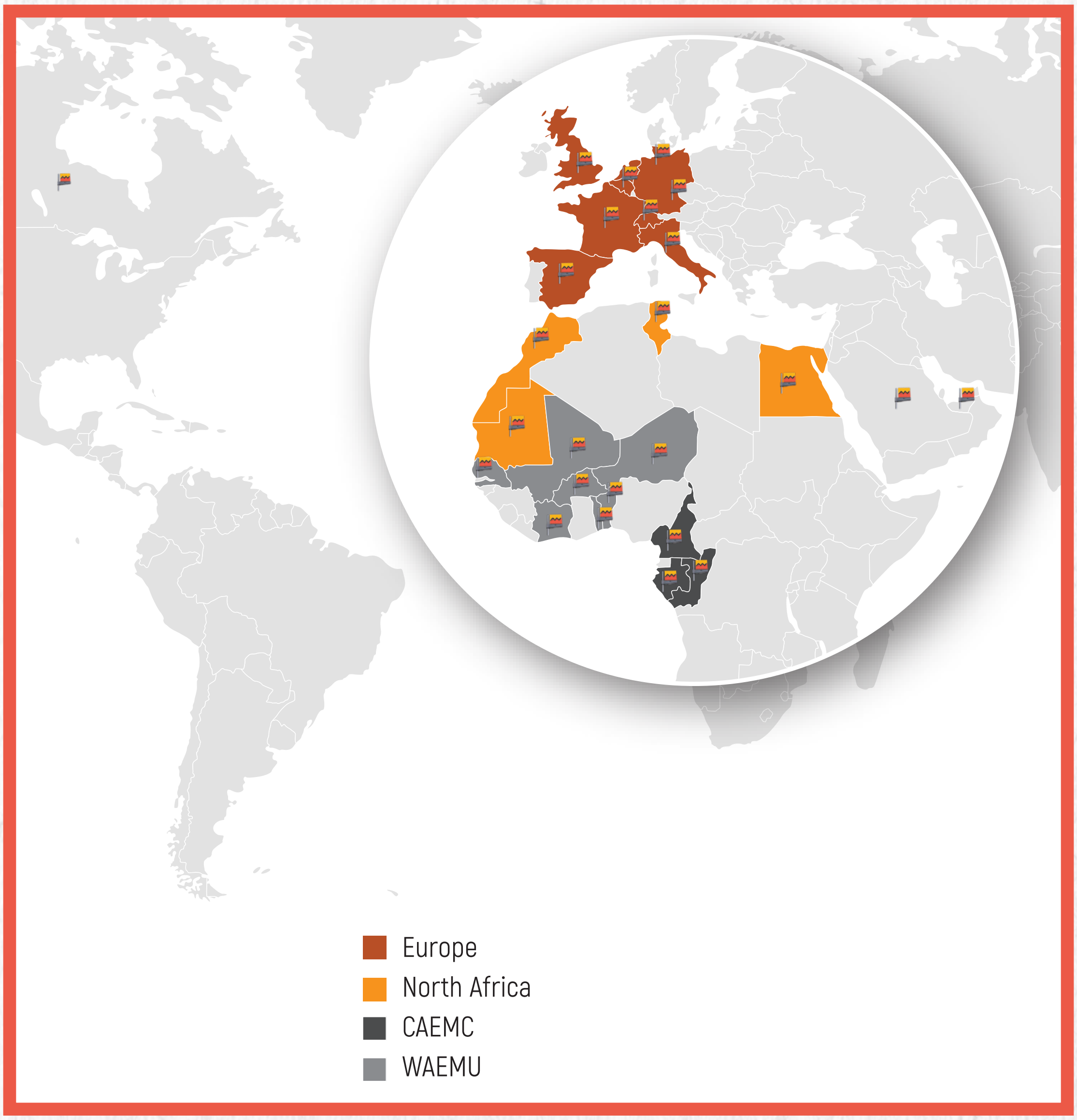




ATTIJARIWAFA BANK : AN INTERNATIONAL BANKING AND FINANCIAL GROUP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MACROECONOMIC ENVIRONMENT

WORLD

GLOBAL GDP GROWTH

After improving in 2018, global business activity stalled in 2019. GDP growth fell year on year from 3.6% to 2.9%, according to the latest estimate of the International Monetary Fund (IMF). The slowdown was due largely to trade disputes and the geopolitical situation of certain countries.
In developed countries, GDP growth slowed to 1.7% in 2019 and 2020F. This sluggishness was experienced by the majority of developed economies.

In developing countries, growth slowed to 3.9% in 2019, but it is expected to rebound to 4.6% in 2020F. However, the outlook varies significantly from one country to another.

GDP Growth	2018	2019E	2020P
World	**3.6%**	**2.9%**	**3.3%**
Developed countries	**2.2%**	**1.7%**	**1.7%**
Eurozone	1.9%	1.2%	1.3%
France	1.7%	1.3%	1.3%
Germany	1.5%	0.5%	1.1%
Spain	2.4%	2.0%	1.6%
United Kingdom	1.3%	1.3%	1.4%
United States	2.9%	2.3%	2.0%
Japan	0.3%	1.0%	0.7%
Emerging and developing countries	**4.5%**	**3.7%**	**4.4%**
North Africa and Middle East	1.1%	0.1%	2.7%
Sub-Saharan Africa	3.2%	3.3%	3.5%

Source : IMF (January 2020)

Oil prices declined from an annual average of $71.05 in 2018 to $64.34 in 2019. Inflation remained low, both in developed countries (1.5%) and emerging economies (4.7%).

AFRICA

According to the latest estimates from the African Development Bank, African economies continue to recover, with GDP growth of 4.0% in 2019 and 4.1% in 2020F. This performance is due mainly to East Africa (+5.9% in 2019 and 6.1% in 2020F), North Africa (4.4% in 2019 and 4.3% in 2020F) and, to a lesser extent, other regions on the continent.

Economic indicators in Africa, by region

	GDP (%)		Inflation	
	2019E	2020P	2019E	2020P
Africa	4.0%	4.1%	9.2%	8.1%
Central Africa	3.6%	3.5%	4.7%	4.1%
East Africa	5.9%	6.1%	12.5%	11.4%
North Africa	4.4%	4.3%	9.2%	7.4%
Southern Africa	2.2%	2.8%	7.1%	6.6%
West Africa	3.6%	3.6%	9.7%	9.1%

AfDB – June 2019

This section describes the main changes in 2019 in the economic environments of the countries where Attijariwafa bank does business.

NORTH AFRICA

(2019 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Tunisia	163,610	11.6	3,565
Mauritania	1,030,700	4.1	1,287
Libya	1,759,540	6.6	8,852
Egypt	1,001,450	96.6	NA

Source : IMF

ECONOMIC ENVIRONMENT

In North Africa, GDP growth came to 4.4% in 2019, accounting for 1.6% of total growth in Africa, according to AfDB estimates. Nonetheless, growth in North Africa remains erratic because of the economic situation in Libya.

It was the other countries in the region that drove North African GDP growth: Algeria (2.6% in 2019), Tunisia (1.5% in 2019), Egypt (5.5% in 2019) and Morocco (2.6% in 2019). By contrast, Libya experienced negative GDP growth of –19.1% in 2019.

Inflation in North Africa remains high (9.2% in 2019 vs. 12.8% in 2018), but it is expected to fall back to 7% by 2020. This improvement is due mainly to lower inflation in Libya (4.2% in 2019 vs. 9.3% in 2018 and 8.9% in 2020F) and Egypt (11.4% in 2019 vs. 14.4% in 2018 and 8.4% in 2020F).

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2019E	2020F	2019E	2020F	2019E	2020F	2019E	2020F
Tunisia	1.5	2.4	6.6	5.4	-3.7	-2.8	-10.4	-9.4
Mauritania	6.6	5.9	3.0	3.4	0.0	0.4	-13.7	-20.1
Libya	-19.1	0.0	4.2	8.9	-28.9	-32.3	-0.3	-11.6
Egypt	5.5	5.9	11.4	8.4	-7.6	-7.1	-3.1	-2.8

IMF – November 2019

The region's budget deficit came to –4.8% in 2019, compared with –6.0% in 2018. It was weakened mainly by high budget balances in Libya (–28.9% in 2019) and, to a lesser extent, Egypt (–7.6% in 2019).

WAEMU

(2019 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Benin	112,622	11.9	969
Burkina Faso	274,200	20.0	799
Ivory Coast	322,463	26.3	1,893
Niger	1,267,000	19.9	465
Mali	1,240,192	20.2	858
Senegal	196,722	17.1	1,145
Togo	56,785	8.1	708

Source : IMF

ECONOMIC ENVIRONMENT

According to the latest IMF figures, GDP growth of the West African Economic and Monetary Union (WAEMU) remains steady, up 6.4% in 2019 and 6.5% in 2020F. This growth was boosted mainly by the tertiary and secondary sectors, and by domestic demand.

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2019E	2020F	2019E	2020F	2019E	2020F	2019E	2020F
Benin	6.6	6.7	-0.3	1.0	-2.3	-1.8	-6.1	-5.8
Burkina Faso	6.0	6.0	1.1	1.4	-3.0	-3.0	-5.7	-4.0
Ivory Coast	7.5	7.3	1.0	2.0	-3.0	-3.0	-3.8	-3.8
Niger	6.3	6.0	-1.3	2.2	-4.2	-3.0	-20.0	-22.7
Mali	5.0	5.0	0.2	1.3	-3.0	-3.0	-5.5	-5.5
Senegal	6.0	6.8	1.0	1.5	-3.0	-3.0	-8.5	-11.1
Togo	5.1	5.3	1.4	2.0	-2.7	-2.1	-6.3	-5.5

IMF – November 2019

The region's inflation rate declined to 0.6% in 2019, though it is expected to rise to 1.6% in 2020. The decline was due to lower food prices in most WAEMU countries. The WAEMU's budget deficit narrowed to –3.0% in 2019.

In 2019, the monetary policy committee decided to leave at 2.5% the minimum interest rate for tenders relating to liquidity operations, and to leave the marginal lending rate at 4.5%. The ratio for legal reserves applicable to WAEMU banks was left unchanged, at 3.0%.

EMCCA

(2019 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Cameroon	475,440	25.5	1,386
Congo	342,000	4.6	1,772
Gabon	267,667	2.0	8,423

Source : FMI

ECONOMIC ENVIRONMENT

GDP growth in 2019 in the Economic and Monetary Community of Central Africa (EMCCA) came to 2.7% (vs. 1.7% in 2018), with 3.0% expected in 2020F. Recovery in 2019 was due mainly to solid performances in the oil sector, and to steady activity in the non-oil sector. These contributed to regional economic growth of 1.4 points and 1.9 points, respectively.

Inflation rose 2.5% in 2019 but remains within EMCCA norms. Higher prices are attributable to strong domestic demand, which is supported by robust non-oil activities and government revenue. The budget balance totaled 0.8% of GDP in 2019.

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2019E	2020F	2019E	2020F	2019E	2020F	2019E	2020F
Cameroon	4.0	4.2	2.1	2.2	-2.3	-2.1	-3.7	-3.5
Congo	4.0	2.8	1.5	1.8	8.6	8.4	6.8	5.3
Gabon	2.9	3.4	3.0	3.0	1.6	0.9	0.1	0.9

IMF – November 2019

In 2019, the regional central bank (BCAS) elected to maintain its prime rate at 3.50% and its marginal lending facility rate at 6.0%.

MOROCCO

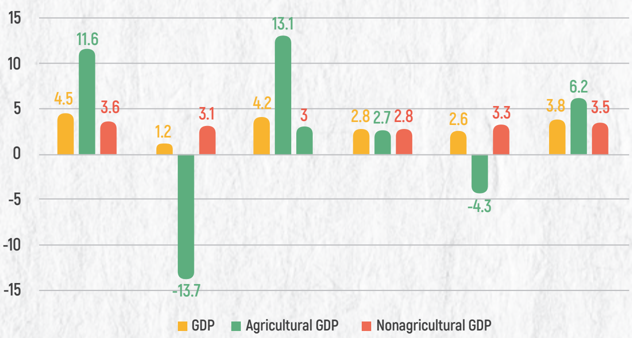
- In 2019 economic growth rose 2.6% thanks to:
  - a 3.3% rise in nonagricultural GDP in 2019, aided by improved value-added in tertiary activities (3.2%) and by growth in the secondary sector (3.6%);
  - a 4.3% decline in value-added agricultural activity in 2019, impacted by lower cereal production (52 million quintals in 2019, down 50% from the previous harvest).
- Inflation nearly unchanged in 2019 (+0.2%), with a rise to +1.1% expected in 2020.
- A contrasting macroeconomic context:
  - budget deficit unchanged, to –3.7% of GDP in 2019 and 2020;
  - trade deficit down 9.5%, with exports increasing more than imports;
  - slight rise in sovereign debt, to 66.2% of GDP in 2019, compared with 65.3% in 2018: Moroccan sovereign bond issue of €1 billion (12 year maturity, spread of 140 basis points, coupon of 1.5%);
  - sustained growth in final domestic consumption, up 3.3% in 2019 and adding 2.0 points to GDP;
  - current account deficit narrowed to 4.8% in 2019, compared with 5.9% in 2018;
  - foreign-currency reserves covering five months of imports.
- The Central Bank's latest forecasts show growth of 3.8% in 2020 and 3.7% in 2021.

Quarterly Moroccan GDP growth (year on year)

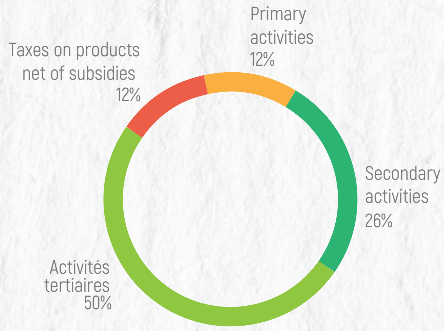
In %	2017	2018	Q1 19	Q2 19	Q3 19	2019	2020*
GDP	4.2%	2.8%	3.3%	3.4%	3.1%	2.6%	3.8%
Agricultural v-a	13.1%	2.7%	-4.9%	-0.7%	-2.0%	-4.3%	6.2%
Nonagricultural GDP	3.0%	2.8%	4.3%	3.9%	3.7%	3.3%	3.5%

(*) : Estimates Source : Ministry of Finance – Moroccan Central Bank – HCP

GDP growth 2015-2020F (in %)



GDP in 2018



Domestic economic growth hurt by unfavorable weather conditions

In 2019, Moroccan GDP rose 2.6%. This growth comprises a 3.3% rise in nonagricultural GDP and a 4.3% decline in agricultural value-added. The primary sector's negative performance was mainly the result of unfavorable weather conditions. Cereal production came to 52 million quintals, down 50% from the 2018 harvest.

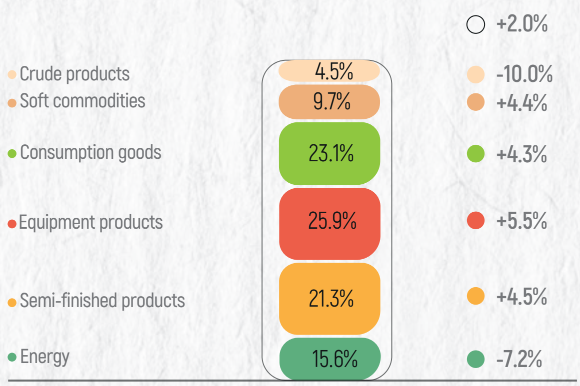
The nonagricultural sector, in contrast, enjoyed steady growth thanks to higher value-added in the secondary (3.6%) and tertiary (3.2%) sectors.

Domestic growth in 2019 was boosted by domestic demand (3.3%), which added two points to Moroccan GDP growth.

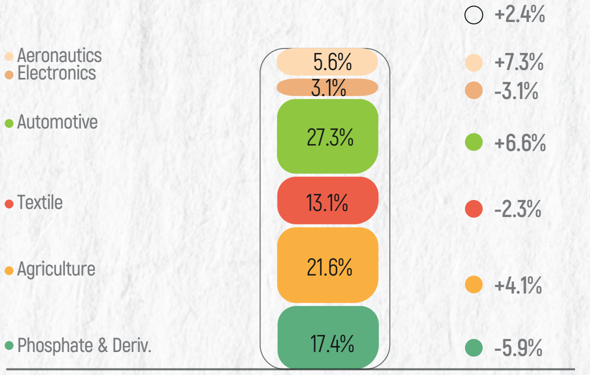
Moderate rise in trade deficit

At the end of December 2019, exports of goods and services resulted in a 9.5% decline in the trade deficit. This is the result of a 4.2% rise in exports of goods and services, to MAD 421.9 billion, and a 1.2% increase in imports of goods and services, to MAD 525.8 billion.

Total imports



Total exports



Source : Foreign Exchange Bureau

Net international reserves grew 6.5%, to MAD 245.6 billion as of December 2019, thereby covering five months of import needs for goods and services.

INVESTMENTS IN THE AUTOMOTIVE INDUSTRY

Opening of a Peugeot plant in Kenitra

The Peugeot plant, which began production in June 2019, is expected to add 100,000 vehicles to Moroccan production capacity in 2019, and another 100,000 vehicles by 2023.

Opening of a new automotive parts maker: Hands Corp.

Hands Corp., a Korean automotive products manufacturer specialized in aluminum alloy wheels, opened its first African production in Tangier and will create 1,600 new jobs.

Opening of a new SEALYNX INTERNATIONAL factory

After 11 years in Tangier, SEALYNX AUTOMOTIVE MOROCCO, a subsidiary of SEALYNX INTERNATIONAL (GMD Group), is expanding its local presence with the opening a new 12,600 m2 factory to meet rising demand from local automotive production sites, notably RENAULT and PSA, two of GMD Group's largest customers.

INVESTMENTS IN THE AERONAUTICS SECTOR :

Purchase agreement finalized for acquisition of Bombardier sites :

Spirit AeroSystems has signed a purchase agreement for three Bombardier sites in Casablanca, Belfast and Dallas. The acquisition should be finalized by the end of the first half of 2020.

Morocco and Spirit AeroSystems have agreed to create a joint team for the development of a Spirit ecosystem in Morocco. The objective is to promote new aeronautics activities, and to maximize local integration of the global leader in aerostructures.

Source : Ministry of Industry and Investment

Remittances from Moroccans living abroad were nearly unchanged, at MAD 64.9 billion. Net foreign direct investment fell by 46.8%, to MAD 18.2 billion.

The current account deficit came to -4.8% of GDP, an improvement over the previous year (-5.9%).

Stagnant budget deficit

In 2019, the budget deficit came to MAD -46.7 billion, compared with MAD -40.9 billion in 2018. This is due mainly to lower contributions from special treasury accounts (STA) to the general budget (MAD 6.5 billion, compared with MAD 31.8 billion).

In terms of GDP, the budget deficit remains stable at -3.7%.

Stable inflation in 2019

Inflation in Morocco was very moderate in 2019, following the fall in prices for commodities, particularly energy-related products. The consumer price index rose 0.2%.

Rise in government debt

In the first eleven months of 2019, domestic debt totaled MAD 593.0 billion, or nearly 52% of GDP. External debt totaled MAD 160.0 billion, or 14.1% of GDP. Total government debt in 2019 came to 66.2% of GDP.


63.772
69.928
26.417
31.012

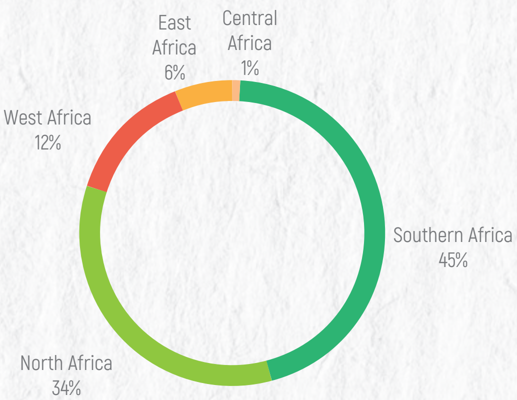
BANKING AND FINANCIAL ENVIRONMENT

AFRICA

The African banking sector has grown significantly over the past decade with regard to assets, profitability, geographical distribution of digital services, bank cards, mobile payment and access to banking facilities.

At the end of 2018, the 200 largest African banks had total assets of $1,609 billion (-7.9%), compared with $1,747 billion a year earlier. The breakdown is as follows:

Breakdown of total assets of the 200 leading banks by region



Source : Jeune Afrique HS n° 51

Underpinned by South African banks, Southern Africa remains the largest contributor to total assets (45%). North Africa remains solidly in second place (34% of total assets), thanks to the robustness of Egyptian and Moroccan banks. West Africa is in third place (14% of total assets), up nearly two points from 2017.

Central Africa contributed 1.1% of total assets ($28.2 billion), a rise of more than 9% from 2017. East Africa was stable, contributing 6% of total assets.

Total net banking income declined by 5.6%, to $69.9 billion.

The following section describes the main changes in the banking environments of the countries where Attijariwafa bank does business.

NORTH AFRICA

The North African banking sector plays an important role on the continent, and accounts for 34.4% of total assets of the 200 largest African banks, according to the Jeune Afrique 2018 rankings.

	Tunisia	Mauritania	Egypt
Banks	23	18	38
Branch network	1,913	272	4,220
Number of ATMs	2,694	305	12,200
Penetration rate	48%	18%	33%
Total assets	TND 133.9 billion	NA	EGP 5,432.7 billion
Deposits	TND 68.2 billion	MRO 57.7 billion	EGP 3,802.6 billion
Loans	TND 86.2 billion	MRO 55.9 billion	EGP 1,814.6 billion
NBI	TND 4.9 billion	MRO 5.1 billion	EGP 108.8 billion*
Net income	TND 1,142 million	MRO 0.58 billion	EGP 62.0 billion*
ROE	13.0%	5.1%*	19.2%
ROA	1.1%	0.9*	1.4%

Source : Central Banks (data as of December 31, 2018) (*) 2016 figures

EGYPT

On May 3, 2017, Attijariwafa bank effectively finalized its acquisition of Barclays Bank Egypt, renamed Attijariwafa bank Egypt.

Banking overview

The Egyptian banking sector is very liquid, with excellent risk and profitability ratios: ROE of 19.1%, a nonperforming-loan ratio of 4.1% and a capital adequacy ratio of 15.7%.

At the end of 2018 there were 38 banks operating in the Egyptian market, with 4,220 branches and 12,200 ATMs.

The density of the banking network is five bank branches per 100,000 adults.

Business activity

Total assets increased 12.9% in 2018, to EGP 5,432.7 billion. The ratio of bank assets to GDP is 134%.

Loans totaled EGP 1,814.6 billion, while deposits amounted to EGP 3,802.6 billion. The loan-to-deposit ratio is 46%.

Results

At the end of 2016, net banking income totaled EGP 108.8 billion (+51%), and net income amounted to EGP 62.0 billion (+82%).

WAEMU

Banking overview

At December 31, 2018, the WAEMU banking system comprised 147 lending institutions (128 banks and 19 financial institutions offering banking services), compared with 144 a year earlier. This change is due to the granting of banking licenses to Banque Agricole Du Faso (BADF), United Bank for Africa – Mali (UBA-Mali) and Banque de l'Habitat du Niger (BHN). A banking license was granted to the following financial institution offering banking services: Niger Transfert d'Argent (NITA). A banking license was granted to Coris Bank International, Niger branch, while the banking licenses of Banque de l'Habitat du Bénin (BHB) and COFIPA Investment Bank Côte d'Ivoire (CIBCI) were withdrawn.

Network density has increased. Branches, offices and sales points now total 3,619 units, a rise of 13.0%, while the number of ATMs has risen 9.9%, to 2,976 units.

	Banks	Financial institutions	Total	Agencies	ATMs
Benin	15		15	219	313
Burkina Faso	15	4	19	316	383
Ivory Coast	27	2	29	694	713
Guinea-Bissau	5		5	35	57
Mali	14	3	17	491	508
Niger	14	4	18	1,121	199
Senegal	25	4	29	498	518
Togo	13	2	15	245	285
Total	**128**	**19**	**147**	**3,619**	**2,976**

Source : General Secretariat of the Banking Commission

Business activity

The WAEMU banking system continues to show robust growth under favorable economic conditions.

As a result of growth across all WAEMU countries, total assets of credit institutions rose 6.3%, to FCFA 37,753 billion at the end of 2018.

	Total assets (FCFA millions)	Share of total assets
Benin	3,463	9.2%
Burkina Faso	5,301	14.0%
Ivory Coast	12,144	32.2%
Guinea-Bissau	262	0.7%
Mali	4,705	12.5%
Niger	1,688	4.5%
Senegal	7,368	19.5%
Togo	2,822	7.5%
Total	**37,753**	**100.0%**

Source : General Secretariat of the Banking Commission

Ivory Coast holds the largest share of total assets (32.2%), followed by Senegal (19.5%), Burkina Faso (14.0%) and Mali (12.7%). Guinea-Bissau is far behind, accounting for only 0.7% of total WAEMU assets.

Loans rose by 10.8%, to FCFA 20,891 billion. Deposits increased 10.4%, to FCFA 25,117 billion. The loan-to-deposit ratio stands at 83.2%.

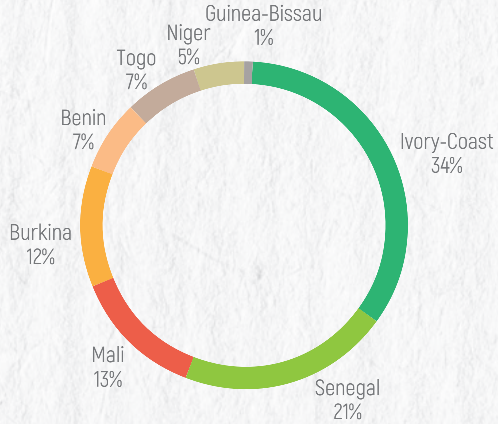
Results

Net banking income totaled FCFA 1,969 billion at the end of 2018, a 6.0% increase from the previous year.

Ivory Coast is the largest contributor (33.8%) to WAEMU net banking income, followed by Senegal (21.1%), Mali (12.6%) and Burkina Faso (12.0%).

Estimated total net income rose 24.0%, from FCFA 368 billion in 2017 to FCFA 457 billion in 2018. All countries contributed to this performance. Net income was distributed as follows: Ivory Coast (33.8%), Senegal (24.7%), Burkina Faso and Mali (14.8%), Niger (6.1%), Togo (4.1%), Benin (1.0%) and Guinea-Bissau (0.5%).

Distribution of Net Banking Income by country in 2018



EMCCA

Banking overview

In 2018, the EMCCA banking system comprised 55 banks: 16 in Cameroon, 4 in the Central African Republic, 11 in Congo, 10 in Gabon, 5 in Equatorial Guinea and 9 in Chad.

	Banks
Cameroon	16
Central African Republic	4
Congo	11
Gabon	10
Equatorial Guinea	5
Chad	9
Total	**55**

Source : General Secretariat of the Banking Commission

Business activity

The Central African banking commission reports mixed results in the subregion.

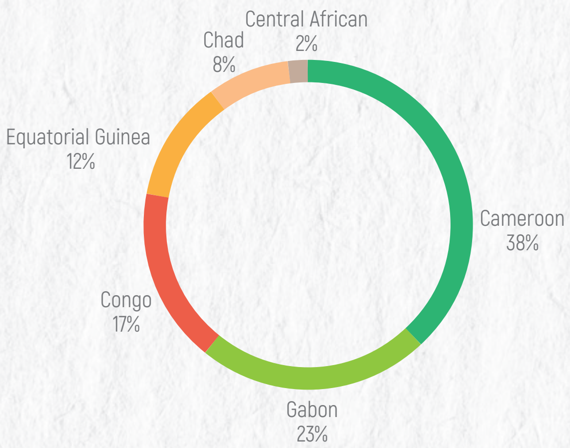
EMCCA banks had total assets of FCFA 13,026 billion at the end of December 2018, up 2.7% year on year. Total assets rose in most EMCCA countries: Cameroon (+14.4%), Central African Republic (+6.2%), Gabon (+8.9%) and Equatorial Guinea (+3.4%). In contrast, total assets declined in Congo (–14.4%) and Chad (–1.4%).

Deposits grew 1.7%, totaling FCFA 9,497 billion. Loans rose 0.9%, to FCFA 8,539 billion. Nonperforming loans totaled FCFA 1,835 billion in 2018, with a nonperforming-loan ratio of 21.3%, compared with 17.1% a year earlier.

Results

Despite a challenging economic context, Central African banks achieved net banking income of FCFA 935.7 billion in 2017, an improvement of 2.3%. Net income for the region totaled FCFA 139.4 billion, up 50.2% thanks mainly to solid results of Cameroonian banks (+FCFA 60.2 billion).

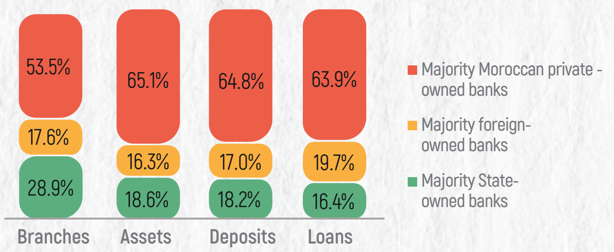
Net banking product by banking center in 2017



MOROCCO

The banking sector plays a key role in the Moroccan economy, with bank assets totaling 1.21 times GDP in 2018. At the end of June 2019 there were 86 credit institutions in Morocco: 24 banks (incl. 5 Islamic banks), 28 finance companies, 6 offshore banks, 13 microcredit associations, 13 money-transfer companies, the Caisse Centrale de Garantie and the Caisse de Dépôt et de Gestion.

Banks ownership concentration (in %)



Source : Bank Al-Maghrib

The banking system's shareholding structure is dominated by private Moroccan shareholders, mainly holdings, insurance companies and mutual societies. In second place are foreign investors, which control seven banks and seven finance companies. The number of financial institutions majority held by the state is stable, with 5 banks and 4 finance companies.

In terms of cross-border business, the banking groups operate in Africa through 42 subsidiaries and 4 branches in 27 countries: 10 in West Africa (incl. 8 in the WAEMU), 6 in Central Africa, 6 in East Africa, 3 in North Africa and 2 in Southern Africa.

In the rest of the world, Moroccan banks operate in 7 European countries and China. In addition, they have 48 representative offices in 11 countries (mainly European).

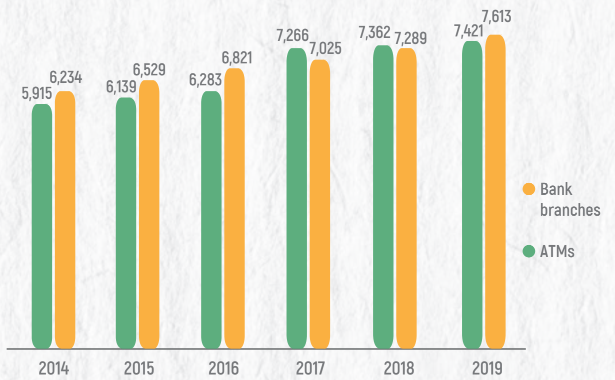
With 10 lending institutions (including 6 banks) listed on the Casablanca Stock Exchange, the banking sector was the exchange's largest sector (35.6%) in terms of market capitalization at the end of 2019.

GROWTH OF BANKING FACILITIES AND BRANCH NETWORKS

With the increasing rise in online banking services, branch network growth slowed to 0.8% in 2019, compared with an annual average of 6% during the period 2013–2017.

In 2019, branch networks totaled 7,421 agencies. The ATM network totaled 7,613 units at the end of 2019, after the installation of 324 new ATMs during the year. Banks began offering new ATM services (e.g., check and cash deposits) that eliminate the need for customers to enter a branch. There were 350 of these multi-service ATMs at the end of 2018, or 4.8% of total ATMs.

Change in branch networks



Source : Bank Al-Maghrib / CMI (Interbank Electronic Payment Center) / GPBM (Moroccan Banking Association)

Development of digital channels

Worldwide the banking model is moving online, with increasing use of remote banking services.

In Morocco, banks are following this trend, and they have developed mobile and internet applications for their customers. A digital-migration process has been launched, mainly by equipping branches with online tools. Branches are focusing on advisory services, which provide greater value added for both customers and the bank.

Branch networks have expanded, bringing access to banking facilities to 76% in 2018, compared with 73% in 2017 (figures based on total accounts).

The ratio of customers with at least one bank account compared to the total adult population came to 60%, up four points from the previous year. The ratio stands at 40% for women and 77% for men, compared with 37% and 77%, respectively, at the end of 2017. More women are now holding bank accounts.

Bank density stands at 5,400 inhabitants per branch. There are 2 branches per 10,000 inhabitants, compared with 1 branch 15 years ago.

The number of Moroccan bank cards continued to rise. As of December 31, 2019, there were 16.2 million cards in circulation, a 7.6% increase from a year earlier.

The number of online transactions rose 46.6% in 2019, to 9.4 million transactions.

SECTOR RULES AND REGULATIONS

In 2019, the Central Bank continued to strengthen its regulatory system in order to migrate towards the highest international standards. This was achieved mainly by 1) participating in the adoption of the amended IFRS 9 "Financial Instruments" and 2) adjusting regulations applicable to new banking companies (i.e., Islamic banks and payment institutions).

At the same time, Bank Al-Maghrib continued to monitor the quality of banks' loan portfolios and their provisions, especially by amending rules for classification and loan provisions.

In addition, the Central Bank implemented a control system for IT security and business continuity. This was done to help banks manage cyber-attack risk in the age of online banking.

With domestic and international conditions undergoing extraordinary change, and in order to aid the banking and financial sector, the Central Bank launched its sixth strategic plan 2019–2023. The new Bank Al-Maghrib strategic plan is based on a renewed vision which now integrates innovation and comprises two main orientations and ten strategic objectives:

- monitor financial and monetary stability to encourage employment and sustainable, inclusive growth;
- continue the Central Bank's transformation to encourage creativity and innovation in the digital age.

Source : Bank Al Maghrib

RESULTS OF BANKING-SECTOR ACTIVITY IN 2019

In 2019, the Moroccan banking sector enjoyed improved business activity.

Loan outstandings increased by 4.7%, to MAD 938,845 million at the end of 2019 (compared with +7% between 2017 and 2018, and +6% between 2013 and 2017).

The growth in 2018 was due mainly to higher VAT credits granted to enterprises. The change in loans in 2019 is underpinned by the following :

- growth of mortgage loans (+3.0% in 2019, compared with +1.5% in 2018), to MAD 269,844 million;
- rise in equipment loans (+4.5% in 2019, compared with +3.8% in 2018), to MAD 209,237 million;
- a rise in consumer loans (+7.4% in 2019, compared with +5.4% in 2018), to MAD 182,833 million.

Customer deposits grew to MAD 950,042 million (+2.7%) in 2019 as a result of:

- a 4.4% rise in checking accounts, totaling MAD 427,918 million;
- growth of 5.4% in term deposits, totaling MAD 155,637 million;
- a 4.6% increase in passbook savings accounts, totaling MAD 165,553 million.

The loan-to-deposit ratio stood at 98.8% at the end of 2019, up nearly 2 points from 96.9% a year earlier.

Signature loans declined slightly (–0.4%), to MAD 301,276 million, of which 48.3% was for loan guarantees.

Nonperforming loans rose by 6.8%, to MAD 69,310 million, compared with +4.4% in 2018.

Provisions and bank charges increased by 20.5%, to MAD 47,795 million,

resulting in a nonperforming-loan ratio of 7.38% and a coverage ratio of 68.38%.

Bank financing of VAT credit

In January 2018, an agreement was signed by the Ministry of the Economy and Finance, the Moroccan business association (Confédération Générale des Entreprises du Maroc) and the Moroccan banking association (Groupement Professionnel des Banques du Maroc). The agreement implements a reimbursement system based on factoring and allows companies to access bank refinancing for the totality of their VAT credit.

Loans granted by the banking sector using this system totaled MAD 27 billion in 2018.

Source : Bank Al Maghrib

MONEY MARKET

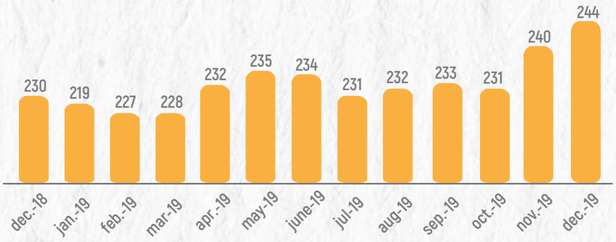
In 2019, the liquidity deficit in the banking sector came to MAD 64.9 billion, compared with MAD 69.0 billion in 2018. This decline was due to a lower required reserve ratio (down from 4% to 2%) combined with improved net international reserves, which counterbalanced the negative effect of increased currency in circulation. Net international reserves rose 6.5% year on year, to MAD 245.6 billion as of the end of 2019 (i.e., five months of imports). This change includes foreign currency inflows of around MAD 10.6 billion from the international treasury bond issued on November 21, 2019. Notes and coins in circulation rose 7.4%, to MAD 250.9 billion.

In order to offset the deficit and to maintain money market rates at stable levels, Bank Al-Maghrib Bank intervened by means of its principal monetary policy instrument, i.e., seven-day advances whose annual average volume came to MAD 73.8 billion, up 24% from the previous year, with a satisfaction rate of 96%. The Central Bank also carried out foreign exchange swaps for an average amount of MAD 4.3 billion. To encourage financial support of very small and medium-sized enterprises, the Central Bank provided one-year guaranteed loans, whose average amount is unchanged at MAD 2.3 billion. Consequently, the weighted average interbank rate remains slightly above the prime rate, at an average of approx. 2.28%.

It is significant that for 2019 the Banque Al-Maghrib's board of directors decided to leave the prime rate unchanged at 2.25%. This decision takes into account inflation forecasts, which are in line with price stability objectives and recent economic trends. In 2019, the average annual CPI rose 0.2%, after rising 1.9% in 2018. This slowdown is due mainly to lower costs for food products with volatile prices. Economic growth slowed from 2.8% in 2018 to 2.6% in 2019. The economy was penalized by a decrease in agricultural value-added, linked to a 50% fall in harvests to 52 million quintals.

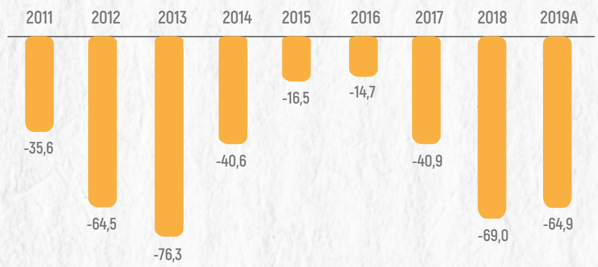
At its monetary policy meeting in September 2019, the Central Bank decided to lower the required reserve ratio, from 4% to 2%. This injected permanent liquidity of MAD 11.0 billion into the banking circuit.

Change in foreign exchange reserves
(in MAD billions)



Source : Attijari Global Research

Change in liquidity deficit
(in MAD billions)



Source : Attijari Global Research

BOND MARKET

The budget deficit rose 14.1% in 2019, to MAD 46.7 billion. This is attributable mainly to a 4.1% decline in ordinary revenues, and to a 9.2% rise in global spending.

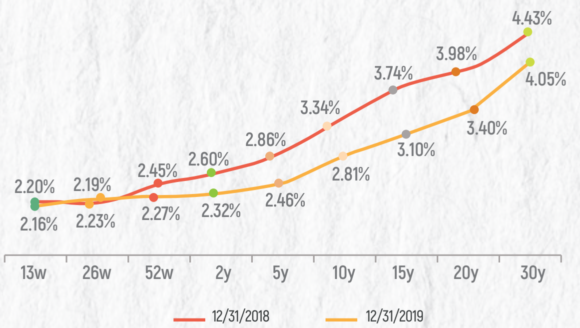
The decline in ordinary revenues is due to a 29.4% fall in non-tax revenues. This is related mainly to lower payments to special treasury accounts – and consequently higher amounts for the general budget – and to a decline in the pipeline tax. However, the decline in revenues was mitigated by MAD 4.4 billion collected for the Maroc Telecom public offering, and by the rise in revenues from monopolies (from MAD 9.3 billion in 2018 to MAD 12.9 billion in 2019). Tax revenues grew 1.9%, boosted mainly by MAD 2.1 billion collected for the solidarity contribution from profits, and by a 4% hike in VAT. In contrast, corporate tax revenues declined 2.8%, to MAD 49.2 billion, due to the economic slowdown and to changes in the proportional tax rate scale.

The 9.2% rise in global spending affected all cost categories.

Consequently, financing needs in 2019 totaled MAD 46.2 billion, of which MAD 29.1 billion was raised on the domestic market and MAD 17.0 billion on the international market.

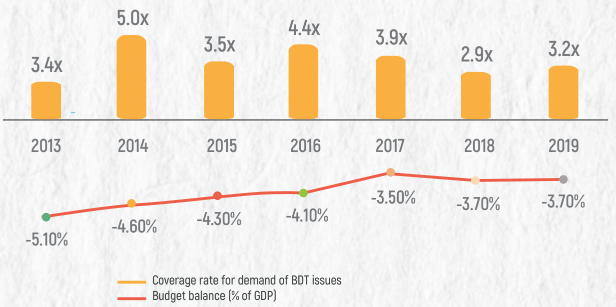
Yields from treasury bills continued to fall in 2019, resulting from the combined effect of sufficient public finances and excess liquidity of investors. Two highlights of 2019 were the stable budget balance and the international Eurobond issue. In addition, investor demand rose 1.3% in 2019, to MAD 339 billion. Expectations for returns were lowered because of high levels of liquidity.

Change in bond yields between 2018 and 2019



Source : Attijari Global Research

Change in budgetary indicators



Source : Attijari Global Research

Gross issuance of public debt fell 9.3% in 2019, to MAD 104 billion. Volume was due largely to long-term maturities, whose share rose from 19.9% in 2018 to 52.8% in 2019. As a result, the duration of domestic debt improved to six years and five months, compared with six years a year earlier.

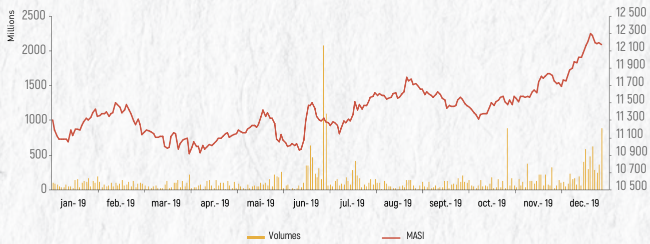
With treasury redemptions amounting to MAD 93 billion, net issuance totaled MAD 11 billion, down nearly 63% year on year.

The primary yield curve flattened across all maturities, especially long-term, which declined in a range of 38–64 bp. Notably, ten-year maturities declined a substantial 53 bp, crossing downwards the threshold of 3.00%.

STOCK MARKET

Following trends worldwide, the Moroccan market rose in 2019. The MASI index ended 2019 up 7.11%, above 12,000 points, while the MADEX index gained 7.43%, to 9,919 points.

Change in stock market in 2019



Source : Attijari Global Research

Transaction volume on the central market totaled MAD 31.2 billion, or average daily volume of MAD 150 million, a substantial 18.1% increase from MAD 127 million in 2018. The three largest stocks – Maroc Telecom, Attijariwafa bank and BCP – accounted for nearly half of all trading. Block-trading volume totaled MAD 12.6 billion,

while market capitalization totaled MAD 627 billion at the end of 2019, a rise of 7.7% year on year.

The Casablanca Stock Exchange reflected two main trends in 2019.

- First, the MASI index trended downwards during the first five months of 2019, and had fallen 3.2% as of May 31, 2019. This decline was worsened by uneven annual earnings announcements from listed companies. Aggregate earnings of listed companies fell 8.1% in 2018. During this first phase in 2019, investors marked time, a condition reflected in low average daily volume of MAD 81.0 million, down 46.0% year on year.
- Starting in June 2019, several events occurred that compensated for the losses recorded by the stock market during the first part of the year. The MASI rose nearly 11% over seven months, with high average daily volume of MAD 162 million. The two largest stocks, Maroc Telecom and Attijariwafa bank, accounted for the acceleration that started in June. In the June–August period these stocks returned total performances of 12.1% and 9.1%, respectively, attributable to their higher weightings in stock funds (i.e., 20.0% vs. 15.0% previously). Another significant event during the period was the Moroccan state's sale of 8% of its stake in Maroc Telecom, a transaction that confirmed the risk appetite of investors. Enthusiasm for the public offering resulted in global demand of MAD 33.8 billion for an offer of MAD 2.2 billion (i.e., an oversubscription of more than 15 times). Finally, low rates in Morocco for the fourth consecutive year encouraged investors to seek returns in the stock market.

ANALYSIS
OF GROUP RESULTS

BUSINESS ACTIVITY IN MOROCCO

Customer deposits

Attijariwafa bank's customer deposits declined by 0.6% in 2019, to MAD 232.4 billion. This change is attributable to:

- a 2.6% rise in non-interest-bearing deposits, to MAD 166.0 billion, in line with:
  - a 2.5% rise in checking accounts, to MAD 114.4 billion;
  - a 7.0% rise in current accounts with short-term lines of credit, to MAD 37.8 billion;
- an 8.0% decline in interest-bearing deposits, to MAD 66.3 billion.

Attijariwafa bank's market share in customer deposits stood at 24.5% at the end of 2018.

Loan disbursals

In 2019, Attijariwafa bank's loan disbursals rose 2.5%, to MAD 240.4 billion. Most of this change is attributable to:

- a 4.3% increase in mortgage loans, to MAD 64.5 billion;
- an 8.7% rise in consumer loans, to MAD 13.9 billion;
- a 2.4% decline in equipment loans, to MAD 63.3 billion.

Attijariwafa bank's market share in lending stood at 25.6% at the end of 2019.

Attijariwafa bank's nonperforming loans rose 5.7%, to MAD 12.6 billion. Simultaneously, provisions for nonperforming loans rose by 2.5%, to MAD 7.9 billion, bringing the coverage ratio to 61.8%. The nonperforming-loan ratio stood at 5.2% at the end of the year, and the cost of risk came to 0.35%.

Signature loans

Signature loans grew by 6.7% in 2019, to MAD 132.0 billion. The bank now holds a 43.8% share in the signature loan market.

Source : GPBM (Moroccan Banking Association)

PARENT-COMPANY RESULTS AT DECEMBER 31, 2019

Net banking income

In 2019, net banking income (NBI) totaled MAD 12.8 billion, up 5.4% from 2018. This change was due to higher interest margins (+6.9%), commission margins (+6.9%), results from lease financing and similar agreements (+18.4%) and results from market activities (+5.1%).

Net banking income breaks down as follows:

	2019	Share of NBI	2018	Share of NBI	Change	
					MAD millions	%
Net interest margin	7,854	61.1%	7,346	60.3%	508	6.9%
Income from lease financing and similar agreements	141	1.1%	119	1.0%	22	18.4%
Fee income	1,937	15.1%	1,812	14.9%	124	6.9%
Income from market activities	2,574	20.0%	2,449	20.1%	124	5.1%
(+) Other banking income	1,668	13.0%	1,612	13.2%	56	3.5%
(-) Other banking expenses	1,329	10.3%	1,152	9.5%	176	15.3%
Net banking income	12,844	100.0%	12,187	100.0%	658	5.4%

Net interest margin

Net interest margin rose 6.9%, to MAD 7.9 billion, and breaks down as follows:

- Interest and related income rose 4.1%, to MAD 11.3 billion. This change comprises higher interest and related income from customer activities (+3.9%), as well as higher interest and related income from credit institutions (+3.7%).
- Interest and related expenses fell 1.8%, to MAD 3.4 billion, because of an 8.0% decline in interest and related expenses from customer activities. Interest and related expenses from credit institution activities rose 1.5%.

Income from lease financing and similar agreements

Income from lease financing and similar agreements grew 18.4% in 2019, to MAD 140.7 million.

Fee income

Fee income in 2019 totaled MAD 1.9 billion, up 6.9% from 2018.

Income from market activities

Income from market activities totaled MAD 2.6 billion in 2019, up 5.1% from a year earlier. This change is due to higher income from securities trading (+MAD 358 million), which offset losses from derivatives activities (MAD -183 million), from currency trading MAD -47 million) and from other securities MAD -3 million).

Other banking income and expenses

Other banking income totaled MAD 1.7 billion in 2019, a rise of 3.5% from 2018.

Other banking expenses rose 15.3%, to MAD 1.3 billion.

General operating expenses

General operating expenses in 2019 totaled MAD 4.9 billion, a rise of 4.6% year on year. This increase was due mainly to higher staff costs (+5.4%). The cost-to-income ratio stood at 38.4% at the end of 2019, up 0.3 points from the previous year.

En MMAD	December 2019	December 2018	Change	
			MAD millions	%
Staff costs	2,314	2,196	118	5.4%
Taxes	107	147	-41	-27.5%
External expenses	1,867	1,867	1	0.0%
Other general operating expenses	75	60	15	25.8%
Depreciation and amortization expenses*	571	448	124	27.7%
General operating expenses	4,935	4,717	217	4.6%

* Tangible and intangible assets

Gross operating income

Gross operating income totaled MAD 8.0 billion in 2019, up 5.9% from 2018. The change is attributable to higher net banking income (+5.4%) and to higher general operating expenses (+4.6%).

Income from ordinary activities

Income from ordinary activities totaled MAD 7.0 billion in 2019, a rise of 8.0% year on year.

Net provisions declined by 11.2%, to MAD 961.7 million, due to:

- gross provisions of MAD 1.6 billion in 2019, compared with MAD 3.0 billion in 2018;
- write-backs of gross provisions of MAD 648.0 million in 2019, compared with MAD 1.9 billion in 2018.

The coverage ratio for nonperforming loans came to 66.5% in 2019.

Résultat net

Net income rose 5.1% in 2019, to MAD 4.8 billion.

Shareholders' equity

Shareholders' equity (excl. net income) grew by 5.1% in 2019, to MAD 38.8 billion.

Total assets

At the end of 2019, total assets stood at MAD 360.8 billion, up 2.9% from a year earlier.

Difficulties encountered : None

VALUES OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES

SECURITIES	Gross carrying value	Current value	Redemption value	Unrealized capital gains	Unrealized capital losses	Provisions
TRADING SECURITIES	65 479 998	65 479 998	-	-	-	-
. TREASURY BILLS AND SIMILAR INSTRUMENTS	45 226 552	45 226 552				
. BONDS	101 807	101 807	-	-	-	-
. OTHER DEBT SECURITIES	4 812 321	4 812 321	-	-	-	-
. EQUITY SECURITIES	15 210 341	15 210 341	-	-	-	-
. SUKUK CERTIFICATES	128 977	128 977				
AVAILABLE-FOR-SALE SECURITIES	2 437 607	2 407 049	-	17 182	30 558	30 558
. TREASURY BILLS AND SIMILAR INSTRUMENTS	54 524	54 524		1 037		
. BONDS	1 616 285	1 616 285		4 204		
. OTHER DEBT SECURITIES	700 214	700 214		-		
. EQUITY SECURITIES	66 584	36 026		11 941	30 558	30 558
. SUKUK CERTIFICATES						
INVESTMENT SECURITIES	8 323 935	8 323 935	-	-	-	-
. TREASURY BILLS AND SIMILAR INSTRUMENTS	8 251 986	8 251 986		-	-	-
. BONDS						
. OTHER DEBT SECURITIES	71 949	71 949				
. SUKUK CERTIFICATES						

Significant events that occurred between the closing date and the date of the management report : None

Payment deadlines : In compliance with law 32-10 and its implementing provisions, the bank has no accounts payable or accounts receivable of more than two months.

Draft breakdown of earnings proposed by the Board of Directors on February 24, 2020 to the Ordinary Shareholders' Meeting

Net income for the year	**4 840 111 161,33**
Legal reserve	6 332 453,00
Investment reserve	-
Retained earnings from prior years	1 876 195 553,91
Distributable income	6 709 974 262,24
Allocation	
Statutory dividend (6%)	125 915 807,40
Amount required to bring the dividend per share to MAD 13.5	2 707 189 859,10
Total payout	**2 833 105 666,50**
Extraordinary reserves	**-**
Retained earnings	**3 876 868 595,74**

ACTIVITY AND RESULTS OF MAIN SUBSIDIARIES

Specialized finance companies

Wafasalaf

Wafasalaf had outstanding commercial and financial success in 2019.

Total production in 2019 for the consumer-credit subsidiary rose 2.1%, to MAD 12.8 billion. This change is attributable to growth of 5.9% (to MAD 5.9 billion) of in-house production.

Total outstandings rose by 6.9%, to MAD 34.3 billion. This result was in line with the 4.4% rise (to MAD 13.8 billion) of in-house outstandings, and to the 8.6% increase (to MAD 20.4 billion) of managed outstandings.

MAD millions	2018	2019	Change
Total production	**12,577**	**12,844**	**2.1%**
In-house production	5,527	5,856	5.9%
Managed production	7,050	6,988	-0.9%
Total outstandings	**32,067**	**34,272**	**6.9%**
In-house outstandings	13,263	13,844	4.4%
Managed outstandings	18,804	20,428	8.6%

Wafasalaf remains the leader of its sector, with market share of 31.8% of gross outstandings at the end of 2018.

In June 2019, Wafasalaf issued a subordinated bond of MAD 250 million, in two tranches with a maturity of seven years. Tranche A pays a fixed rate of 3.45%, while tranche B pays 2.91% and is adjustable annually. The purpose of the issue is to enhance resources, and to finance development and growth.

Net banking income rose 5.6%, to MAD 1 113.9 million, while net income increased by 6.2%, to MAD 334.4 million.

Wafabail

Wafabail performed well in 2019. Total production came to MAD 4 .4 billion, virtually unchanged from the previous year. Total outstandings increased 2.4%, to MAD 13.1 billion.

MAD millions	2018	2019	Change
Total production	4,389	4,396	0.2%
Total outstandings	12,808	13,115	2.4%

The subsidiary remains the leasing leader, with market share of 26.2% in outstandings in 2018.

Wafabail ended 2019 with net banking income of MAD 371.6 million (0.7%) and net income of MAD 128.2 million (+8% excl. social security contributions).

Wafa Immobilier

Wafa Immobilier continues to grow in the mortgage-financing sector, working with both buyers and developers.

Total outstandings rose 4.9%, to MAD 65.8 billion. Home-buyer outstandings increased 0.9%, to MAD 53.5 billion, while developer outstandings rose 27.1%, to MAD 12.2 billion. The number of home-buyer mortgages grew 2.8%, to 186,658.

MAD millions	2018	2019	Change
Total outstandings	**62,660**	**65,755**	**4.9%**
Home-buyer outstandings	53,034	53,522	0.9%
Developer outstandings	9,626	12,233	27.1%
Number of mortgages	**181,598**	**186,658**	**2.8%**

In 2019, Wafa Immobilier expanded its network by adding one new sales office, bringing the total to 60 branches.

For its commitment to quality, leadership, technology and innovation, the Oxford Academy awarded Wafa Immobilier prizes for "Best Manager of the Year" and "Best Regional Enterprise" in December 2019.

Wafa Immobilier's net banking income in 2019 totaled MAD 357.3 million, up 4.6%. Net income rose 6.8%, to MAD 112.8 million.

Wafacash

Wafacash's main performance indicators were positive in 2019.

The total number of transactions rose 7%, to 33 million, while total volume increased 3%, to MAD 75.2 billion.

MAD millions	2018	2019	Change
Number of transactions (millions)	31.0	33.0	7.0%
Total volume (MAD billions)	73.2	75.2	3.0%

Highlights for Wafacash in 2019 included:

- development of international transfer business with the launch of Instant Cash;
- launch of Family Aid service with our partner RIA;
- development of BINGA with the addition of seven new members;
- recruitment of a new franchisee, with 12 sales points;
- expansion of network with 71 new sales points, bringing the total to 1,850;
- Wafacash was awarded "2020 Customer Service of the Year" in the "payment options and money transfer" category, for the second consecutive year, on October 24, 2018.

Wafacash had net banking income of MAD 437.0 million in 2019, a rise of 5%, while net income came to MAD 140.8 million.

Excluding the social cohesion contribution, net income came to MAD 147 million, up 4%.

In 2020, Wafacash plans to pursue projects within the ORBITE 2020 strategic plan, which is structured around six growth areas:

- ongoing targeted network development;
- enhanced transaction possibilities;
- development of an adapted relational offer for low-income banking (LIB);
- entry into new business lines;
- faster international growth;
- organization industrialized, with flexibility retained.

Attijari Factoring Maroc

In 2019, the factoring market experienced a net decline in both production and outstandings. This was the result of greater seller risk, increasingly long payment periods and higher debtor default rates.

Attijari Factoring (AFM) production declined 33.1%, to MAD 18.2 billion, with total outstandings down 3.2%, to MAD 2.4 billion.

MAD millions	2018	2019	Change
Total production	27,132	18,160	-33.1%
Total outstandings	2,460	2,381	-3.2%

Attijari Factoring remains the sector's leader, with market share of 43%.

Net banking income came to MAD 93.4 million (+12.6%), while net income totaled MAD 35.3 million (+13.3%).

Wafa LLD

The Moroccan automotive market declined 6.2% in 2019, with 165,918 vehicles sold. However, sales of light utility vehicles rose 24.1%, to 17,729 units.

	2018	2019	Change
Total managed fleet	5,738	5,511	-4.0%

Wafa LLD ended the year with a fleet of 5,511 vehicles, after the addition of 1,509 new vehicles and the disposal of 1,736 vehicles.

In addition, the subsidiary for long-term leasing has a clientele comprising the largest companies and government administrations in Morocco. Wafa LLD's market share totals more than 18%.

Wafa LLD had revenues in 2019 of MAD 217.9 million (–2.9%), and net income of MAD 13.4 million (+0.3%).

Bank Assafaa

As of the end of November 2019, Islamic finance leader Bank Assafa had MAD 3 603 million in outstanding loans, a rise of 48% from December 31, 2018. The bank launched a property development activity in 2019.

In line with the market, Bank Assafa's business is mainly in Islamic mortgages, with outstandings of more than MAD 3.2 billion.

Deposits stand at approx. MAD 1 billion (+20%), more than 98% of which are demand deposits. Investment deposits totaled nearly MAD 18 million.

At the end of 2019, total assets of Bank Assafa stood at MAD 4,163 million, up 30% year on year.

Net banking income totaled MAD 70.5 million, a 128% rise for the year. This performance was the result of both higher revenues (+229%) and moderate operating expenses (+14%).

Net income amounted to MAD -92.3 million, compared with MAD -107.0 in 2018.

Investment banking subsidiaries

Corporate Finance: Attijari Finances Corp.

In 2019, Attijari Finances Corp. provided outstanding M&A advisory, both locally and regionally, through its role in the following successful strategic operations :

Strategic operations – M&A

- advisor to Wafa Assurance for the takeover of Pro Assur SA and Pro Assur Vie in Cameroon;
- advisor to Egyptian company KarmSolar for fund raising in the renewable energy sector;
- advisor to OCP SA for the acquisition of the ONCF's hotel division (La Mamounia, Palais Jamai, Michlifen and Marchica);
- advisor to Nareva for an acquisition in Egypt.

Strategic operations – Infrastructure

- advisor to Marsa Maroc to bid in a limited international call for tender by the Port Authority of Kribi to create concessions in development, operation and maintenance activities for the multi-function terminal of the Port of Kribi (Cameroon);
- advisor to French group Alyzia to bid in a call for tender by the National Office of Airports (ONDA) for the concession of ground-handling services to third parties in Moroccan airports;
- advisor to Masen and ONEE for a wind-power development project in Taza;
- advisor to Nador West Med for financing the development of the Nador West Med free zone;
- advisor to Al Omrane for investment in renewal projects in new cities and urban centers.

In market activities, the bank remained active in equity and corporate debt markets in 2019 through successful completion of the following:

ECM

- advisor to DEPP for the sale of 8% of Maroc Telecom, including 2%

through a public offering for MAD 2.18 billion;

- co-advisor to Addoha for a capital increase of MAD 800 million

DCM

- advisor to Wafasalaf for the issue of an unlisted subordinated bond for MAD 250 million;
- advisor to Wafasalaf for the amended prospectus for its BSF issue;
- advisor to Attijariwafa bank for the issuance of a perpetual subordinated bond for MAD 1.0 billion;
- advisor to Attijariwafa bank for the annual amended prospectus for certificates of deposit (CDs);
- advisor to Attijariwafa bank for the issuance of a perpetual subordinated bond for MAD 1.0 billion;
- advisor to Attijariwafa bank for the issuance of a subordinated bond for MAD 1.0 billion;
- advisor to Managem for the amended prospectus for its commercial paper program.

Revenue for Attijari Finances Corp. amounted to MAD 70 million in 2019, compared with MAD 36.1 million a year earlier.

Attijari Invest

Attijari Invest is the private equity subsidiary of Attijariwafa bank. Its purpose is to offer investment opportunities that combine high profitability and optimal risk management.

In 2019, Attijari Invest continued to grow and to create value-added by means of:

- monitoring of more than 20 portfolio positions;
- feasibility study for structuring new investment vehicles, opening Attijari Invest to new investment schemes and to very promising business segments.

For CSR in 2019, Attijari Invest:

- continued to encourage its employees to participate in the Injaz Al Maghrib program, which supports young entrepreneurs and exposes Moroccan junior-high and high-school students to the entrepreneurial spirit.
- Attijari Invest also participated in a daylong event organized by the Fondation Attijariwafa bank for students aiming to enter business school, in order to optimize their preparation for the competitive exams for top French business schools.

Capital markets subsidiaries

Asset management: Wafa Gestion

At the end of 2019, Wafa Gestion had assets under management totaling MAD 118 billion, 10% more than a year earlier.

The Moroccan asset management market grew 8% in 2019, to MAD 470.6 billion at the end of December 2018.

The asset-management subsidiary consolidated its leadership position, with market share of more than 25%.

There were several exceptional financial achievements in 2019:

- 5% growth in revenue, to MAD 336.7 million, compared with revenue of MAD 322.1 million in 2018;
- a rise in net income of 11%, to MAD 87.4 million, compared with MAD 78.9 million.

Other highlights for Wafa Gestion included:

- the overhaul and launch of www.wafagestion.com;
- awarding to four Wafa Gestion mutual funds of the prestigious Thomson Reuters Lipper Fund Award 2019 in the diversified and bond categories;
- affirmation by Fitch Ratings of an Investment Management Quality Rating (IMQR) of Excellent (mar) for Wafa Gestion (this rating reflects Wafa Gestion's qualities as a long-standing leader in asset management);
- strengthened control system and risk management;
- the creation of four new dedicated funds for institutional clients.

Attijari Titrisation

Attijari Titrisation ended 2019 with assets under management of MAD 3.7 billion, or 39% of market share.

In 2019, Attijari Titrisation launched a new FT MIFTAH fund called Miftah Fonctionnaires II, bringing the number of managed funds to four. The fund comprises the securitization of a MAD 1 billion portfolio of mortgage loans held by Attijariwafa bank for Moroccan civil servants.

In addition, Attijari Titrisation studied and structured for its customers several financial schemes based on the securitization of assets such as consumer loans, mortgage loans and properties.

Securities brokerage: Attijari Intermédiation

The Casablanca Stock Exchange rose 7.1% in 2019, compared with –8.3% in 2018.

In the second half of 2019 the Moroccan State sold 8% of Maroc Telecom, including 2% for the public for MAD 2.2 billion.

In addition, the General Regulation of the Casablanca Stock Exchange was revised in 2019. This modernized the legislative framework and opened the exchange to new services (e.g., new compartments, such as an SME market, and currency trading).

Financial market professionals, such as traders, internal controllers and investment advisors, are now subject to accreditation exams implemented and certified by the Moroccan financial market authority (AMMC).

Attijari Intermédiation had volume of MAD 17.8 billion in 2019, with market share of 28.5%, compared with 32.9% in 2018.

Attijari Intermédiation had revenues of MAD 62.4 million, up 130% largely because of the Maroc Telecom operation. Operating income totaled MAD 17.7 million, and net income came to MAD 15.7 million, compared with MAD 3.5 million in 2018.

For the Maroc Telecom operation, the Attijariwafa bank Group (comprising the branch network, Wafa Bourse and Attijari Intermédiation) placed MAD 716 million of the MAD 2.2 billion offered to the public, for market share of 32.9%.

For the fifth consecutive year, Attijari Intermédiation was awarded the 2018 Highest Traded Value in the Casablanca Stock Exchange by the Arab Federation of Exchanges (AFE) at its annual ceremony in Cairo on Avril 23-24, 2019.

Attijari Intermédiation was also recognized by Global Banking & Finance review as the 2019 Best Securities Brokerage Company (Morocco).

Securities brokerage: Wafa Bourse

In a market increasingly influenced by strategic operations and mutual fund movements, Wafa Bourse experienced lower volume in 2019, totaling MAD 889 million, compared with MAD 1,337 million in 2018.

The market subsidiary diversified its revenues in 2019 by selling mutual funds, an activity that compensates for the decline in volume on the secondary market.

Wafa Bourse is the leader in online trading, with market share of 44%. In 2019, Wafa Bourse handled 18%* of retail trading.

* On the basis of the latest data from the AMMC, as of September 30, 2019.

Wafa Assurance

Strategic plan

Finalization of the strategic plan for 2020-2024, which aims to reinforce the insurer's leadership in Morocco, lift its profitability, accelerate its transformation and help it reach a development milestone in Africa.

Distribution network

Wafa Assurance further expanded its network with the opening of four new sales points.

At the end of 2019, Wafa Assurance's proprietary network comprised 316 sales points (251 agents and 65 direct agencies).

Information systems and digital transformation

The company completed several IT and digital projects in 2019, including:

- deployment of paid assistance for online subscription of auto insurance, available on the Wafa Assurance website and MyWafa mobile applications (Android and iOS);
- implementation of a new health care extranet for intermediaries and enterprise clients, with reimbursements processed electronically;
- implementation of a platform for the management of auto damage claims;
- integration of the catastrophic events guarantee extension for P&C, and financing of the new EVCAT parafiscal tax for Life products;
- deployment across the established network of new products and services: paid auto assistance, a new school policy for third-party liability and extranet compensation for third-party liability;
- implementation of new software package for litigation management.

International development

Wafa Assurance has expanded in Cameroon with the acquisition of 65% of the Pro Assure SA insurance company. This takeover strengthens Wafa Assurance's position in the leading EMCCA economy.

Results

Premiums

Premium income rose 5.8% in 2019, to MAD 8,853 million, due mainly to Life business, which increased 8.8%, to MAD 5,094 million.

In the Life branch, savings activities increased 8.8%, thanks largely to the excellent performances of long-term savings and unit-linked products via bancassurance.

Death activity increased 8.9%, boosted by death contracts linked to loans.

P&C premiums rose 1.9% in 2019, to MAD 3,759 million. This growth was the result of solid performances in both corporate and retail markets.

Results

P&C earnings rose 7.0%, to MAD 385 million, helped by lower total claims (net of reinsurance) and productivity gains.

Life earnings rose by MAD 46 million, to MAD 372 million, boosted by death benefits.

Non-technical earnings came to MAD 9 million in 2019, an improvement of MAD 7 million due to an increase in income from investments.

As a result of corporate tax of MAD 117 million, the company had net income in 2019 of MAD 649 million (+6.8%), compared with MAD 608 million in 2018.

Subsidiaries

Wafa IMA Assistance

Premiums written in 2019 rose MAD 13 million (+5%), to MAD 281.4 million.

Of these premiums, MAD 243 million were written for direct business subscribed in Morocco, boosted by an 8% rise in auto-assistance business.

Reinsurance accepted for contracts distributed in Europe increased 11%, to MAD 38.3 million.

Net income came to MAD 25 million in 2019, a rise of 16.4%.

Attijari Assurance (Tunisie)

Premiums in 2019 totaled TND 87 million (MAD 299.8 million), an increase of 0.64%.

Savings products rose 1.1%, to TND 70.9 million (MAD 244.6 million), while mutual-society products declined by 1.2%, to TND 16 million (MAD 55.3 million).

Net income was positive, at TND 6.0 million (MAD 20.7 million), compared with TND 4.9 million in 2018.

Wafa Assurance Vie Sénégal

Premium income totaled FCFA 10.2 billion (MAD 169.5 million), a 29.4% rise from FCFA 7.9 billion in 2018.

Revenues from savings products totaled FCFA 8.1 billion (MAD 134.6 million), compared with FCFA 6.0 billion in 2018. Premiums from policies with death benefits came to FCFA 2.1 billion (MAD 34.8 million), compared with FCFA 1.9 billion in 2018.

Net income for this fourth year of business came to at FCFA 434.5 million (MAD 7.2 million), compared with a profit of FCFA 376 million in 2018.

Wafa Assurance Sénégal (P&C)

Premium income totaled FCFA 2.1 billion (MAD 34.4 million), up 8.2% from 2018.

Seventy-nine percent of premium income was from the P&C, auto and health branches.

Net income was negative, at -FCFA 184 million (-MAD 3.1 million), compared with +FCFA 50 million in 2018.

Wafa Assurance Vie Côte d'Ivoire (Life)

Wafa Assurance Côte d'Ivoire ended its third year with premium income of FCFA 9.3 billion (MAD 153 million), up 96.8% and due largely (71%) to savings products.

Life premiums in 2019 totaled FCFA 2.7 million (approx. MAD 43 million), up 131%.

Net income was positive, at FCFA 563.3 million (MAD 9.4 million).

Wafa Assurance Côte d'Ivoire (P&C)

For the insurer's second third full year, premium income rose 17.6%, to FCFA 4.0 billion (MAD 37.6 million), compared with FCFA 3.4 billion in 2018.

Fifty-five percent of premium income was from the property and auto branches.

Net income was negative, at -FCFA 102.6 million (-MAD 1.7 million), compared with +FCFA 50.5 million in 2018.

Wafa Assurance Vie Cameroun

Wafa Assurance Cameroun ended its third year with premium income of FCFA 4.3 billion (MAD 71 million), up 3.7% from 2018 and due largely (74.4%) to savings products.

Net income was profitable for the first time, at FCFA 103.1 million (MAD 1.7 million), compared with - FCFA 279 million in 2018.

Wafa Assurance Pro Assur SA (P&C)

Premium income came to FCFA 2.9 million (MAD 48.7 thousand) in 2019, the first financial year under the control of Wafa Assurance.

Just over sixty percent (60.3%) of premium income was from the auto and health branches.

Net income was negative, at –FCFA 1,777.7 million (–MAD 29.6 million).

Subsidiaries in africa

Attijariwafa bank is truly pan-African, with a strong presence in North Africa and in the WAEMU and EMCCA economic zones.

In compliance with its international strategy, Attijariwafa bank Group continues to expand in Africa, thereby consolidating its status as the leading regional player and bolstering south-south cooperation.

In May 2017, Attijariwafa bank finalized the 100% acquisition of Barclays Bank Egypt, renamed Attijariwafa bank Egypt.

International retail banking subsidiaries enjoyed substantial business in 2019.

North Africa

Attijariwafa bank Group is active throughout North Africa, via its subsidiaries Attijari bank Tunisie (ABT), Attijari bank Mauritanie (ABM) and Attijariwafa bank Egypt.

(MAD millions)

2019 FINANCIAL STATEMENTS	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Deposits	24 506	1 988	12 791
Total loans	19 557	1 552	11 299
Total assets	31 860	2 509	18 918
NBI	1 599	176	1 242
Net income	575	45	280
Agencies	208	30	64

CONTRIBUTION*	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Customer deposits	7.3%	0.6%	3.0%
Loans and advances to customers	6.4%	0.4%	3.3%
Total assets	6.1%	0.5%	4.2%
NBI	6.7%	0.7%	5.0%
Net income	8.0%	1.4%	3.3%

* Contribution to Group (IFRS)

WAEMU zone

Attijariwafa bank Group operates in Senegal through Compagnie Bancaire de l'Afrique de l'Ouest and Crédit du Sénégal. Attijariwafa bank Group is present in Ivory Coast, Mali and Togo through Société Ivoirienne de Banque, Banque Internationale pour le Mali and Banque Internationale pour l'Afrique au Togo.

(En millions de Dhs)

2019 FINANCIAL STATEMENTS	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Deposits	14 170	2 706	13 735	4 675	1 401
Total loans	11 355	2 088	12 630	3 123	1 121
Total assets*	16 957	3 779	18 048	5 683	2 033
NBI	1 274	211	1 179	348	91
Net income	429	86	461	8,7	14
Agencies	94 (1)	8	65	71	11

(1) Includes Benin, Burkina Faso and Niger * 2018 data,

CONTRIBUTION*	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Customer deposits	4,2%	0,8%	4,1%	1,4%	0,4%
Loans and advances to customers	3,5%	0,6%	3,9%	0,9%	0,3%
Total assets	3,3%	0,7%	3,4%	1,2%	0,4%
NBI	5,4%	0,9%	5,0%	1,5%	0,4%
Net income	5,1%	1,0%	6,2%	1,4%	-0,2%

(*) Contribution to Group (IFRS)

EMCCA zone

The EMCCA zone is covered by the following subsidiaries: Union Gabonaise de Banque, Crédit du Congo and Société Camerounaise de Banque.

(MAD millions)

2019 FINANCIAL STATEMENTS	UGB-Gabon	CDC-Congo	SCB-Cameroon
Deposits	5 799	3 083	7 959
Total loans	3 751	1 771	5 335
Total assets	7 373	3 615	10 010
NBI	781	297	749
Net income	252	67	150
Agencies	22	20	55

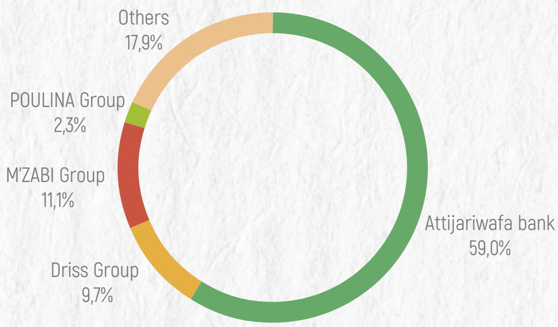
CONTRIBUTIONS*	UGB-Gabon	CDC-Congo	SCB-Cameroon
Customer deposits	1,8%	0,9%	2,4%
Loans and advances to customers	1,3%	0,6%	1,6%
Total assets	1,5%	0,7%	1,9%
NBI	3,3%	1,3%	3,1%
Net income	6,1%	0,6%	2,3%

FOCUS ON ATTIJARI BANK TUNISIE (ABT)

Highlights of 2019

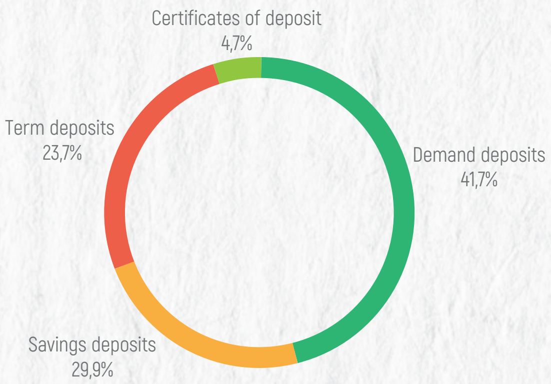
- Attijari bank Tunisie was awarded two trophies at the PROS D'OR 2019, the top prize for marketing, which recognizes the best advertising campaigns in Tunisia for both 2017 and 2018.
- Signature of an agreement with GRANDI NAVI VELOCI (MSC Group), one of the principal Italian ferry companies, to help Tunisians living abroad.
- Participation in the 6th International Africa Development Forum held in March 2019 in Casablanca.

ABT's shareholding structure at 2019



Key performance indicators for the Tunisian banking sector

Structure of deposits in 2019



(MAD billions)	2019	2018	2017
Number of banks	23	23	23
Network branches	Nd	1 913	1 860
Number of inhabitants per bank branch (in thousands)	Nd	6,04	6,15
Total assets / GDP (%)	Nd	126	125
Benchmark interest rate	7,75%	6,75%	5,00%

Source : Central Bank of Tunisia

Key financial-performance indicators for attijari bank Tunisie

Attijari bank Tunisie performed very well in 2019.

Deposits grew 5.9%, to MAD 24.5 billion, while loans increased by 5.1%, to MAD 19.6 billion.

Net banking income of the Tunisian subsidairy rose 11.0%, to MAD 1.6 billion. Net income totaled MAD 574.9 million, up 20.0%.

(MAD billions)	2019	2018
Total deposits	24,5	23,1
Total loans	19,6	18,6
Total assets	31,9	29,3
NBI (parent company)	1,6	1,4
NI (parent company)	0,57	0,48
ROE	31,9%	29,5%
Deposit market share	11,0%	11,2%
Loan market share	8,5%	8,5%
Number of branches	208	2017

Exchange rates: TND 1 = MAD 3.4221 (Dec. 31, 2019) and 3.303975

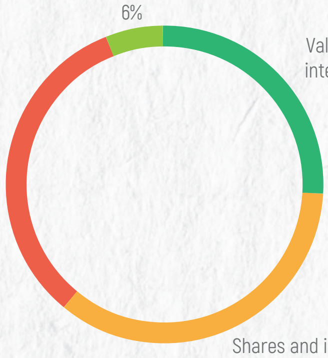
FOCUS ON ATTIJARIWAFA BANK EGYPT (ABE)

Highlights of 2019

- Appointment of a new President.
- At the EMEAFINANCE Achievement Awards 2018 held in London, AWB Egypt was awarded the prize for best structured finance deal in Egypt for its participation as lead arranger for Orange Egypt's syndicated loan.
- Launch of Africa Development Club for Egypt.
- Opening of six new branches, bringing the total network to 64 at the end of 2019.

Key performance indicators for the Egyptian banking sector

Breakdown of the balance sheet in 2018



	2019	2018	2017
Number of banks	38	38	38
Network branches	4 365*	4 220	4 093
Transformation ratio	44,1%*	46,2%	46,0%
Legal reserves		14%	14%
Benchmark rate	12,75%	17,25%	19,25%

Source : Central Bank of Egypt
(*) At September 30, 2019

Key financial-performance indicators for Attijariwafa bank Egypt

Attijariwafa bank Egypt had a mixed performance in 2019. Loans rose 29.6%, to MAD 11.3 billion, while deposits totaled MAD 12.8 billion, an increase of 12.9%.

Net banking income fell 5.8%, to MAD 1.2 billion. Net income declined 29.4%, to MAD 280.3 million.

(MAD billions)	2019	2018
Total deposits	12,8	14,7
Total loans	11,3	8,7
Total assets	18,9	19,0
NBI (parent company)	1,2	1,3
NI (parent company)	0,28	0,40
ROE	10,6%	17,6%
Deposit market share	0,5%	0,5%
Loan market share	0,9%	0,9%
Number of branches	64	56

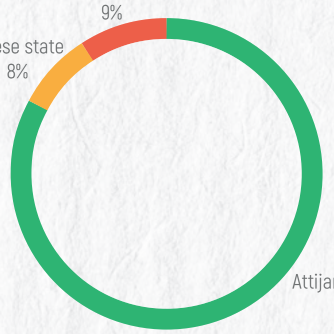
Exchange rates: EGP 1 = MAD 0.5979 (Dec. 31, 2019) and MAD 0,575958 (2019 avg.)

FOCUS ON COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST (CBAO)

Highlights of 2019

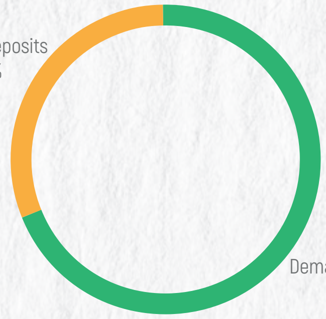
- Participation in a syndicated loan for the construction and asphalting of a boulevard in Ouagadougou.
- Participation in the International Africa Development Forum held March 13–14, 2019, under the theme « When East Meets West, » with nearly 50 companies of all sizes in attendance.

CBAO's shareholding structure at 2019



Key performance indicators for the Senegalese banking sector

Breakdown of the balance sheet in 2018



	2019	2018	2017
Number of banks	25	25	24
Network branches	Nd	488	481
Minimum bid rate for liquidity tenders	2,50%	2,50%	2,50%
Discount rate for marginal lending facility	4,50%	4,50%	4,50%
Legal reserve ratio	3,0%	3,0%	3,0%

Source : Central Bank of West African States

Key financial-performance indicators for CBAO

In 2019, deposits at CBAO grew 11.2%, to MAD 14.2 billion. Outstanding loans increased 6.6%, from MAD 10.6 billion in 2018 to MAD 11.3 billion in 2019.

CBAO's net banking income totaled MAD 1.3 billion, up 9.1% from 2018. Net income rose 11.6% in 2019, to MAD 428.6 million.

(MAD billions)	2019	2018
Total deposits	14,2	12,7
Total loans	11,3	10,6
Total assets	17,0	15,8
NBI (parent company)	1,3	1,2
NI (parent company)	0,43	0,38
ROE	31,2%	28,9%
Deposit market share	15,8%	16,4%
Loan market share	13,8%	14,9%
Number of branches*	94	94

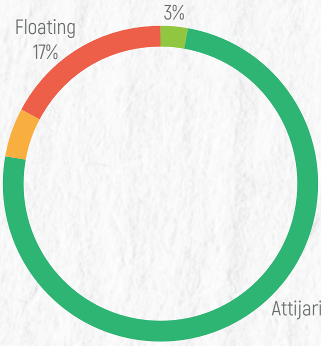
Exchange rates: FCFA 1 = MAD 0.01641 (Dec. 31, 2019) and MAD 0.16432 (2019 avg.)
(*) Incl. Burkina Faso, Niger and Benin

FOCUS ON SOCIÉTÉ IVOIRIENNE DE BANQUE (SIB)

Highlights of 2019

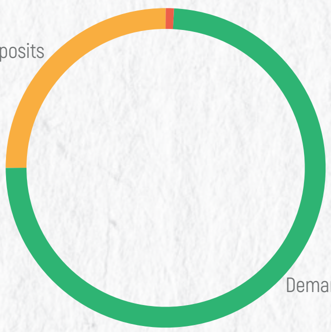
- In 2019, for the third consecutive year, SIB was awarded the prize for Best Primary Dealer in Treasury Securities in Ivory Coast by the WAEMU Securities Regional Agency.
- The CEO of Attijariwafa bank Group, Mohamed El Kettani, was raised to the grade of Commander of the National Order of Ivory Coast by the High-Ranking Officer of the National Order of Ivory Coast.
- Operation for FCFA 40 billion in securitized receivables with the Ivorian state.

SIB's shareholding structure at 2019



Key performance indicators for the Ivorian banking sector

Structure of deposits in banking sector 2018



(MAD billions)	2019	2018	2017
Number of banks	30	28	28
Network branches	Nd	694	709
Minimum bid rate for tenders to provide liquidity	2,50%	2,50%	2,50%
Discount rate for marginal lending facility	4,50%	4,50%	4,50%
Legal reserve ratio	3,0%	3,0%	3,0%

Source : Central Bank of West African States

Key financial-performance indicators for SIB

In 2019, deposits at SIB grew 7.3%, to MAD 13.7 billion. Outstanding loans rose 8.9%, to MAD 12.6 billion.

SIB's net banking income totaled MAD 1.2 billion, up 8.8% from 2018. Net income rose 20.9% in 2019, to MAD 461.0 million.

(MAD billions)	2019	2018
Total deposits	13,7	12,8
Total loans	12,6	11,6
Total assets	18,0	17,5
NBI (parent company)	1,2	1,1
NI (parent company)	0,46	0,38
ROE	37,4%	36,3%
Deposit market share	9,2%	9,3%
Loan market share	10,2%	9,3%
Number of branches	65	63

Exchange rate: FCFA 1 = MAD 0.01641 (Dec. 31, 2019) and MAD 0.16432 (2019 avg.)

Consolidated Results

Attijariwafa bank Group has reported consolidated results in compliance with IFRS since June 30, 2007.

In addition to its specialized subsidiaries based in Morocco, the Bank began to expand its regional footprint in 2005 with the acquisition, in syndication with Grupo Santander, of 53.54% of Banque du Sud in Tunisia (renamed Attijaribank Tunisie).

In July 2006, Attijariwafa bank undertook greenfield development in Senegal and opened four branches in Dakar, the first stage of the Group's ambitious project to establish operations in sub-Saharan Africa. In January 2007, Attijariwafa bank acquired 66.70% of Banque Sénégalo-Tunisienne and merged the two Senegalese entities, creating Attijari bank Sénégal.

In November 2007, Attijariwafa bank acquired 79.15% of CBAO (Compagnie Bancaire d'Afrique Occidentale). In December 2008, the merger of CBAO and Attijari bank Sénégal created CBAO Groupe Attijariwafa bank.

In 2009, with SNI, its principal shareholder, Attijariwafa bank acquired 51.0% of Banque Internationale pour le Mali (BIM) during its privatization. Also in 2009, the Bank opened a representative office in Tripoli. In the first half of 2018, Attijariwafa bank's stake in BIM was raised to 66.3%, subsequent to a capital increase by the Malian subsidiary.

In December 2009, the Group completed the acquisitions of a 95% stake in Crédit du Sénégal, a 58.7% stake in Union Gabonaise de Banque, a 91% stake in Crédit du Congo and a 51% stake in Société Ivoirienne de Banque.

In 2010, the Group consolidated its status as regional leader by opening a CBAO branch in Burkina Faso.

In 2011, the bank finalized its acquisition of SCB Cameroun and took an 80% controlling interest in BNP Paribas Mauritanie.

In the fourth quarter of 2013, Attijariwafa bank fully consolidated Banque Internationale pour l'Afrique (Togo) after acquiring a 55.0% stake. A CBAO branch was opened in Niger in the same year.

In September 2015, Attijariwafa bank completed the acquisition of a 39% stake in Société Ivoirienne de la Banque (SIB) held by the Ivory Coast state. With this acquisition, Attijariwafa bank brought its stake in SIB to 90%, of which 12% was earmarked for an IPO, 3% for the subsidiary's staff and 75% for Attijariwafa bank.

Attijariwafa bank also increased its stake in CBAO (Senegal), from 52% to 83%.

As part of the agreement signed with Barclays Bank PLC for the acquisition if its Egyptian subsidiary, Attijariwafa bank and SNI created a joint venture for the insurance sector and became equal shareholders in Wafa Assurance. This operation leaves Attijariwafa bank the necessary capital for international development, particularly in Egypt and more generally in Anglophone African countries.

On May 3, 2017, Attijariwafa bank finalized its 100% acquisition of Barclays Bank Egypt, renamed Attijariwafa bank Egypt.

Principales filiales du périmètre de consolidation

Morocco, Europe and offshore banking zone	International Retail Banking	Specialized Finance Companies	Insurance
- Attijariwafa bank - Attijariwafa bank Europe - Attijari International Bank - Attijari Finances Corp. - Wafa Gestion - Attijari Intermédiation - Bank Assafa	- Compagnie Bancaire de l'Afrique de l'Ouest - Attijari bank Tunisie - La Banque Internationale pour le Mali - Crédit du Sénégal - Union Gabonaise de Banque - Crédit du Congo - Société Ivoirienne de Banque - Société Commerciale de Banque Cameroun - Attijaribank Mauritanie - Banque Internationale pour l'Afrique au Togo - Attijariwafa bank Egypt	- Wafasalaf - Wafabail - Wafa Immobilier - Attijari Immobilier - Attijari Factoring Maroc - Wafacash - Wafa LLD	- Wafa Assurance - Attijari Assurance Tunisie - Wafa IMA Assistance

Analysis of consolidated business activity

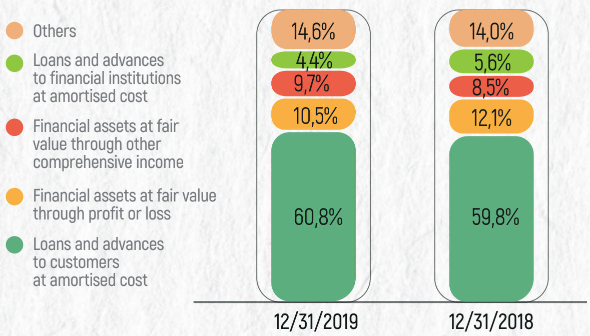
Total assets

At the end of 2019, Attijariwafa bank Group's assets totaled MAD 532.6 billion, a rise of 4.4% year on year.

Broken down by geographic area, 77.0% of total assets are in Morocco, with the rest in other North African countries, WAEMU, EMCCA and Europe.

Total assets comprise loans and advances to customers (60.8%), financial assets at fair value through profit or loss (10.5%) and available-for-sale financial assets (9.7%). These three items account for 81.0% of total assets.

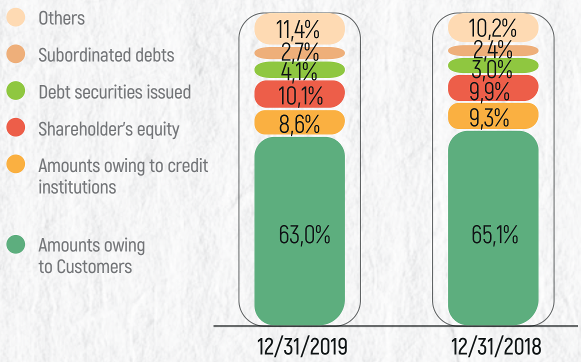
Structure Of Assets



The rise in assets was due mainly to:

- a 6.1% increase, to MAD 323.8 billion, in loans and advances to customers;
- a 20.0% rise, to MAD 51.8 billion, in financial assets at fair value through profit or loss;
- an 18.7% rise, to MAD 23.4 billion, in loans and advances to credit institutions and similar establishments.

Structure of liabilities



The rise in liabilities was due mainly to:

- a 1.1% increase, to MAD 335.6 billion, in customer deposits;
- growth of 41.8%, to MAD 22.0 billion, in debt securities issued;
- a rise of 6.8%, to MAD 53.9 billion, in Group shareholders' equity.

Deposits

At December 31, 2019, customer deposits of MAD 335.6 billion accounted for 63.0% of total liabilities, compared with MAD 332.0 billion a year earlier. This trend was attributable to:

- a 0.1% rise in deposits in Morocco, Europe and the offshore zone, to MAD 240.1 billion;
- a 3.8% rise in international retail banking deposits, to MAD 90.4 billion;
- a 0.4% rise in deposits of specialized finance companies, to MAD 5.1 billion.

Loans

Loans and advances to customers increased 6.1% in 2019, to MAD 323.8 billion. This growth is the result of rises in consumer loans by the Bank in Tangier and the offshore zone (+5.6%), by international retail banking (+9.4%), by specialized finance companies (+2.8%) and by insurance entities (-2.4%).

The loan-to-deposit ratio came to 96.5% in 2019, compared with 91.9% in 2018.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 6.8% in 2019, to MAD 53.9 billion.

Group solvency

Attijariwafa bank Group 2019 with a Tier 1 capital ratio of 10.32% and a capital adequacy ratio of 13.14%, higher than the minimum regulatory requirements of 9% and 12%, respectively, which have been effective since June 30, 2014.

Consolidated results of Attijariwafa bank group

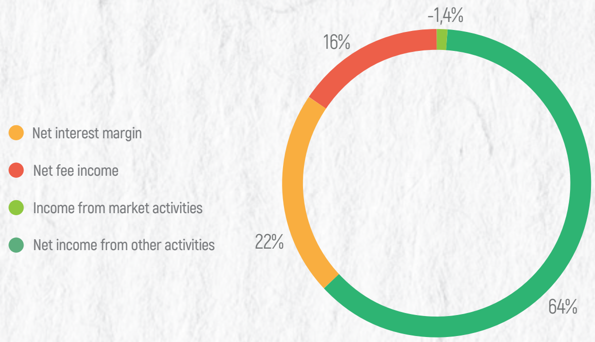
Consolidated net banking income

At December 31, 2019, consolidated net banking income totaled MAD 23.5 billion, compared with MAD 22.4 billion in 2018. This 4.9% rise is attributable to:

- a 6.7% rise in interest margin, to MAD 14.9 billion;
- a 2.3% increase in fee income, to MAD 5.1 billion;
- a 3.4% decline in income from market activities, to MAD 3.7 billion.

At December 31, 2019, net banking income broke down as follows :

Net Banking Income structure at 31 December 2019



Growth in net banking income by activity breaks down as follows:

- Morocco, Europe and the offshore zone: +6.8%, to MAD 12.3 billion;
- specialized finance companies: +4.0%, to MAD 2.5 billion;
- insurance activities: +7.9%, to MAD 1.1 billion;
- international retail banking: +1.4%, to MAD 7.9 billion.

Gross operating income

Gross operating income rose 5.1%, to MAD 12.2 billion. General operating expenses (including depreciation, amortization and impairment) rose by 4.8%, to MAD 11.2 billion. The cost-to-income ratio came to 47.8%.

Cost of risk

The cost of risk rose by 7.8%, to MAD 1.6 billion. As a share of total loan outstandings, the cost of risk stood at 0.46%, down from the previous year. The nonperforming-loan ratio came to 6.6%, an improvement (–0.2 points) from the previous year.

Consolidated net income

Group consolidated net income rose 3.2% in 2019, to MAD 7.0 billion.

Net income (Group share)

Net income (Group share) amounted to MAD 5.8 billion, up 1.9%.

Return on equity (ROE) came to 14.8% in 2019, while return on assets (ROA) was 1.3%.

Contributors to net income (Group share) at December 31, 2019	
Banking in Morocco, Europe and offshore zone	+1.2%
Specialized finance companies	+6.8%
Insurance	+4.0%
International retail banking	+1.5%

GLOBAL RISK MANAGEMENT

MISSION AND ORGANISATION OF GLOBAL RISK MANAGEMENT

Attijariwafa bank's approach to risk management is based on professional and regulatory standards, international rules and recommendations made by supervisory authorities. Risks are managed centrally by Global Risk Management (GRM), which operates independently of the bank's divisions and business lines and reports directly to the Chairman and CEO.

This set-up emphasises the bank's universal approach towards risk management and underlines Global Risk Management's autonomy in relation to the bank's other divisions and business lines. Such autonomy guarantees maximum objectivity when assessing risk-based proposals and in managing risk.

GRM's main role is to cover, supervise, measure and control all risks inherent in the bank's activities. Risk management control is performed on a permanent basis, most often, in a proactive manner. This is in complete contrast to the work of Internal Audit which intervenes periodically in response to events.

GRM's day-to-day operations mainly consist of making recommendations regarding risk policy, analysing loan portfolios in a forward-looking manner, approving loans to businesses and individuals, trading activities and ensuring high-quality and effective risk monitoring.

There are five main categories of risk:

- **Credit and counterparty risk:** the risk of total or partial default by a counterparty with which the bank has entered into on- or off-balance sheet commitments;
- **Market risk**: the risk of loss from adverse fluctuations in market conditions (interest rates, foreign exchange rates, share prices and commodity prices etc.);
- **Operational risk**: includes IT-related risk, legal risk, the risk of human error, tax-related risk, commercial risk etc.
- **Country risk:** country risk includes various fundamental risks related to exposure to the economic, financial, political, legal, and social environments of a foreign country. These risks could affect the bank's financial interests.
- **Asset-Liability Management risk:** ALM structural risks relate to the loss of economic value or a decline in future interest income attributable to interest rate gaps or a mismatch in the bank's asset-liability maturity profile.

Global Risk Management is organised along the lines of the risk classification model defined under the Basel II Accord as follows:

Counterparty risk

Upstream

- Make recommendations for credit policy;
- Analyse and assess risk-taking applications submitted by the bank's various sales teams in relation to counterparty/transaction criteria;
- Assess the consistency and validity of guarantees;
- Assess the importance of a customer relationship in terms of potential business volume and whether the requested financing makes commercial sense.

Downstream

- Review all loan commitments regularly in order to compartmentalise the portfolio by risk category;
- Check for early signs of difficulty and identify loan-repayment-related incidents;
- Work closely with the branch network to recover these loans;
- Make provisions for non-performing loans.

Operational risk

The operational risk management policy is managed by the Operational, Legal, Information Systems, and Human Risk unit created by Global Risk Management;

The ROJIH unit has established a risk map for each business line based on the bank's standard processes. Each risk is mapped on the basis of frequency and potential impact.

Country risk

- Diagnosis of the current system and its compliance with existing regulatory requirements, and identification of changes necessary with respect to an international benchmark;
- Preparation of a conceptual model for optimizing the management of country risk (functional blocks and dedicated information systems), and planning for the implementation of information technology and the gradual rollout of the system in foreign subsidiaries.

Market risk

The role of this unit is to detect, analyse and monitor the bank's various interest rate and foreign currency positions, rationalise these positions by formal authorisations and remain alert to any departure from these positions.

ALM risk

ALM provides indicators for monitoring the risk and expected return of various balance sheet items. ALM outlines management rules for reducing the bank's balance sheet risk exposure and for optimizing management of the bank's positions.

ALM policy involves a process of identifying, assessing, and managing the bank's risky positions. One of the fundamental tasks of ALM policy is to define rules relating to flows and treatment of balance sheet items through economic and financial analysis.

In the 2020 strategic plan, the risk transformation initiative aims to:

- provide the Group with a structured risk appetite framework which is shared by all stakeholders; place a framework for risk taking at the core of Group strategy which optimizes risk/return and the employment of capital in the light of new regulatory constraints;
- optimize risk management processes;
- enhance risk management, particularly the Group's global risk profile, by means of software for analysis, modeling and stress testing;
- raise risk awareness among the Group's various bodies.

General measures

1- Governance and organisation

The management principles established by the bank's decision-making bodies are applied unconditionally to the way in which risk management is governed and organised.

In order to coordinate joint action more effectively, the various responsibilities of the main decision-making entities have been clearly defined.

These entities include:

1. The Board of Directors
2. General Management
3. Decision-making Committees
4. Global Risk Management.

Board of Directors' role:

Regarding the bank's market activities, the Board of Directors' responsibilities include:

- Determine and review the bank' commercial strategy and risk management policy periodically;
- Assess the main risks to which the Bank is exposed in its business activities;
- Validate overall risk limits and ensure that General Management and the Decision-making Committees take the measures required to identify, measure, monitor and control these risks. Risk limits must be set in relation to shareholders' equity;
- Approve the organisational structure;
- Ensure that General Management verifies the effectiveness of internal control measures.

General Management's role:

General Management is the Group's executive body and its responsibilities include:

- Implement the strategy and policies approved by the Board of Directors;
- Implement the processes and resources required to identify, measure, monitor and control risks related to the bank's commercial activities;
- Establish and maintain the organisation responsible for managing commercial operations and monitoring risks;
- Establish internal control standards and methods;
- Inform the Board of Directors of the key issues and subsequent action required in respect of major risks to which the Bank is exposed;
- Involve the Board of Directors in the management of the bank's market activities by submitting risk management policies for approval.

Role of Committees:

Major Risks Committee

This committee, which is chaired by the CEO, analyses and authorises the major commitments (loans, recovery, investments, purchases etc.) entered into by the bank above a certain level.

This committee also monitors risk indicators and determines short-term risk management objectives.

Audit and Accounts Committee

As part of the Board of Directors, the Audit and Accounts Committee plays a vital role in assessing the quality of risk management and internal control. The committee's responsibilities include:

- confirming that the internal framework for monitoring risk is in compliance with the procedures, laws, and regulations in force;
- issuing an opinion on the Group's global procurement policy;
- monitoring changes in the global portfolio, particularly the cost of risk

Group Credit Risk Committee

The Group Credit Committee is competent in all the commitments of Attijariwafa bank group up to a limit of MAD 600 million.

It also sets, on the proposal of the Correspondent Banking, the counterparty limits granted to international banks.

Market Risks Committee

The Market Risks Committee is an internal body which assesses and monitors all types of market risk. Its responsibilities include:

- Monitor and analyse market risks and any changes;
- Ensure compliance with monitoring indicators, specific management rules and pre-determined limits;
- Determine limits for the bank's various product lines consistent with the bank's overall strategy.

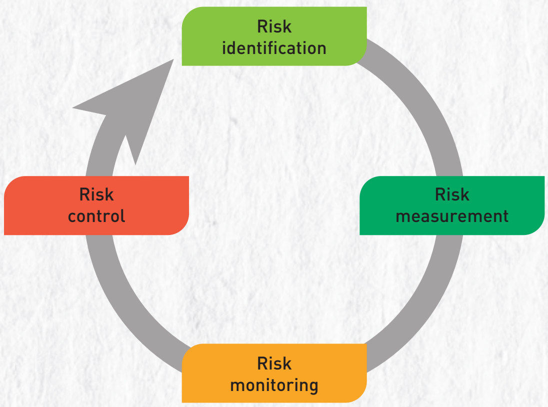
Global Risk Management's role:

Its role is to supervise counterparty, market and operational risks and corresponding methodologies. Its main responsibilities include:

- Make recommendations regarding risk policies;
- Examine applications for credit and trading limits before submitting them to the appropriate committee;
- Monitor counterparty, market and operational risks in the context of the bank's overall exposure;
- Validate the principles underlying risk management measures and methods and ensure in particular that they are consistent with those of the bank;
- Validate the internal models and software systems used to value financial instruments.

2- Risk Management Process

The risk management process comprises four main stages:



Risk identification:

Risk identification consists of drawing up a comprehensive and detailed risk inventory and the factors inherent in each risk.

This inventory needs to be regularly updated to account for any change in risk-generating factors as well as any change in the bank's strategy or management policies.

The Control and Methods unit is responsible for identifying risk in relation to the bank's day-to-day operations as well as during a new product or activity launch phase. It also draws on information contained in reports and notes published by Internal Control.

Risk measurement

Risk measurement consists of assessing the probability of risks occurring and their impact in financial terms on the bank's positions or assets.

The risk measurement methods adopted are largely inspired by "sound practices" as decreed by the Basel Committee and comply with prudential rules. These methods come under the supervision of the Risk Committees and GRM.

The Bank is committed to investing in state-of-the-art risk management systems in the implementation of its internal methods.

Risk Monitoring

This consists of measures taken by the bank to limit risk to an acceptable level.

Risk Control

This final stage involves risk management surveillance and supervision so that new types of risk may be identified and limits adjusted as circumstances change.

I- Risk Appetite Framework (RAF):

1.1 Risk management strategy

The Group risk strategy consists of employing available capital in order to optimize the balance of risk and return, while retaining an appropriate level of economic capital (i.e., sufficient to cover risks) and regulatory capital. Consequently, the objectives of Group risk management are to:

- implement a policy of rigorous risk management at all levels of activity, on the basis of risk appetite that is clearly defined and adhered to;
- ensure that capital is allocated in order to obtain the best returns on a weighted risk basis;
- satisfy the expectations of shareholders and stakeholders that we are retaining surplus capital in order to be able to meet our commitments, even when extreme risks occur.

Le Cadre de gestion des risques d'Attijariwafa bank fait partie intégrante des processus et du cadre de décision du

Management et du Conseil d'Administration et a vocation à aider à la réalisation de ces objectifs. Attijariwafa bank s'efforce d'intégrer la prise de décision fondée sur le risque dans l'élaboration de sa stratégie et dans son processus de planification financière et opérationnelle, permettant ainsi que le business plan soit examiné sous l'angle des risques et que le plan amène le Groupe à passer de son profil de risque actuel au profil de risque souhaité (tenant compte des préférences de risques approuvées par Attijariwafa bank).

The Attijariwafa bank risk management framework is an integral part of the decision-making procedures of Management and the Board of Directors, and is designed to help them reach these objectives. Attijariwafa bank endeavors to include risk-based decision making in its strategic planning, and in its operating and financial procedures. In so doing the Group can examine its business plan in terms of risk, and can adapt its current risk profile to satisfy risk preferences approved by Attijariwafa bank.

The procedure for establishing strategic, financial and operational objectives must allow the Group to achieve optimal risk/return. This involves examination of a portfolio of identified opportunities with regard to the competitive environment, internal resources and the Group's capacity to assume risk (or risk appetite), taking into account the entire Group and its risk profile. With this procedure, our economic model (i.e., how we intend to generate profits) and its underlying assumptions must be made explicit.

It is imperative that discussions about planning take into consideration the nature and type of risks to which the Group is exposed. Discussions should focus on the risk of over- or underestimating the solidity of our economic balance sheet, as well as our liquidity and reputation. The Group must measure and control the risks it has knowingly taken on, while monitoring risks as they change, emerge or threaten to emerge, and which could impact capital, liquidity, brand value or any other of the Group's key indicators.

Analyses, scenarios and stress tests (including reverse stress tests) must be carried out for business plans and projects, and applied for decision making.

Targets must reflect the returns expected by the Group, in terms of risk. Performance management must provide information that is relevant, precise and timely, and which emphasizes risk and return in decision making.

It is imperative that the entire Group have access to measures for risk appetite, delegations of power and critical thresholds. These should be consistent and clearly defined, in line with the approved plan, thereby allowing employees to manage risk proactively while respecting risk appetite, and to react quickly or alert their hierarchy where violations have occurred or are likely to occur.

The Board of Directors must assess and approve the strategy and plan of Attijariwafa bank, and should take into consideration implicit risk and the approved risk appetite.

1.2 Definition of risk appetite framework

The Attijariwafa bank risk appetite framework defines the risks that the Group 1) selects and manages in order to generate profit; 2) accepts but aims to minimize; and 3) wishes to avoid or transfer. The risk appetite framework includes:

- General risk appetites: quantitative statements that help determine the level of risk that Attijariwafa bank can tolerate (e.g., the amount of capital that can be put at risk); risk appetites are defined at an aggregate level and by type of risk;
- Risk preferences: qualitative statements that set out 1) the risks that Attijariwafa bank considers it can manage effectively, and that are expected to produce profits; 2) risks that the Attijariwafa bank can take on but that must be managed; and 3) risks that Attijariwafa bank should avoid or minimize;
- Tolerances and limits for operational risks are specific quantitative limits (e.g., limits for specific risks). The business standards (i.e., related requirements and comments) set out the Attijariwafa bank methodology for:
  i. identifying which risks are acceptable and which are not;
  ii. setting limits and tolerances for operational risks, with Group requirements and preferences taken into consideration.

Risk appetites form an integral part of the planning process. They must be clearly defined, regularly updated, and examined and approved by the boards of directors and/or the competent specialized committees. At each meeting of the Risk Committee, risk profiles should be compared with risk appetites, and the results transmitted to the competent specialized committees. At their business review meetings, management and specialized bodies should examine and discuss positions in relation to risk appetite.

1.3 Procedure for defining targets and limits

As defined, the risk appetite framework provides a specific target, to be improved on wherever possible, for each accepted risk level. The limit is bound by both regulatory requirements and maximum capacity. Targets and limits are defined through a transversal procedure involving a large number of employees of various bank units, from front office to back.

The procedure for defining targets and limits has a dual objective. First, all risk levels which will help the Group achieve its strategic targets must be defined. Second, a methodology for the monitoring and continual updating of changes in measured indicators must be established.

1.4 Risk transformation – 2019 achievements, by project

Risk appetite and strategy

Scenarios, stress tests and impact simulations were integrated into a global framework, which ensures consistency and convergence among various exercises: risk appetite framework, internal crisis recovery plan (ICRP), and the internal capital adequacy assessment process (ICAAP). Scenario and simulation software has been updated, and some has been enhanced. All software is now ready for interface with the Group databases.

With regard to top-down appetite, aggregate indicators and appetite levels have been updated and approved. These levels were the basis for calibrating targets and exposure limits, and for the use of capital by segment and type of risk performed in the framework of the ICAAP exercise. Attijariwafa bank submitted to Bank Al-Maghrib a full report on the system implemented by the Bank to ensure that capital planning is sufficient for forecasted macro environment and risks, and on the Bank's resilience to stress tests defined with a three-year time frame. An initial ICAAP report was submitted to Bank Al-Maghrib at the end of June 2019. In addition, the ICRP large-scale project resulted in a second annual report containing the regulator's remarks and the changes of the Group and its work environments. This report was submitted to the regulator at the end of May 2019.

Work on bottom-up appetite focused this year on the industrialization and enhancement of the procedure relating to Corporate Banking in convergence with deployment of the "Corporate Program" which provides for an overhaul of the corporate relations model. A pilot was performed successfully in three Enterprise Centers, with full network implementation scheduled for early 2020. A risk appetite indicator was added to the Vision 360 and Dashboard software.

In Group subsidiaries, a risk appetite framework was finalized for Wafabail and Attijari Factoring, as well as for the international retail banking (IRB) activity of Société Ivoirienne de Banque. The relevant indicators and their target and limit appetite levels were defined and approved by the management and administrative bodies of the respective subsidiaries. A similar exercise is under way for IRB of the other subsidiaries.

In addition, the Group Risk General Policy report has been updated to include new items introduced in 2019.

Infrastructure, management software and organization

Work on data advanced significantly this year. The appetite data use case for small and medium-sized companies, carried out in collaboration with the data office, resulted in delivery of PSR datamart (internal and external data; customers and prospects; risk, finance, macro, sectors, segments, etc.) with an environment for data management and analysis.

In addition, the integration of risk indicators in front office software (Vision 360 and Dashboard) was completed. The first version of the "global risk management work station" was delivered on the basis of the front office work station. Work on the Corporate dashboard is under way. The dashboard will be shared by the branch network and global risk management, thereby completing the strategic objective of shared management of uniform indicators for volume, profitability and risk.

In-depth work has also been done on the credit chain, including pre-framework GRM and business lines. A technical framework has also been set up by the information-systems teams. Conclusions for a concrete action plan are expected in 2020.

Raising risk awareness

Risk guidelines for best practices and training courses have been drawn up / enhanced in collaboration with the corporate program and Group human resources. Similarly, awareness raising, change management and multidisciplinary workshops were carried out as part of risk transformation and/or under the aegis of the Transformation Department in the framework of the Energies 2020 strategic plan: workshops for co-construction of SME risk appetite, with occasional visits from regional management (network heads and boards of directors) etc.

II CREDIT RISK

A- Credit policy

I- General principles

The purpose of the bank's general credit policy is to define the framework governing those business activities that generate counterparty risk for the bank.

Counterparty risk is the risk of financial loss resulting from a debtor's inability to honour its contractual obligations. It relates to lending activities as well as other activities that expose the bank to the risk of counterparty or issuer default as in the case of capital market activities or settlement of trades.

The various measures outlined in this general credit policy are applicable on a universal and permanent basis. They are open to modification should economic and financial circumstances change.

These measures may be complemented by specific policies relating to any of the bank's business activities or units. They are also accompanied by credit risk guidelines revised periodically.

The bank's credit policy is based on the following ten fundamental principles:

I.1 Professional conduct and compliance: the bank enforces strict compliance with the principles of professional conduct established in its internal code and with the regulatory measures governing its business activities.

I.2 Independence the risk management function is independent of operational units in order to maintain quality and objectivity in the decision-making process.

I.3 Responsibility for risks individual business lines retain full responsibility for their own credit risks. Responsibility is also shared by the various decision-making bodies.

I.4 Collective decision-making: all credit-related decisions need to be approved and signed-off by at least two parties, one representing the commercial side, the other the risk-management side. This may result in a divergence of opinion, in which case the matter is referred to a higher level within the bank's hierarchy for arbitration.

A credit approval decision cannot be made unilaterally unless the Board of Directors has specifically delegated powers to another body.

I.5 Satisfactory returns: each risk assumed by the bank must earn a satisfactory return. Pricing must always reflect the level of risk assumed.

I.6 Monitoring: each risk assumed by the bank must be monitored on a continuous and permanent basis.

I.7 Separation the management function must be separated from the risk control function.

I.8 Prudence and «consultancy» is essential and expert advice must be sought in the event of doubt or ambiguity.

I.9 Prior analysis the new products committee must conduct prior analysis of all counterparty risk relating to the launch of new products or business activities.

I.10 Restrictive rule: credit may not be granted to any customer having previously benefited from debt write-off or downgrade to doubtful loan status. The bank's ratings model discriminates against this type of customer ("Fail" rating).

II. Counterparty risk:

General principles underlying risk-taking:

Risk-taking must be consistent with approved risk strategies. These strategies are adapted to individual business lines and their respective business development plans in terms of:

- overall limits;
- intervention criteria;
- a delegation plan.

These strategies are also adapted as a function of:

- business line;
- unit;
- industry sector;
- country.

Individual business lines are responsible for complying with these strategies under GRM's control.

Any risk-related decision requires in-depth analysis of both the counterparty and the transaction itself and must be assessed in terms of its risk-return profile. It must also be consistent with the risk strategy of the business line concerned and in keeping with the bank's policy on limits.

II.1 Customer selection:

The bank will only deal with reputable counterparties. The commercial side is responsible for collecting relevant information about customers and must exclude any black-listed customer e.g. customers prohibited from opening bank accounts, writing cheques, doubtful loan status etc.

If a counterparty does not honour its obligation to the bank or the banking system, it may not apply for credit from the bank in the future. Unless the doubtful loan is repaid rapidly, the bank will cease all relations with the counterparty in question.

If a settlement is reached which results in the loan being written-off, the counterparty may not apply for a loan from Attijariwafa bank in the future unless a decision is taken to the contrary by the Major Risks Committee.

The commercial side must also ensure that customer deposits derive from a respectable source and were obtained by legal means.

The final decision as to whether or not to approve the loan depends on the internal rating and GRM's independent opinion. The committee acts as final arbiter.

II.2 Loan transaction structure:

Credit activity requires a total understanding of transaction structure in respect of the following:

- Purpose: the transaction must be clearly justified in economic terms;
- Structure: transactions must be clearly explained and understood and their monitoring must be ensured;
- Maturity: a credit commitment's maturity must be consistent with its purpose e.g. the maturity on a capital investment loan must be 7 years with the exception of home loans;
- Transparency: the credit approval process must comply with rules of professional conduct;
- Security: a counterparty's ability to repay must be analysed and confirmed;
- Guarantees or collateral: loans must be backed by guarantees. The economic value of such guarantees must be validated by an independent expert and regularly updated. Similarly, details of a guarantor's total assets must be provided and updated;
- Notification: customers must be formally notified of the terms and conditions of the loan to safeguard the interests of all parties.

<u>III. Measures governing credit activity:</u>

Because it is so vitally important and given the risks which may result, the bank's credit activity is framed by a set of measures based on three major tenets:

- Compliance with prudential rules decreed by Bank-Al-Maghrib;
- A counterparty ratings model for the purpose of rigorous selection and risk monitoring;
- Diversification across industry sectors to reduce the risk of concentration.

III.1 Prudential rules:

The risk inherent in credit activity is governed by a body of prudential rules intended to soften the impact from what is the most significant type of banking risk. These rules relate to the three phrases of risk-taking:

Before:

At this stage, the bank must permanently ensure compliance with a minimum solvency ratio of 10%. This means that any growth in its credit activity is proportionate to an increase in shareholders' equity (credit equal to 10 times net shareholders' equity) so as to limit the bank's overall debt level which could also have a debilitating impact.

During:

This phase is governed by the following regulatory provisions:

- Examine credit applications against a basic checklist;
- Ensure that the bank's maximum exposure to any single beneficiary (individual or group) does not exceed 20% of shareholders' equity;
- Ensure that there is no over-concentration of risk within the loan portfolio;
- Ensure that credit activity complies with legislation, ethical rules, tax-related and other rules.

After:

Major risks incurred in relation to a single beneficiary (individual or group) are subject to specific monitoring in addition to regulatory requirements (maximum 20% of shareholders' equity and declaration to Bank Al-Maghrib required from 5% of shareholders' equity).

Counterparties for which the bank has reached its regulatory credit ceiling are subject to specific co-management involving both the commercial side as well as GRM. This is to enable the bank to benefit from potential financing opportunities by maximising profitability without increasing exposure.

In the same way, the loan portfolio must be regularly reviewed and categorised under healthy loans, loans under credit watch and non-performing loans which are provisioned.

The bank has adopted a number of internal control measures to ensure that these rules are effective including:

- Measure the exposure of the bank and its subsidiaries in respect of commitments (mobilised and undrawn confirmed lines of credit) and in respect of market-related counterparty risk;
- Control and monitor risks at Group level by identifying in a precise manner third party risk exposure. This is to ensure consistency and thoroughness in the risk reporting process and in allocating outstandings to Basel-style portfolios;
- Conduct stress tests to simulate the bank's capacity to withstand deterioration in the quality of the loan portfolio in the event of adverse developments.

III.2 Concentration risk:

Concentration risk is the risk inherent in any exposure that may result in significant losses, potentially threatening an institution's financial solidity or its ability t o continue to carry out its core activities. Concentration risk may arise from exposure to:

- Individual counterparties;
- Interest groups;
- Counterparties within a single industry sector or a single geographical region;
- Counterparties which derive their revenue from the same type of business or the same basic product.

The Group's overseas expansion has resulted in a concentration of counterparty risk within the same geographical region. This concentration is addressed by management of limits (in terms of exposure and delegated powers) and warning levels.

The risk of individual and interest group concentration is governed by Central Bank measures regarding the division of risks. This presupposes that group-related risks are managed using a standardised process based on a very broad definition of business groups. It also involves a joint approach with business lines aimed at:

- Defining overall exposure limits and monitoring options;
- Consolidating information relating to groups of counterparties within a single database.

In the same way, a sector-based credit distribution policy takes into consideration:

1. The bank's penetration rate in each industry sector;
2. Its asset quality (loss experience and rating);
3. Sector prospects based on business conditions (economic intelligence, industry-based advisory committees, trade federations, Budget provisions etc.) in order to ascertain what commercial approach is required and to ensure that the bank's loan portfolio retains an optimal risk profile in terms of sector concentration.

Regularly reviewing the bank's exposure against a backdrop of changing business conditions makes decision-making easier and enables real-time adjustments in quantitative, even qualitative, limits by:

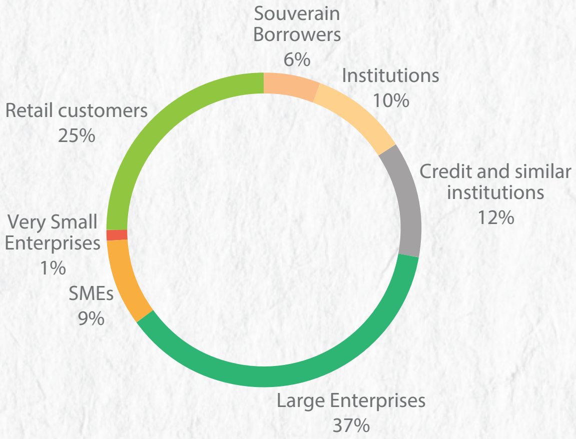
- Pursuing opportunities in high-growth sectors;
- Focusing on activities in which the bank has a relatively high penetration rate or on those where visibility is limited;
- Reducing exposure to industries in decline (unfavourable prospects, high loss experience etc.).

These quantitative sector-based limits are challenged by both the commercial side and GRM prior to authorisation by the relevant bodies. They are applicable to re-evaluation applications as well as new applications. Proposed limit overruns must be submitted to this same body for authorisation and the setting of new limits.

III.2.1 - Diversification by counterparty:

Diversification is an essential component of the bank's risk management policy and is measured by taking into consideration the total exposure to any one customer. The scope and diversity of the Group's activities play a role in this process. Any situation in which there is concentration is examined on a regular basis, resulting in corrective action where appropriate.

Breakdown of commitments by counterparty at the end of December 2019

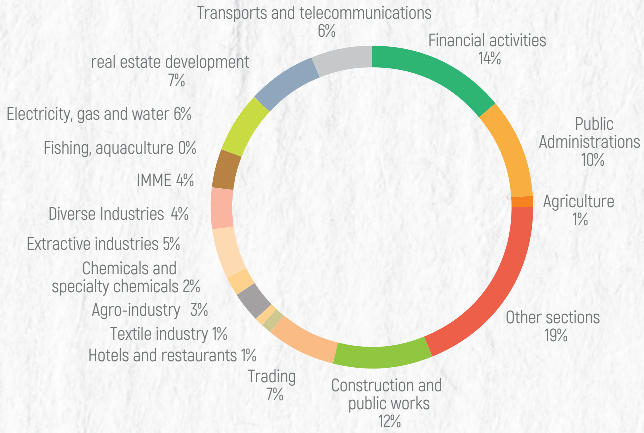


III.2.2 - Diversification by sector:

Similarly, attention is paid to the bank's risk exposure by business sector and is complemented by forward-looking analysis which enables the bank to manage its risk exposure in a proactive manner. This is based on research providing an assessment of sector trends and identifying factors explaining the risks to which all parties are exposed.

The bank's loan commitments by sector as a percentage of total loan commitments at 31 December 2019 was as follows:

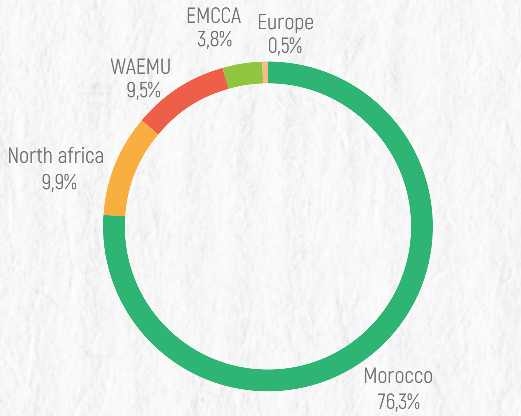
- Financial institutions, holding companies and insurance companies accounted for 19%, unchanged from 2018. Commitments in this sector carry a very low level of risk.
- Construction and public works, including building materials, accounted for 10%, down slightly from 2018.
- Real estate development accounted for 7%, up slightly from 2018.
- "Other sections" groups retail loans (mortgages and consumer loans).



III.2.3 - Geographical distribution:

The geographical distribution of the Group's commitments shows high exposure to Morocco 76%, followed by North Africa (9.9%), WAEMU (9.5%), EMCCA (3.8%) and Europe (0.5%).

Breakdown of commitments by geographical area at the end of December 2019

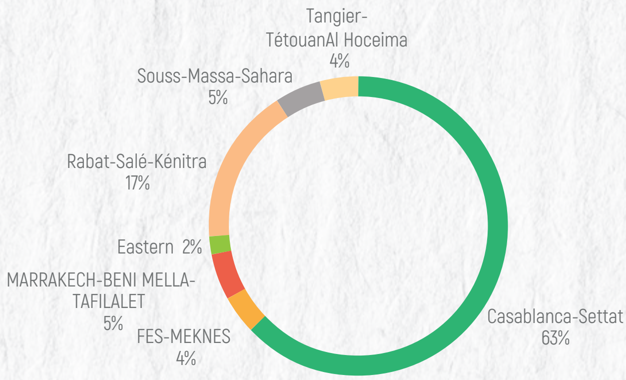


In Morocco, the Greater Casablanca region alone accounted for 63% of the bank's commitments, followed by the northwest region (Rabat-Kenitra) for 17%.

This concentration can be explained by:

- The fact that the Casablanca and Rabat regions represent the country's economic, financial and administrative heart;

• Major regional infrastructure projects have their accounts domiciled in Casablanca and Rabat.



B- Procedures

1- Decision-making

a- Scope of powers:

Group credit policy in relation to decision-making is based on a set of delegated powers requiring the assent of a representative appointed by the risk function. Agreement is always given in writing by obtaining the appropriate signatures or by a credit committee meeting formally.

Delegated powers may vary depending on the level of risk in accordance with internal ratings and the specific characteristics of each business line.

Credit proposals must adhere to the principles underpinning general credit policy. Any exception must be referred to a higher level of authority.

The bank's various decision-making bodies, validated by the Board of Directors and classified in ascending order of authority are:

- Global Risk Management Select Committees (3 levels)
- Corporate Banking Credit Committee
- Group Credit Committee
- Major Risks Committee, chaired by the Chairman and CEO, which is the ultimate decision-making body in terms of credit and counterparty risk.

Decision-making relating to subsidiaries is determined as a function of the level of risk assumed. Decisions are taken by the bank's various committees when levels are exceeded.

b- Procedures:

Applications and proposals:

Following initial contact with a customer and assessment of the latter's business activity and revenues, the branch's commercial director puts together a credit proposal using a dedicated online application form. An administrative dossier for the said proposal is then put together which includes all documents required under Bank Al Maghrib regulations and under in-house rules relating to credit commitments.

This proposal must also comprise information required to help the Global Risk Management division make a decision.

Analysis and decision-making:

The credit proposal is sent to analysts in the Global Risk Management division who undertake an thorough initial assessment by analysing the following:

- The business activity and how profitable the relationship is to the bank;
- The counterparty's ability to make repayments;
- How the business is structured in financial terms;
- Background to the customer relationship;
- The quality of the guarantees backing the loan;
- The transaction's profitability;
- The rating determined by the bank's internal ratings model;

In addition to these factors and to improve the bank's due diligence in terms of risk management, sector research is carried out by the Economic and Sector Research unit. This completes the credit analysis process.

The main purpose of this research is to analyse macroeconomic trends by conducting multi-sector research so as to contribute to setting the bank's credit policy.

This analysis is then approved by a risk management specialist from the Global Risk Management division. The latter takes a decision within the scope of his or her powers prior to presenting the proposal to the relevant decision-making body.

Notification of the decision:

This new procedure, which has become part of the preliminary credit certification process, has enabled the Group to formalise the terms and conditions underlying credit decisions. This emphasis on greater transparency enhances customer relations and guarantees that the mutual interests of all parties are safeguarded.

Improvements made in this area include sending customers a credit opening contract and a specific notification letter for certain types of loan such as mortgage loans.

Revision:

Proposals to revise credit lines are generally submitted by the commercial side in the same way as proposals for new credit lines. Global Risk Management may also request a revision of credit lines when its systems indicate anomalies which justify a downward or upward revision to authorised amounts.

The analysis and decision-making process is the same as that for new credit approval.

Related legal entities:

The credit approval process for related legal entities follows the same rules and procedures as for normal customers.

c- Management of credit applications:

Content and management of credit applications

A customer application dossier comprises:

- A customer relationship dossier;
- A guarantees dossier;
- An administrative dossier;
- An operational services dossier.

In accordance with the terms of the Bank Al Maghrib directive of 1 April 2005, credit application dossiers must also include the following:

- Minutes of the Annual General Meeting of Shareholders approving the financial statements of the previous financial year;
- Annual financial statements;
- Statutory Auditor's General report certifying that the financial statements give a true and fair view;
- Receipt certifying that the annual financial statements and statutory auditors' report have been deposited at the Clerk's Office of the Commercial Court.

Credit application dossiers are filed at branch level. In order for them to be analysed, copies of the original documents are sent for consultation to the various departments at head office for a decision to be made.

Credit proposals and decisions as well as supporting documents are archived with Global Risk Management.

Attijariwafa bank has also established digital archives providing access to financial statements and other information going back over a number of years. The system's search function enables users to conduct in-depth research according to predefined criteria.

d- Management of guarantees

The commercial side submits guarantee proposals as part of the overall credit proposal. These are negotiated with the customer beforehand as cover for credit risk.

These guarantees are assessed at the same time as the credit proposal. This assessment is made on the basis of a number of items of information and documents submitted in conjunction with the credit proposal. The main guarantees accepted by the Bank and the methods used for assessing them are as follows:

- A personal guarantee, assessed on the basis of a recent detailed inventory of the customer's assets using a pro-forma model;
- A mortgage security, assessed on the basis of:
  - A valuation report by an expert approved by Attijariwafa bank for guarantees of more than one million dirhams;
  - A report by one of the bank's managers backed up by a visit report for guarantees of less than one million dirhams;

On the credit application's annual renewal date, the analyst may request, if need be, an updated valuation of the mortgage-backed assets.

- The value of the business pledged as a going concern may also be backed up by a valuation report;
- Goods pledged are regularly inspected by accredited organisations;
- Invoices and evidence of payment may be requested to corroborate items of equipment which have been financed and pledged.

Management of guarantee or collateral dossiers:

The original deeds of guarantee are held by the Guarantees Administration unit at head office.

Requests for guarantee release follow the same procedures as those for credit proposals once approval has been granted by the Commitments Control unit. Any authorised guarantee amendment will therefore have an impact on the credit decision.

The procedure for guarantee release is centralised within the Guarantees Administration unit to ensure full operational control. Authorised signatories are established in advance.

The AGMA project, which the bank initiated in 2007, is aimed at modernising the bank's guarantee management system by centralising the guarantee process and introducing an IT-based application for managing guarantees and their release.

2- Monitoring:

In Attijariwafa bank Group's new organizational structure, the Loan Audit unit is responsible mainly for monitoring and detecting loans in difficulty.

The Monitoring and Credit Risk Control unit adopts a preventive approach to permanently monitoring the health and quality of the Bank's loan commitments.

This preventive management approach, which is a key part of the risk control process, consists of anticipating situations where there is possible deterioration in credit quality and of making the appropriate adjustments.

This unit is responsible for:

- Monitoring the regularity of commitments e.g. ensuring that the motives given in the credit application are valid and comply with authorised limits; assessing payment-related incidents; reviewing amounts owing etc.
- Detecting loans showing persistent signs of weakness, so-called loans in difficulty, based on a certain number of warning indicators;
- Working with the branch network to monitor major risks (loans in difficulty, the largest and/or most sensitive loan commitments);
- Determining which loans need to be downgraded on the basis of current regulations governing non-performing loans;
- Working with the branch network to monitor specific risks such as temporary admissions, advances to companies bidding for public contracts and advances for purchasing goods.

This unit is structured around three sub-entities, organised in a way similar to that of the branch network:

- Retail banking;
- Corporate banking;
- Subsidiaries and branches.

The purpose of these various forms of control is to prevent limit overruns, payment incidents, or a significant drop in the number of customer transactions. Staff must react quickly to identify, in good time, problems encountered by the customer in question and find appropriate solutions.

3- Provisioning:

A comprehensive review of the bank's portfolio is carried out on a quarterly basis for the purpose of identifying sensitive loans and those liable to be provisioned. A system of indicators is used which has been devised using classification criteria for non-performing loans established by Bank Al Maghrib's Circular N°19 as well as other additional prudential criteria selected by the bank.

There are four categories of warning indicators based on a set of underlying rules for detecting anomalies which comply with current legislation:

- Indicators relating to limit overruns;
- Indicators relating to payments in arrears (bank discount or amortisable loans);
- Indicators relating to the freezing of accounts;
- Indicators relating to financial criteria.

In addition to these standard detection criteria, a number of proactive ratios have recently been included in the warning system, calculated using various current balance sheet items. These ratios provide signals warning of deterioration in the risk profile so that corrective action can be taken in good time.

These loans are identified and pre-classified prior to being assessed by credit committees responsible for monitoring loans in difficulty in conjunction with other units within the Bank (branch network, loans, loan recovery).

These committees monitor non-performing loans periodically, which may result in any one of the following actions:

- Regularisation, meaning that the said loans are reclassified under the "normal" category;
- Rescheduling or restructuring in the case of economically and financially viable businesses;
- A definitive downgrade to one of the non-performing loan categories after formally informing the customer concerned beforehand;
- Maintaining the loan under the "under watch" category for those cases which, although not formally eligible for downgrade under regulatory requirements, require particular attention however by the units concerned. Provisions for these loans may be recognised under

general provisions.

Non-performing loans are assessed and recognised in accordance with current banking legislation.

They are classified under three categories:

- Pre-doubtful loans;
- Doubtful loans;
- Impaired loans.

The various units concerned will inform the customer prior to provisions being recognised.

Mortgage guarantees for an amount equal to or greater than one million dirhams are automatically assessed before being taken into account in calculating provisions.

It must be noted that, as a precautionary measure, the Group's policy is that non-performing loans are mostly classified directly under "Impaired loans" and provisioned accordingly.

It is also to be noted that the Risk and Accounts Committee regularly meets to assess the situation of loans classified as "non-performing" and those requiring particular attention when indicators are unfavourable.

4- Corrective portfolio measures:

The Bank has adopted a policy relating to recovery by conciliation to improve the process of recovering loans in difficulty. Two units are responsible for policy implementation, one from the Corporate Banking side, the other from the Personal and Professional Banking side.

Conciliatory collection consists of continually monitoring the consistency and quality of the Bank's total loan commitments, and of monitoring (mainly through the branch network or directly with the customers concerned) the correction of any shortcomings.

Collection by legal means consists of employing any legal measures necessary to recover nonperforming loans.

The purpose of Group Payment Collection is to make use of all available actions, whether conciliatory or legal, in order to collect nonperforming loans.

The unit's principal activities are to:

- draft and propose a collection policy on a Group scale;
- negotiate conciliatory solutions with customers before taking legal action;
- prepare and transmit doubtful loans to lawyers for legal action;
- monitor legal collection actions with the designated lawyers;
- minimize collection costs and related risks.

Efficient collection requires a clearly defined policy:

- compliance with instructions for provisions and accounting principles: circulars 8G and 19G, BAM and DGI (Moroccan tax authority) instructions for provisions and write-backs, weighting of guarantees, and adjusting mortgages;
- flexible, collective decision-making process: several specialized committees which deliberate on proposed debt settlement, and a Group collection committee which meets weekly to examine other proposals;
- categorizing customers: retail, very large debts, debts in receivership and court-ordered liquidation;
- preliminary analysis of cases (excl. retail): guarantees are examined and useful information is gathered;
- choice of strategy to adopt: preferably conciliatory, otherwise legal;
- efficient partnership with implementation and overhaul of collaborative agreements, renewal of the pool of lawyers on the basis of performance and quality of service provided, definition of case-attribution policy, and institution of quotas;
- enhanced productivity of current resources: specific training courses, recruitment and adequate staff for each business line, preparation of the next generation;
- introduction of five specialized collection committees: adherence to the principle of collective action, recording of decisions in committee minutes;
- overhaul of information system;
- adoption of annual action plan: quantitative and qualitative targets;
- creation of performance indicators and reporting: achievements and monitoring of activity;
- Analysis of performance by service providers: monitoring and analysis of costs, general operating expenses, and fees and commissions of service providers.

III- Market Risk

Market activities are an area in which risk management plays a significant role and is a major determinant of profitability and performance.

The Bank has implemented a set of policies and measures in order to anticipate, reduce and control risk more effectively.

A – Managing market risks

1- Categories of market risk

Major types of market risk are:

- Interest rate risk;
- Foreign exchange risk;
- Equity risk;
- Commodity risk.

- Interest rate risk:

This risk relates to the risk of changes in the value of positions or the risk of changes in a financial instrument's future cash flows due to changes in market interest rates.

- Foreign exchange risk:

This risk relates to the risk of changes in a position or in a financial instrument due to changes in foreign exchange rates.

Technically, foreign exchange risk is measured as a function of the bank's foreign exchange positions:

- Spot foreign exchange transactions;
- Forward foreign exchange transactions;
- foreign exchange swaps
- Foreign exchange options.

Foreign exchange limit positions include:

- End-of-day limit positions for each currency;
- End-of-day overall limit position;
- Short limit position;
- Stop-loss limit.

These limits are governed by regulatory limits.

Structural positions related to the bank's strategic investments in foreign currencies are not hedged.

The bank's total forward foreign exchange position was MAD 24.094 billion at 31 December 2019, the breakdown of which was as follows:

MAD thousand	< 3 months	3M-6M	> 6 months
Hedging	13 930 942	2 379 541	7 783 964

At 31 December 2019, the bank's foreign exchange options positions amounted to MAD 5,047 billion.

- Equity risk:

Equity risk relates to changes in the value of a portfolio of shares following adverse fluctuations in share prices.

- Commodity risk:

Commodity risk relates to changes in the value of commodities following adverse fluctuations in their market price.

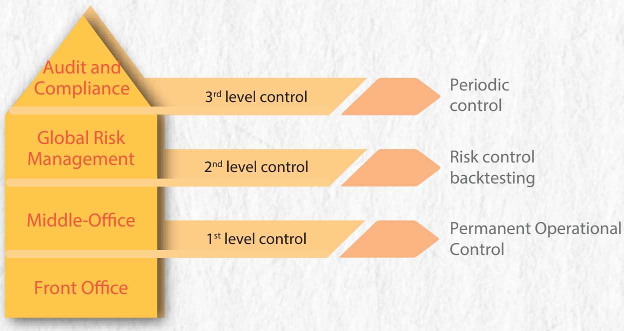
2- Monitoring and control measures

The first level of monitoring limits is performed by the Middle Office & Risk Management unit of Capital Markets; the second level is ensured by Group GRM's market risk unit. Dealing room internal control, which reports to the Group compliance unit, also ensures that limits are respected.

The Middle Office & Risk Management unit reports to Capital Markets, but remains independent of the front office and sales teams.

Internal Control reports to Capital Markets regarding management issues and to Group Compliance regarding operational issues.

Roles of various participants



The Operations & Risk Management unit of Capital Markets:

The Operations & Risk Management unit of Capital Markets is responsible for Level 1 control, its operational functions being related to the applications that it manages.

Its remit primarily consists of:

- Producing and analysing data relating to profits and risks on a daily basis;
- Ensuring the reliability of market inputs for calculating profits and risks (interest rates, stock prices, commodity prices, swap quotations etc.);
- Determining methods for calculating profits and risks and ensuring that they comply fully with the nature of the risks incurred;
- Determining measures for limits and risk calculation methods in partnership with GRM;
- Monitoring and notifying in the event of market limit overruns;
- Ensuring that Front Office operations comply with accepted market practices and rules established by the Bank;
- Validating prices used by the Front Office.

Global Risk Management – Market risk

The market risk unit of the GRM assumes Level 2 financial control which involves, in particular, overseeing methodologies and market risks. Its remit primarily consists of:

- Validating the principles underlying the methods and measures proposed by Operations & Risk Management unit by ensuring that Group methodology is consistent and issuing recommendations where appropriate;
- Internal and external reporting of market risks;
- Validating the methods developed internally and the software models used to value loan portfolio products;
- Validating the various authorisations and limits requested and the different product lines.

In September 2013, the market risk unit created a subunit: market risk for subsidiaries. The function of this subunit is to monitor and analyze the Bank's various positions in market (mainly foreign-exchange) and interbank activities for Group subsidiaries.

Market Risks Committee

This committee, which meets quarterly, is composed of the heads of the various levels of control as well as those responsible for Front Office operations to:

- validate new limits proposed by the dealing room, or propose other limits as needed;
- review the various overruns of observed market limits;
- ascertain the efficiency of the market-risk management and its suitability within the defined policy of risk management;
- report the risk of each dealing room activity (indicators for market risk, regulatory stress tests, etc.).

3- Governance of risk management

4- Management of limits

Limits are set by the Market Risk Committee for each type of exposure for a quarterly period but may be revised depending on the needs of individual product lines or to take into consideration changes in market conditions.

Limit applications made by the dealing room's different product lines must be submitted to the Operations & Risk Management unit accompanied by a supporting note explaining:

- The limits requested and the character of the corresponding risks;
- Reasons for such an application.

It must be noted that the Market Risks Committee has initiated a stop-loss system for each product line (foreign exchange, fixed income, equities etc.). This system will result in a position being immediately closed if a trader reaches the maximum loss set by the Committee.

Monitoring limits and overruns

Responsibility for ensuring compliance with limits lies with:

- Operations & Risk Management unit ;
- GRM.

The Operations & Risk Management unit monitors exposure on a permanent basis and implements risk measures which it compares to the limits. It submits an appropriate daily report to:

- General management;
- Global Risk Management;
- Internal Control.

Limit overruns are reviewed on the basis of requests for limit adjustments from the trading floor. Adjustments involve mainly:

- **Renewal**: the Operations & Risk Management unit of the investment bank examines predefined limits and compares them with those that actually occurred during the previous year. In conjunction with Capital Markets and other commercial units, Operations & Risk Management suggests adjustments for the following year. Limits may be raised, lowered or cancelled.
- In the case of an **ad hoc adjustment**, those involved in setting limits may request an adjustment to limits granted to counterparties on the basis of changes in circumstances.

Applications to adjust limits are centralized by the Operations & Risk Management unit of the investment bank, which studies their impact on trading-floor operations prior to submitting them to GRM.

In addition to the Fermat system, the Bank has implemented the Murex application for measuring and quantifying market risk, as well as the MLC module for counterparty risk, designed for various trading-floor products.

5- System for managing market risks

In addition to the Fermat system, the Bank has implemented the Murex application for measuring and quantifying market risk, as well as the MLC module for counterparty risk, designed for various trading-floor products.

B- Policy and implementation of market-risk management

Risk identification	Counterparty and/or market risk can arise from any market activity. The main risks of market activities are related to: interest rates, foreign exchange (floating rates), pegged rates, valuation models, commodities, and equities.
Risk quantification	Risks are measured and quantified by the following indicators and factors: -indicator of counterparty risk: equivalent credit risk -indicators of market risk: sensitivity, VaR, economic capital, backtesting, and stress testing -risk factors: exposure under nominal and marked-to-market, maturity, duration, past yield/price, etc.
Risk control	Risk control is achieved by managing counterparty and market limits (from front office to back office). Risk control requires a framework for handling requests and an information system that allows market activity to be monitored in real time, particularly for market risk and counterparty risk.
Operational risk management	Daily and monthly monitoring of market activity, with declarations of any overruns and/or reports not submitted on operational risk. Half-year monitoring on the impact of regulatory and internal stress tests.
Risk oversight	The market-risk committee reviews all trading-floor risk exposure as well as potential risk arising from the limits granted. The committee also ascertains the efficiency of market-risk management and its suitability within the defined policy of risk management.
Risk reporting	Risk reporting includes: indicators of market and counterparty risks, overall risk exposure of market activities, overruns, results of stress tests, etc. Risk reporting is monthly and concerns market activities, overruns of counterparty limits, and regulatory and internal stress tests.

C- Methodology for measuring market risks (internal model)

The management of Market risk is based on several indicators:

- **Value at Risk**
- **Backtesting**
- **Sensitivity indicators**
- **Economic capital**
- **Stress-testing**

1- Value at Risk measurement

Value at Risk (VaR) measures the maximum permitted variant in the value of a portfolio of financial instruments with a fixed probability over a given period under normal market conditions.

The Value at Risk model was developed by Attijariwafa bank's Global Risk Management unit, it covers interest rate risk, foreign exchange risk and equity risk. The historical VaR model is also used in Murex software.

Activity (in thousand MAD)	Position MAD	VaR (1 day)	Regulatory VaR (10 days)
Foreign exchange	-820 480	1 778	5 622
Equities	203 442	3 148	9 957
Fixed income and mutual funds	51 751 313	46 598	147 356

2- Back-testing

The model allows for back-testing. This is a technique used to test the model's validity for calculating VaR. It uses historical data to calculate VaR and then to ascertain whether this VaR actually represents the potential loss realised by comparing it to the theoretical P&L.

3- Sensitivity indicators

Sensitivity indicators measure the impact of a market change on an asset price. A portfolio's delta measures the change in the portfolio's value for each 1 bp rise of the underlying asset.

Vega measures the portfolio's sensitivity to changes in the volatility of the underlying asset.

4- Stress-testing

The stress test, also called scenario analysis, measures through simulations the impact of one or several scenarios on the Bank's portfolio

In contrast with VaR, which measures the maximum loss under normal market conditions, stress tests measure the maximum loss under extreme market conditions.

5- Regulatory and internal stress tests

Stress test programs, as defined by Bank Al-Maghrib, are carried out every six months. Internal stress tests, identified by the market risk unit on the basis of past crisis scenarios, are distinguished from regulatory stress tests, which are defined by the regulatory authority. Results are reported every six months.

6-Forward-looking stress tests

Forward-looking stress tests are based on a macroeconomic approach. They require the modeling of the economic environment's transmission phenomena on the Bank's market activities.

Forward-looking stress tests are developed in collaboration with the GRM's Risk Policy and Strategy unit.

Market risk of subsidiaries

A. Monitoring of market risk

1- Foreign exchange activity

Market activities related to foreign exchange are still relatively undeveloped in the subsidiaries, and are limited mainly to spot and forward transactions.

Because of the size and infrequency of transactions, the GGRM has begun to gradually apply foreign exchange limits to subsidiary counterparties.

Moreover, limits on foreign currency positions have been set for subsidiaries in the WAEMU and CAEMC zones in order to control devaluation risk.

Devaluation stress tests are also carried out every six months by the subsidiaries.

2- Interest rate activity

The country risk unit is responsible for sovereign risk.

3- Money market activity

Money market activities are limited to loans/borrowings, pensions and foreign exchange swaps :

Analyses on the banking counterparties in the WAEMU, EMCCA and MENA zones are performed in order to set annual limits.

B- Market risk management in subsidiaries

1- Information system

The Amplitude liquidity model has been implemented for the SIB and UGB subsidiaries, and is currently being deployed by the other subsidiaries.

Acquired in May 2017, the Egyptian subsidiary has its own market risk unit. Murex software has been phased in and is now operational.

Information is transmitted through daily, mandatory reports communicated by the subsidiaries to all stakeholders.

2- Risk policy

This charter is being adapted to individual WAEMU, EMCCA and MENA zones for compliance with local regulations.

The charter has already been implemented in Egypt and Tunisia, including organizational, operational and governance components.

3- Trading and liquidity committees

With regard to governance, meetings of combined committees in subsidiaries have been held quarterly since 2018. These committees monitor the subsidiary's strategy and define its requirements for limits to be submitted to the GGRM.

III- Country Risk

Risk Management

In order to maintain the rigorous monitoring of cross-border risks, but above all to consolidate long-term enhancement of the macro prudential framework, country risk management continued to develop at a steady clip in 2017 following the Group's acquisition of the Egyptian subsidiary of Barclays Group. To achieve this, the Risk Appetite Framework (RAF) brought to the risk function the tools needed to establish an informed development plan optimally combining both commercial ambition and risk requirements and profitability.

For this, a dedicated seminar on risk appetite was organized for regional risk managers. They were provided with templates in the form of software for formalizing risk, with definitions of aggregate indicators and appetite levels for the top-down approach. These levels served as a basis for calibration (by segment and type of risk) for exposure targets and limits, and for the use of capital. First integrated into SIB's new strategic plan, the tools will be generalized throughout all IRB subsidiaries in 2020.

Consolidation of the Barclays Egyptian subsidiary:

This constituted a major event in the international development of Attijariwafa bank Group. The acquisition of this subsidiary was carried out in a macroeconomic context unlike that of any other country in which the Group operates, and added significant cross-border risk to the consolidated loan portfolio (see below).

With regard to risk, integration began after the completion of several workshops designed to bring the new entity into alignment with Group risk governance. The turnaround plan and characteristics of the local economy were also taken into account.

It was in this framework that reviews and/or adjustments were carried out with regard to the subsidiary's risk, risk appetite, sector limits, internal risk rating, delegation of powers, and procedures for assuming and monitoring risk. These were carried out to ensure and maintain risk management both on an individual subsidiary basis and on a consolidated basis.

The new organization has reinforced risk management as a growth area, and has established risk oversight as a core managerial duty. To enhance this oversight, the IRB risk unit has integrated the Egyptian subsidiary into all banking subsidiaries up to monitoring-oversight, taking into consideration that country risk management is an integral part of international exposure.

Similarly, the internal rating model was overhauled with the help of the risk management unit of Group Global Risk Management. The model, based on the work of experts, was converted into a more predictive statistic model.

This assistance also concerns the implementation of IFRS 9.

For a broader assessment of risk, the individual approach by counterparty is always underpinned by a more global approach (portfolio, subsidiary, and country).

Enhancement of the regulatory framework for cross-border risk

In light of the growing cross-border debt on the bank's balance sheet, the regulatory authority has significantly reinforced regulations for this type of risk. In response to this change, Group GRM has satisfied the new prudential requirements by:

- participating in the forth risk review requested by the college of supervisors of the various countries of operations;
- participating in on-site inspection missions in collaboration with Bank Al Maghrib and the BCEAO (Central Bank of West African States) commission: at the subsidiary level and then at the Group level;
- complying with the new regulatory reporting requirements for country risk.

Regulations have been strengthened with regard to the declassification of liabilities in the CAEMC zone. The regulations now go beyond the standard notion of default (frozen and outstanding payments) to the broader definition of the Basel Committee (unregularized overruns and expired authorizations).

The regional regulatory authority of the WAEMU also decided to overhaul banking supervision by directing it more towards convergence with international standards (governance, internal control, and risk management).

The IRB loan-audit unit has already integrated these warnings into its catalogue of alerts and upgrades for the loan portfolio.

Enhanced management of country risk

In collaboration with an outside consultancy firm, the Country Risk unit published a report designed to promote automated country-risk management. The report focuses on:

- diagnosis of the current system and its compliance with existing regulatory requirements, along with identification of changes that are necessary with respect to an international benchmark;
- preparation of a conceptual model for optimizing the management of country risk (functional blocks and dedicated information systems), and planning for the implementation of information technology and the gradual expansion of the system to foreign subsidiaries.

The strengthened regulatory framework and implementation of the new organization combined to reinforce the monitoring of IRB risks and to consolidate the system for managing country risk.

The deployment of the new global banking system and organizational model in compliance with central standards definitively secures the attachment of this subsidiary to the Group, and is a decisive step in its transformation plan.

Monitoring and oversight of counterparty risk at the Group level

This activity, previously performed in a decentralized manner, is now carried out within the IRB Risk unit and on a larger scale:

- A monthly review of IRB commitments is performed by the Audit department, with regard to asset quality for each of the IRB subsidiaries. This second-level audit allows for early and conflicting identification of any deterioration in counterparty risk. The operational efficiency of the audit is facilitated by direct access to information.
- Each subsidiary is monitored quarterly, on a macro basis and in strict compliance with regulations. The purpose of the monitoring is to identify changes in business activity and to ensure that commercial development remains healthy, profitable, and free of concentration risk in terms of portfolio commitments.

The reporting of this quarterly review of bank subsidiaries provides a detailed picture of the entities audited, to the extent that the review is designed mainly for the early identification of zones at risk, and for the drawing up of recommendations intended to mitigate such risk.

Consolidation of country-risk management

The bank has drawn up a country risk management policy in accordance with provisions outlined in Bank Al Maghrib's Directive N°. 1/G/2008 as a result of its international growth, which has seen the international activities assume an ever rising share of the Group's overall exposure.

This policy is based on the following:

- Country risk general policy:

Country risk general policy is governed by a charter whose aim is to determine a framework for those activities which expose the bank to international risk in terms of risk structuring, management, monitoring and surveillance.

With banking operations increasingly international due to the fact that economies are more and more globalised and inter-connected, country risk has become a major component of credit risk. Counterparty risk is governed by the Attijariwafa bank's general credit policy while country risk is governed by the present charter.

Country risk general policy measures are applicable to international risks on a permanent basis at both parent and subsidiary levels. They may be updated should economic and financial circumstances change.

These measures may be complemented by specific policies relating to certain activities (sovereign debt) or to any of the bank's units. They are also accompanied by credit risk guidelines revised periodically.

Country-risk general policy is subject to approval by the bank's decision-making bodies.

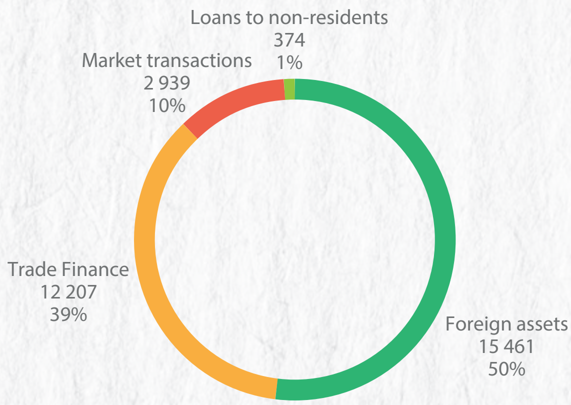
- Methodology for identifying and appraising international risks

Attijariwafa bank undertakes banking and banking-related activities in its domestic market and in foreign countries through subsidiaries and in some cases branches. In this respect, its exposure to international risks encompasses all types of commitment entered into by the bank in its capacity as creditor vis-à-vis non-resident counterparties both in dirhams and foreign currencies. Specifically, this relates to:

- Cash advances and loans by signature to non-residents;
- Exposure in relation to trade finance activity:
  - Confirmation of export bills of exchange payable by foreign banks;
  - Counter-guarantees received from foreign banks;
  - The bank's nostrii accounts in credit held with foreign correspondent banks and foreign correspondent banks' lori accounts in debit held with Attijariwafa bank;
- Foreign asset transactions:
  - Foreign financial holdings;
  - Counter-guarantees issued by Attijariwafa bank on behalf of subsidiaries to support their business development;
  - New foreign branch openings;
  - ALM portfolio.
- Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

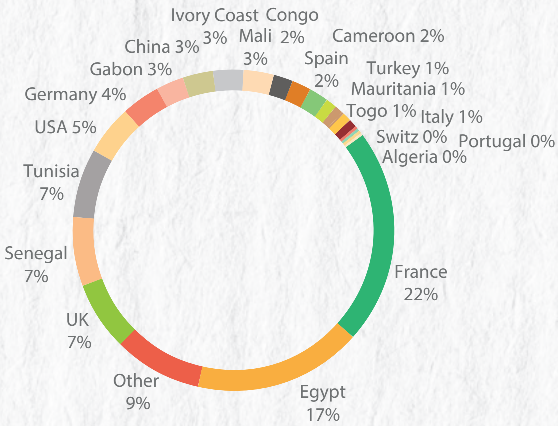
At the end of December 2019, AWB's cross-border risks amounted to MAD 30,980 thousand. Foreign-asset transactions accounted for 50% of total cross-border risks, followed by trade-finance transactions (39%). The percentage of foreign assets is due to the consolidation of the Egyptian subsidiary, which reflects the bank's international ambitions in a context of Morocco's opening to the global economy.

Cross-border risks (Individual basis) at December 2019



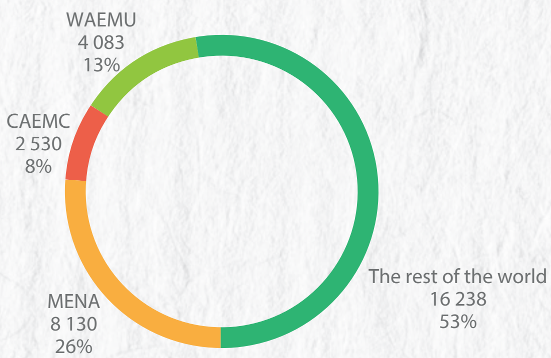
- **Methodology for calculating** and restating country risk exposure based on the risk transfer principle which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks:

Concentration of country exposure by country at December 2019



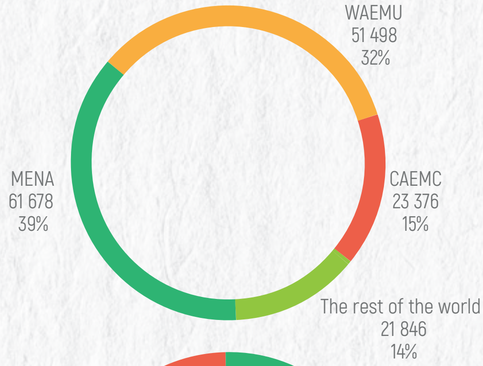
In the zones where it operates, the bank's exposure is represented by financial holdings in banking subsidiaries which bolster growth for the bank's strategic development in Africa. As a result of the acquisition of the Egyptian subsidiary, the MENA zone is dominant at 26% for the acquisition of the Egyptian subsidiary.

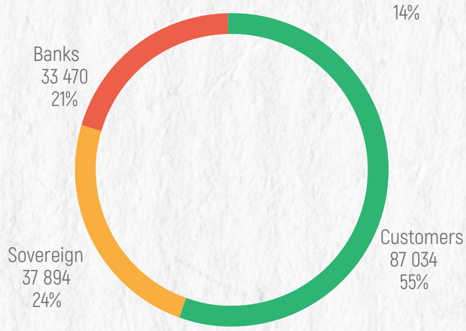
Concentration of country exposure by region at December 2019



- Consolidation rules for country risk exposure providing an analysis of each subsidiary's commitments by country as well as those of the headquarter and an overall perspective of the Group's total commitments.

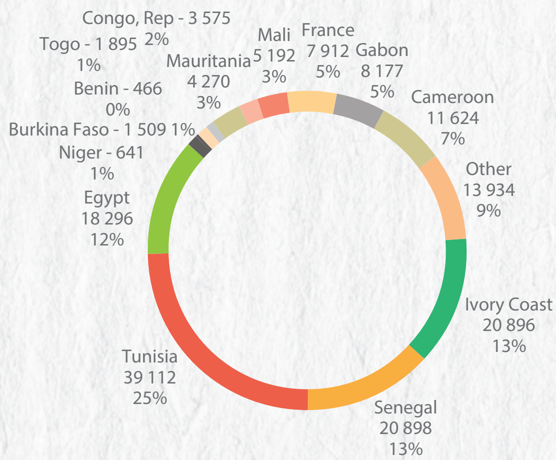
Group cross-border risks by zone: MAD 158.398 million





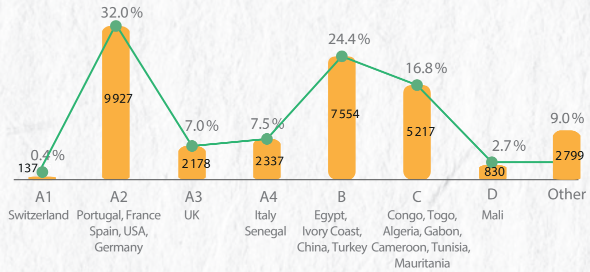
Diversification of cross-border exposure is balanced in terms of geography and economic operators, although brokerage activity is dominant in our economic model.

Similarly, breakdown by country of operations reveals a level of diversification which significantly mitigates concentration.

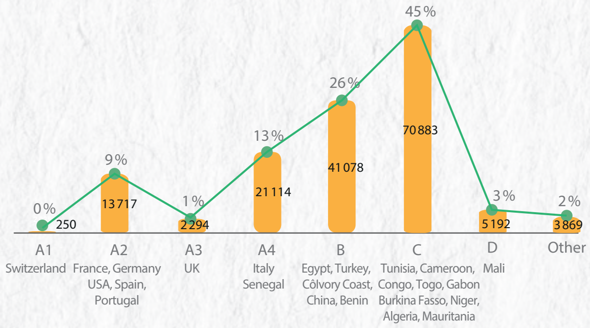


Breakdown of country risk exposure using the Coface scale, with a 47% weighting of countries with acceptable risk for social basis and 27% for the consolidated basis

Breakdown of country risk exposure (Individual) using the Coface scale at December 2019



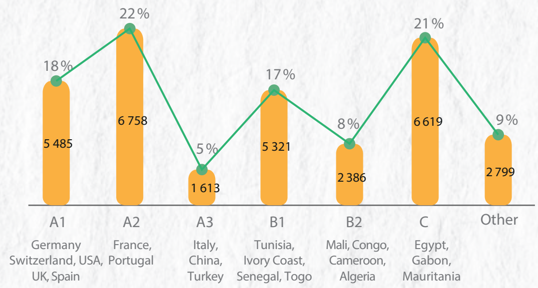
Breakdown of country risk exposure (consolidated) using the Coface scale at December 2019



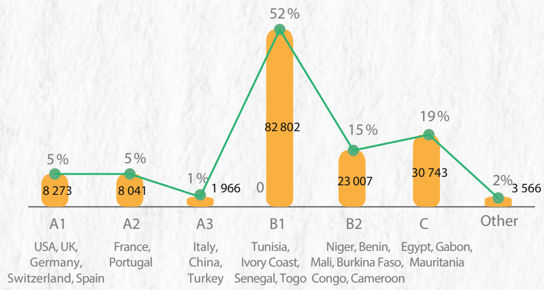
- **Development of an internal country scoring system** reflecting a **country's vulnerability**. The overall grade is based on a multi-criteria assessment approach combining:
  - An economic risk sub-score based on macroeconomic indicators such as the public budget balance, external debt, foreign exchange reserves and GDP, providing an overview of a country's economic solidity;
  - A financial risk sub-score based on macroeconomic indicators such as external debt, debt service obligations, foreign exchange reserves and current account balance, providing an overview of a country's liquidity situation;
  - A market risk sub-score based primarily on credit default swaps (CDS) as protection against issuer default and therefore as an indicator of a country's default probability;
  - A political risk sub-score reflecting a country's vulnerability to political instability; this indicator is based on a multi-criteria assessment approach combining the integrity of the judicial system, administration and bureaucracy, the redistribution of wealth by analysing the poverty rate, the democracy index and ease of doing business index.

The resulting internal country score is the algebraic sum of the above sub-scores and is graded on a scale of 1 to 5, 1 representing an excellent risk profile and 5 representing a highly vulnerable risk profile.

Breakdown of country risk exposure (individual) according to internal scoring at December 2019



Breakdown of country risk exposure (consolidated) according to internal scoring at December 2019



According to the internal country scoring system (vulnerability index), exposure to countries with average risk (B1) and higher amounted to 55% for the social basis and 88% for the consolidated basis.

The internal country-rating model, currently based on sovereign risk, is being widened to include other criteria for country risk, such as transfer risk, the risk of a weakening banking system, and generalized shocks. This model will be enhanced by an «alert» module that provides information on major crises and can detect major trends that give advance warning of crises.

Publication of a weekly country risk report summarising the previous week's main events including changes to ratings agencies' ratings with updated internal scores, CDs and country ratings from institutions such as Standard & Poor's, Moody's, Fitch, Coface and the OECD in the "World" database;

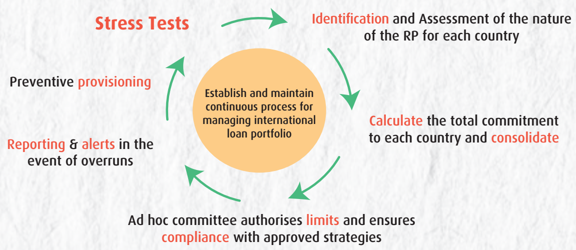
- **Allocation of limits**, which are calibrated as a function of the **country risk profile** and the bank's shareholders' equity with a breakdown by region, country, business sector, type of activity, maturity etc;

- **Monitoring and surveillance** to ensure compliance with limits through ad hoc reporting;
- **Provisioning** for country risk as a function of deterioration in any country to which the bank has exposure including the actual occurrence of risk incidents, debt rescheduling, default, recourse to debt relief measures etc.;
- **Stress testing**, an exercice designed to determine the bank's capacity to withstand extreme developments e.g. the actual occurrence of political risk in Tunisia and Ivory Coast, and to measure the resulting impact on capital and profitability.

Stress tests are conducted on a half-yearly basis in accordance with regulatory requirements and periodically when the bank's country risk exposure changes or when otherwise required.

In conclusion, the bank's country risk management policy provides a specific framework that ensures coverage of international risks from inception to final outcome.

Country risk charter



IV- Operational risk and Business Continuity Plan (BCP)

I- Operational risks

1. Background and methodology

Attijariwafa bank's operational risk management policy is fully consistent with Basel II reforms and their application to Moroccan institutions as decreed by Bank Al-Maghrib's Directive DN/29/G/2007 of 13 April 2007.

Operational risk is defined by Bank Al Maghrib as "the risk of direct or indirect loss resulting from an inadequacy or failing in internal procedures, persons or systems or resulting from external events". This definition includes legal risks but excludes strategic risk and the risk of damage to the Group's reputation.

Operational risk management policy is steered by the Operational, Legal, Information Systems and Human Risks unit.

A. Missions and components of the ORM policy

B1- ORM missions

- To meet the regulatory requirements in terms of ORM of Bank Al Maghrib and the regulators of the countries where Attijariwafa bank is established
- Validate the coverage of operational risks by equity

- Provide the bank and its subsidiaries with the ORM tools necessary to control its operational risks with a view to operational efficiency.
- Standardize and consolidate ORM deliverables

- Leading the ORM channel (collection of OR incidents, annual seminar...)
- Sharing feedback from the bank's entities and subsidiaries on ORM (risks, incidents, CAP, etc.).

- Ensure the central management of major risks (Strengthening of DMRs)
- Follow up on serious incidents
- Elaborate reports for internal and external instances

B2- ORM policy components

Attijariwafa bank Group's ORM policy is based on the following components:

Normative body

The **ORM normative body** is described in the **ORM charter** through descriptions of the:
- methodology for operational risk modeling
- organizational principles for the OR network
- ORM procedures (OR mapping, inventory of incidents, reporting)

ORM reference system

The **ORM reference system** comprises:
- the mapping process for all Bank/subsidiary activities;
- consolidated risk mapping by process, including the risk control system

ORM organization

The **organizational system at the AWB level** is deployed at two levels:
- **1st level / ORM unit:** responsible for measuring and controlling operational risks. It is also responsible for informing business lines of their operational risk levels and helping them to take appropriate action. These activities are carried out by the **Operational Risk Managers (ORM)**.
- **2nd level / business line:** the business lines **(corresponding OR, OR relays)** are themselves responsible for identifying and compiling an inventory of incidents, and for implementing measures to hedge against risk.

ORM reporting

The **reporting provided** is the following:

- Reporting (monthly and quarterly) addressed to various **business lines**
- Reporting addressed to the **Management Committee** and the **Bank's Board of Directors**
- Reporting addressed to the regulator, **Banque Al-Maghrib** (CI and other reports requested)

Change management

Training material has been created for specific profiles

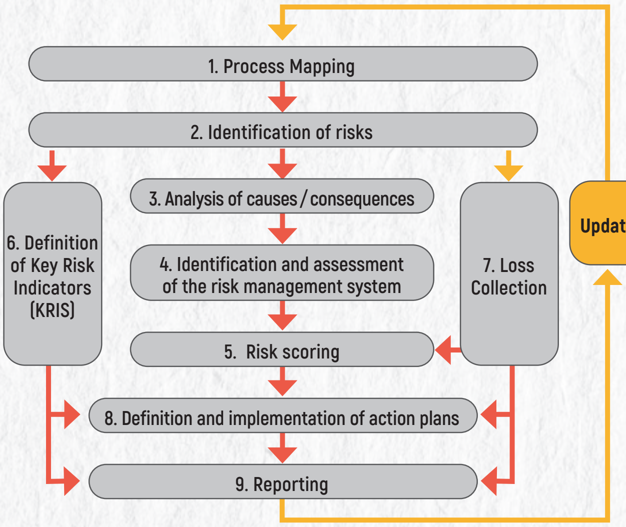
Awareness raising sessions are held regularly for business line OR employees

ORM software **user guides** have been written and distributed

Evaluation surveys have been carried out on the level of **OR culture**

B. METHODOLOGY FOR OPERATIONAL RISK MANAGEMENT

The chart below shows the process used to map operational risks:



The risk control framework (RCF) groups all measures taken to prevent and/or minimize risks and their impact:

- 1st and 2nd level controls
- automatic controls
- existing procedures
- training courses and awareness raising

5 possible levels of evaluation, from "efficient" to "nonexistent"

Frequency		Average financial impact		Scale of net rating	
Rating	Level of impact	Rating	Frequency level	OR net rating	
1	Less than MAD 10 thousand	1	Extremely rare	Less than once every 5 years	1	Weak
2	MAD 10 thousand to 100 thousand	2	Rare	Less than once a year	2	Average
3	MAD 100 thousand to 1 million	3	Infrequent	Several times a year (1-15 times per year)	3	Strong
4	MAD 1 million to 10 million	4	Frequent	Several times a month (16-50 times per year)	4	Critical
5	MAD 10 million to 100 million	5	Very frequent	Several times a week (51-350 times per year)	5	Unacceptable
6	Over MAD 100 million	6	Constant	Several times a day (at least 350 times per year)		

In order to have a credible indicator for the Bank's risk exposure, risk mapping is updated annually for frequency and impact, both quantitative (financial) and qualitative.

C. Hedging of operational risk management

All banking activities are hedged by a policy of operational risk management, except for the following units: general audit, Group compliance (audit units), and strategy and development.

The range of hedging was extended after the deployment and harmonization project for ORM systems in IRB subsidiaries (WAEMU, EMCCA, others) launched in 2019.

MOROCCO	WAEMU	EMCCA	OTHER
· AWB · SFC subsidiaries: - Wafabail - WafaLLD - Attijari factoring - Wafasalaf - Wafacash - Wafa Immobilier · BFIG subsidiaries: - Wafa bourse - Attijari Intermédiation - Wafa Gestion	· SIB – Ivory Coast · CBAO – Senegal · CDS – Senegal · BIM – Mali · BIAT – Togo	· UGB – Gabon · CDC – Congo · SCB – Cameroon	· ABM – Mauritania · AWB Egypt · ABT – Tunisia · AWB Europe

D. ORM governance

The operational risk management policy is monitored by governance organized in three principal

General Management Committee

Main objectives :

- Validation of standards, procedures and OR management methods
- Validation of the OR mapping and its future evolutions
- Monitoring of indicators and action plans on major risks
- Review of incidents and losses and their mitigation measures

Actors:

CEO or Deputy General Director, Persons in charge: ORM, GRM, Audit, Compliance, Permanent Control, Finance, HR, Legal, Sales and Marketing Development

ORM Committee

Main objectives :

Implementation of the charter, standards, procedures and OR management methods Examination of the mapping of the OR of the various business lines and its future developments Review of major risks and monitoring of the implementation of mitigation measures (CAP, outsourcing, insurance...)
Follow-up of the evolution of incidents and losses Preparation of the OR regulatory committee and arbitration points

Actors:

ORM Manager, Business Manager, MRO, CRO

Frequency: Quarterly

Operational Risk Committee

Main objectives :

Presentation and analysis of incidents and lossesMonitoring of indicators and action plans on major risksValidation of updates to OR repositories (Processes, Risks and Organizational System)

Actors:

ORM Manager, Business Manager, MRO, CRO

Frequency: Quarterly

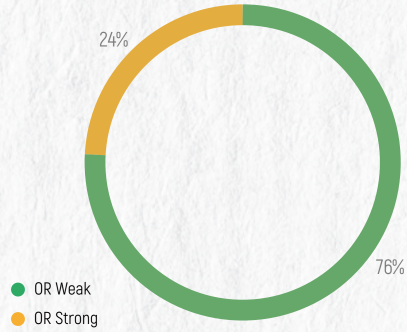
QUANTITATIVE DATA

A. Risk mapping analysis of Group operational risks (Bank + IRB subsidiaries)

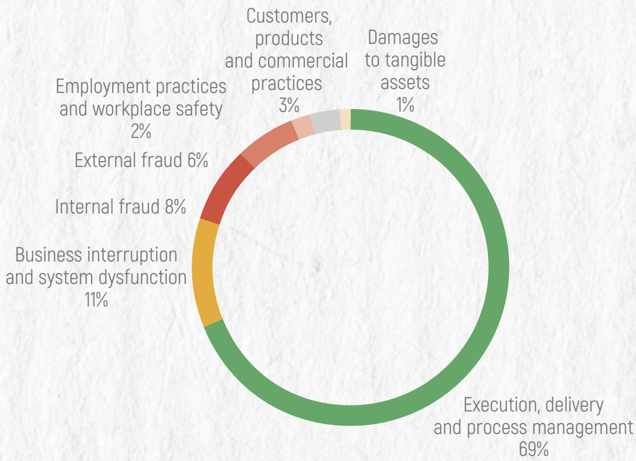
The principal characteristics of operational risk mapping are as follows:

- 24% are major risks (ratings of "Strong," "Critical" or "Unacceptable")
- 69% of risks are the result of Basel Accords-related "Execution, delivery and process management"
- 11% of risks are IT-related (business interruption and system malfunction)

Risks by rating

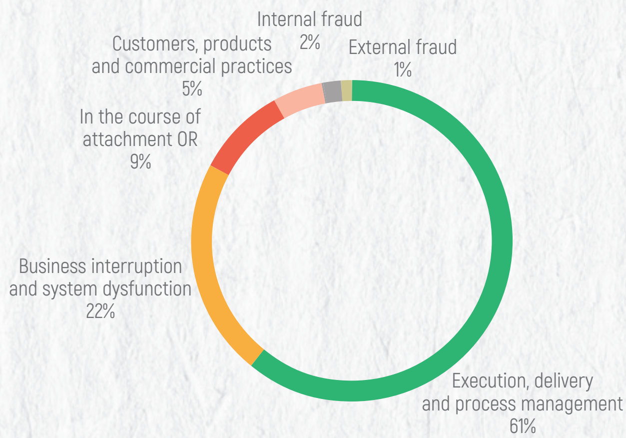


Risks from Basel Accords (Level 1)

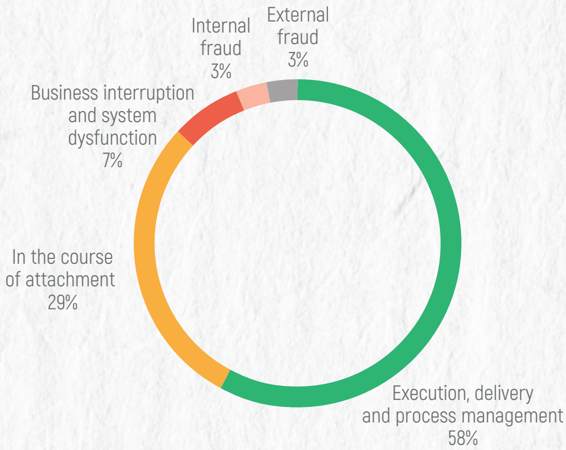


B. Analysis of 2019 incidents recorded at Bank level

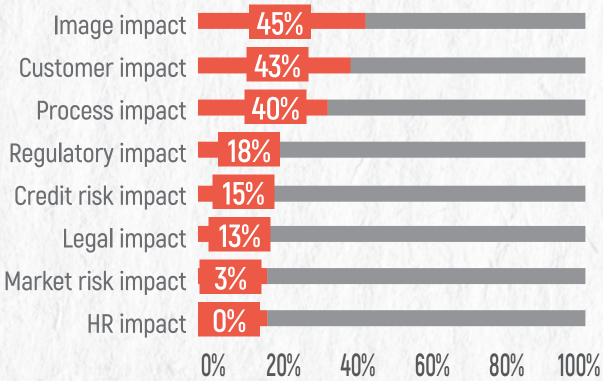
Incidents by category of events (number of occurrences)



Financial losses by category of events



Qualitative impact generated by the incidents collected



The majority of incidents recorded in 2019 are due to inadequate execution, delivery or process management (61% in volume, 58% in financial losses)

The dominant qualitative impact is on image (45% of incidents impact image) followed by customer satisfaction, at 43%

Group Business Continuity Management (BCP)

Implementation of the BCP is part of the process of regulatory compliance with Banque Al-Maghrib circular 47G/2007, relating to management of major risks. The BCP aims to protect Attijariwafa bank Group capital and ensure the resilience of all activities.

2019: confirmation of BCP operationality and deployment of plan at the African subsidiary level.

BCP highlights in 2019

1. **Approval at the meeting of the Board of Directors on July 16, 2019, of change in the general policy for Group busines continuity.** This constitutes a benchmark framework that is both internal and vis-à-vis supervisory authorities, customers, suppliers / service providers and Bank partners.

Significant events:

- introduction of a new BCP governance policy designed to improve communication between BCP managers in subsidiaries and Group BCP management;
- creation of a Committee for Maintenance in Operational Condition (CMOC) for Group African subsidiaries.

2. **Launch of 2019 annual campaign for the Maintenance in Operational Condition (MOC) plan.** The Bank's priority business lines have all been reviewed (business recovery plans and business impact reports) in dedicated workshops organized by MOC managers.

3. **Successful completion of BCP tests for 2019.** These tests were performed under real conditions, and they include activation of the ITP and of business line backup in fail-soft mode.

The tests included:

a. central processing / BCP user backup tests from February to May 2019;

b. ITP/BCP full-scale test in April 2019;

c. dealing room / BCP test in December 2019.

All tests were conclusive, with no blocking reservations.

▶ Focus on BCP / central processing – 2019 tests under real conditions – User backup

Central processing / Dealing room back office	Failure in real-time gross settlement system: processing payments via BAM	12/13/2018	Test successful
Central processing / Securities back office	Failure of Maroclear platform at the YEM level	02/05/2019	Test successful
Central processing / National processing center Commitment	Incident related to the constitution of guarantees and blocked loans after a technical problem with IRSAL software at the YEM level	02/05/2019	Test successful
Central processing / National processing center for currencies / SWIFT activities	General failure of SWIFT system	03/19/2019	Test successful
Central processing / MPG Clearing	Incident in the process of clearing intraday buy-sell trades (checks – standardized bills of exchange – transfers)	11/29/2019	Test successful
Central processing / Customer service	User backup telephone switchboard to Moulay Youssef call center	03/19/2019	Test successful
Central processing / Customer service	User backup telephone switchboard to Moulay Youssef call center	11/29/2019	Test successful

▶ Focus on BCP/ITP

Global ITP exercise 04/28/2019

Group IT participants	total
Group IT – IT general help	24
Group IT – IT technical help	35
Crisis unit	7

Business unit participants	total
BDD	30
Central processing – MPG	
Central processing – national processing center commitments	
Central processing – conciliation	
Group compliance	
Group finance	
GRM	
Dealing room / BFIG	
Securities back office	
Corporate banking	
CGR	
National processing center currencies	
CRC	
Organization & reengineering	2

4. Deployment of BCP policy at the international retail bank (IRB) subsidiary level.

The policy is executed in accordance with a roadmap (2019-2020) approved by the Management Committee. It is part of a global approach (concepts, procedures, organization, awareness raising, document models, etc.) designed to guarantee that the following standards defined at the Group level are taken into consideration: consistency among implemented BCPs and regulatory convergence (local/central), including specific characteristics of subsidiaries by zone (WAEMU, EMCCA, MAGHREB).

The "management of Group business continuity" unit toured Africa throughout 2019, meeting with seven of the 11 IRB subsidiaries (SIB, UGB, CDC, BIAT, SCB, CBAO and ABT). This resulted in a BCP diagnostic in accordance with local regulations and Group requirements following the launch of the BCP.

5. Spreading BCP culture at the subsidiary level

out in 2019, including more than 20 awareness-raising seminars on managing major risks. Seminars were also held on the importance of updating the BCP and the involvement of BCP correspondents. An internal communication was also sent out via flash infos (gateways).

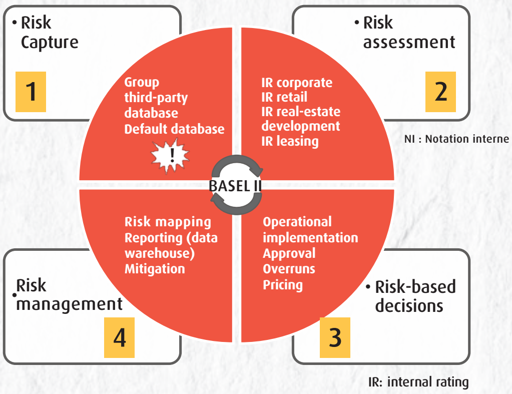
V- Risk Management

The GGRM is equipped with a unit dedicated to Risk Management systems. This unit is focused on applying industry best practices in risk management, in compliance with Basel II.

This unit is also responsible for creating and monitoring rating models at the Group level, mapping ratings, and continually improving risk management.

As part of the procedure for transitioning to the advanced processes required by the central bank (BAM) and by bank management, a Basel II framework has been implemented under the aegis of Risk Management. The framework is based on risk capture (default database), a company ratings system (updated in 2010 and 2017), a Group third-party database, a data warehouse for risk management, and a procedure for operational application of ratings on the process level.

Basel II scheme



Ratings map in accordance with the new corporate model

In 2019, the new model for corporate internal ratings (2017) was the basis for portfolio ratings and for requirements of the new IFRS 9.

The new model takes into account not only financial items, but also qualitative and behavioral items. It covers the majority of the Bank's commitments. It was designed on the basis of a proven statistical approach and with feedback from experienced risk managers. The result was enhanced forecasting capacity.

The adoption of the internal ratings model reflects the Group's determination to comply with international standards of risk management (Basel II). This approach took form in 2010 with the implementation of a new internal ratings system.

A new internal ratings system was introduced in 2017. This system has better forecasting capacity than the previous model, and was designed and approved by various management bodies. The model was successfully introduced throughout the year by means of the latest software, with the help of the IT and other group teams. The model will serve as a basis for future improvements regarding compliance with the Bale directives and the new IFRS 9.

The new model takes into account not only financial items, but also qualitative and behavioral items. It covers the majority of the bank's commitments. The rebalanced weighting of various components is based on tested statistical analyses.

AWB Classification	Description
A	Very good
B	Good
C	Quite good
D	Average
E	Poor
F	Bad
G	Very bad
H	Default

The ratings system has the following features:

a) Scope: corporate portfolio, excluding public administration, finance companies and real estate development companies;

b) Attijariwafa bank's ratings model is primarily based on assigning a counterparty rating reflecting the probability of default within one year ;

c) This rating is calculated on the basis of three other ratings – a financial rating, a qualitative rating and a behavioural rating.

- The financial rating is based on several financial factors related to the company's size, growth rate, level of debt, profitability and financial structure;
- The qualitative rating is based on information regarding the market, the environment, the company's shareholder structure and management. This information is provided by the branch network.
- The behavioural rating is based on the specific character of the account

d) All counterparty ratings are subject to credit committee approval (for each rating) by the appropriate credit committee in accordance with current delegated powers.

e) Probability of default only assesses a counterparty's solvency, independent of the transaction's characteristics (guarantees, ranks, clauses, etc.).

f) The model's risk classes have been calibrated by adopting risk classes used by international ratings agencies. The rating is assigned to a risk class on an 8-class risk ratings scale under 3 categories :

- Healthy counterparties: classes A to D;
- Sensitive counterparties: E to G;
- Counterparties in default: class H (doubtful, impaired, consolidation, recovery, provisions).

g) Use of internal ratings: the internal ratings model is now an integral part of the assessment and credit approval process. The rating is taken into consideration from the very moment a credit proposal is submitted.

The risk rating will also determine the level of authority required in the credit approval process.

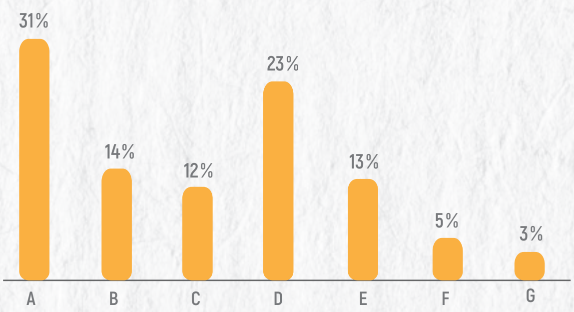
h) Ratings update: counterparty ratings are re-examined at each renewal date and at least once a year. However, for corporate customers under watch (Classes F, G or pre-recovery), the counterparty rating must be reviewed every six months. In general, any significant new information will result in the rating being reassessed and a possible upward or downward revision.

The ratings system is intended to be flexible and is back-tested on an annual basis in order to:

- Test the predictive powers of the ratings model;
- Ensure that the probabilities of default are correctly calibrated.

In terms of commitments, the 2019 risk distribution* below shows a good risk profile for portfolio risk. More than 90% of loan outstanding are classified as sound. The Top 500 showed marked improvement in revenues. Only 4% of outstanding in the large enterprise category are rated F or G.

Based: 4,915 files totaling MAD 108 billion



• Public administrations, real estate companies and litigate files are out of perimeter.

At this stage, implementation has resulted in a higher portfolio rating, which in 2019 came to 97% of loan outstandings.

In addition, the GGRM has actively participated in a media campaign designed to help Moroccan companies understand ratings. To achieve this, seminars organized jointly with the corporate market have been held throughout most regions of Morocco. The result has been heightened awareness of risk and improved Bank/corporate relations. In operating terms, the Bank has made adjustments to allow a more equitable division of ratings.

Adjustment of ratings models for IFRS 9

In January 2018, the new IFRS 9 introduced a new model for recognizing impairment of financial assets on the basis of expected credit losses (ECL). The amount of expected losses is determined by means of three principal parameters: the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD), which take into consideration amortization profiles. ECL = PD x LGD x EAD.

Moreover, the standard adopts an approach to asset classification in 3 buckets:

- Bucket 1 ("healthy portfolio"): assets show no significant rise in credit risk after initial recognition;
- Bucket 2 ("portfolio with significant rise in credit risk"): significant rise in credit risk after initial recognition;
- Bucket 3 ("portfolio in default"): recognized credit event or default.

The broadening of corporate ratings models provides risk parameters (particularly probability of default) that cover most of the Bank's commitments in Morocco, especially the probability of default, which is now much lower than in previous models. The calculation of Bucket 1 provisions is made on the basis of the PD estimated on a 12-month point in time (PIT) horizon.

Where there is a significant rise in credit risk (Bucket 2), the PD employed is at maturity, in order to take the provision into account throughout the instrument's remaining life. This led the Bank to develop new models for forecasting probability of default over several timeframes, in compliance with the standard.

Moreover, the inclusion of an outlook component (i.e., on the basis of macroeconomic forecasts) is being implemented with probability scenarios that include past events, current conditions and reasonable, justifiable macroeconomic forecasts. These new models, called "forward looking," are able to estimate a default rate over several timeframes. The estimated default rate is used to measure the Life in Time (LIT) probability of default.

Deployment of a new generation of rating retail customers

After five years of effective use of rating models (very small enterprises and professionals), the models have been enhanced with a new type of internal data (bank card payments and withdrawals) and external data (credit bureau) which significantly improve the forecasting capacity of the rating models. These models were successfully deployed in 2019 and supplemented by specific models (prospects, new contacts and double relations) for more precise ratings throughout the customer life cycle.

To bring the ratings project to the Group level, the Bank has implemented a new technology that eliminates geographic constraints. This technology was tested in 2019 to rate WAFABAIL customers.

The rating of self-employed professionals and retail customers rose significantly in 2019, as measured with rating software. It will become operational in 2020.

All models contribute to the mechanization of credit decisions, and ultimately increase capacity for handling them. The rate of automation is constantly improving. These policies will be reviewed and enhanced in order to better address the targets which are the focus of the ANA MAAK program in 2020, especially new companies and young entrepreneurs. Moreover, decision-making and acceptance policies will be relaxed to fully facilitate access to financing of very small enterprises eligible for the INTELAKA program.

Enhancement of risk management for subsidiaries

The broadening of the corporate internal ratings system continues at the international subsidiary level, with priority given to those with significant commitments. In 2019, four subsidiaries were covered by the ratings model (UGB, CBAO, CDS, SCB).

In addition, the models deployed prior to 2019 were continually improved, especially SIB (Ivory Coast), ATB (Tunisia) and Attijariwafa bank Egypt, which was given special attention. A review in 2019 confirmed the robustness of the models deployed and their effective operational implementation.

The quantitative risk models required by the new IFRS 9, especially the parameters for PD risk at maturity and PIT PDs based on the approach of forward-looking deliverables, were approved by external auditors and by the Central Bank of Egypt.

In 2020, the UGB, CDCO, BIAT and ABM sites will be equipped with new models.

VI. ASSET-LIABILITY MANAGEMENT

Liquidity risk

Liquidity risk is the risk that, even by mobilizing its assets, a lending institution will not be able to meet its obligations or maturities across the yield curve.

Liquidity risk can arise from customer deposit withdrawals, a high level of credit disbursement, or a decline in liquidity of specific assets. It can be related to intrinsic risk or to market risk.

Attijariwafa bank Group manages liquidity risk within the framework of the liquidity policy approved by the ALM Committee, the Audit Committee, and the Board of Directors. Under this policy, liquidity risk can be identified, assessed, monitored, and hedged for both normal and crisis conditions. Group liquidity is assessed by means of internal and regulatory performance indicators.

Policy for liquidity-risk management

Objectives

The liquidity policy of Attijariwafa bank Group consists of:

- holding available, liquid assets that allow the bank to meet exceptional cash withdrawals for various maturities, including intraday, and for various currencies;
- ensuring a balanced, adequately diversified financial structure at an optimal cost;
- complying with regulatory liquidity ratios.

Governance

The Board of Directors is kept informed by the Audit Committee with regard to the Group's liquidity policy and position.

The ALM Committee meets quarterly to:

- define the liquidity-risk profile;
- ensure that regulatory liquidity ratios are being met;
- define and monitor liquidity-management indicators and set related limits;
- define the bank's financing strategy in terms of market conditions.

The ALM Committee comprises the chief executive officer, senior managers, the head of global risk management, the business-unit heads, the head of Group finance, the head of capital resources, the head of the trading floor, and the head of the ALM unit.

Other participants may be invited on occasion by the chairman of the ALM Committee.

The Treasury Committee meets monthly. The committee monitors and manages liquidity risk by monitoring market conditions on a regular basis, verifying the bank's internal capacity to meet potential liquidity needs, and managing its liquidity ratio.

Management and monitoring of liquidity risk

The management and oversight of liquidity risk use a wide range of indicators for various maturities.

Free treasury securities

Free treasury securities allow the bank to meet short-term liquidity needs. Intraday mismatches and overnight outflows can be covered by intraday "PLI" repos concluded with the Central Bank, or by overnight repos.

At December 31, 2019, outstanding free treasury securities amounted to MAD 29.7 billion, compared with MAD 24.4 billion a year earlier.

Available liquidity reserves

Liquidity reserves comprise assets that can be converted into cash in less than 12 months. Liquidity may arise from the sale of the asset on the open market, from using the security as collateral in the repo market, or from lending the security to Bank Al-Maghrib.

At December 31, 2019, high-quality liquid assets totaled MAD 42.1 billion, compared with MAD 30.5 billion at December 31, 2018.

Hedging wholesale liquidity gaps (12 months) by means available liquidity reserves

This indicator measures the bank's ability to fill gaps in wholesale liquidity, considered volatile during a liquidity crisis, in the event of a market unexpectedly closing.

At December 31, 2019, 12-month wholesale liquidity gaps totaled MAD 20.0 billion, compared with MAD 23.4 billion a year earlier. The coverage rate by means available liquidity reserves stood at 211% at December 31, 2019, compared with 130% at December 31, 2018.

Static liquidity gaps: (difference between assets and liabilities) by maturity: This measure determines the liquidity schedule for all assets and liabilities:

- until the contractual date for items with a contractual schedule;
- in accordance with assumptions based on models for items without a contractual schedule.

At December 31, 2019, the static liquidity gaps were as follows (in MAD billions):

	0-1 year	1 to 5 years	more than 5 years
Asset flow	174	113	77
Liability flow	145	70	149
Static liquidity gap	29	43	-72

Liquidity coverage ratio (LCR):

The liquidity coverage ratio (LCR) measures a bank's ability to cover liquidity needs during a stress period (both systematic and nonsystematic) of one month.

At December 31, 2019, the LCR stood at 127% , compared with 104% at December 31, 2018.

Net stable funding ratio (NSFR):

The net stable funding ratio (NSFR) limits a bank's use of short- term liquidity gaps. The NSFR encourages stronger assessment of refinancing risk for all items on and off the balance sheet, thereby encouraging stability.

At December 31, 2019, the NSFR stood at 129% , compared with 121% at December 31, 2018.

Structural interest-rate risk

Interest rate risk is one of the largest risks to which banks are exposed. This risk relates to the risk of changes in the value of positions or the risk of changes in a short-term financial instrument's future cash flows (floating rate) due to changes in market interest rates (fixed rate).

The management of interest rate risk involves matching the various interest rates for the uses and sources of the bank's deposits. However, the bank's sources (i.e., deposits), usually short or medium term, do not match perfectly with the bank's uses of its deposits, usually long term and at fixed interest rates (e.g., mortgage loans). This mismatch creates a need to monitor, assess, and hedge interest rate risk.

AWB's management of interest rate risk aims to preserve estimated interest margin and shareholders' equity against adverse interest rate movements:

- for maturities of less than 12 months, AWB's policy for managing interest rate risk is to hedge interest margin against a significant change in interest rates;
- for long-term maturities, the policy of managing interest rate risk is to reduce the fluctuation of the discounted net financial value of residual fixed-rate positions (surplus or deficit) of futures (more than 20 years) issued from all assets and liabilities.

The total exposure to interest rate risk is presented to the Attijariwafa bank ALM Committee, which:

- examines positions of interst rate risk on a quarterly basis;
- ensures that applicable limits are respected;
- decides on management measures on the basis of suggestions made by the ALM Committee.

Assessment and monitoring of structural interest rate risk

Attijariwafa bank utilizes several indicators to assess the interest rate risk of its banking portfolio (excluding trading activities). The three most important indicators are:

1. interest rate gaps (difference between assets and liabilities), by maturity. This measure determines the liquidity schedule for all assets and liabilities, fixed or floating interest rates:
   - until the maturity date for floating interest rates;
   - until the contractual date for fixed-rate operations;
   - in accordance with assumptions based on models for items without a contractual schedule.
2. The sensitivity of the balance sheet's economic value to interest rate changes.
3. The sensitivity of the interest margin to changes in interest rates under various stress tests.

Interest rate gaps at the parent-company level at December 31, 2019 (in MAD billions), were as follows:

(in thousand MAD)

	0-1 year	1 to 5 years	more than 5 years
Asset flow	115	100	89
Liability flow	115	76	113
Rate gap	0	24	-24

Simulations of various stress scenarios are performed in order to determine the impact under such conditions on the net interest margin and on the economic value of shareholders' equity.

At December 31, 2019, the sensitivity for a 100 bp rise was MAD 33 million (0.40%) from the estimated interest margin, and MAD 1 913 million 4.6% from statutory shareholders' equity.

The interest rate gap and results of stress tests are presented to the ALM Committee, which decides on the management and hedging measures to be taken.

PILLAR III

PILLAR III: RISKS AND CAPITAL ADEQUACY

The publication of financial information with regard to regulatory capital and risk exposure is conducted on a consolidated basis in compliance with Article 2 of directive 44/G/2007. Other information about the parent company and significant subsidiaries is published separately, in compliance with Article 8 of the same directive.

Pillar 3 of the Basel III framework aims to promote market discipline through regulatory disclosure requirements with regard to supplementary financial communication. These requirements enable market participants to access key information relating to a bank's regulatory capital and risk exposure, in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

I. Capital management and capital adequacy of Attijariwafa bank Group

1- Moroccan regulatory framework

The Moroccan regulatory framework is changing in compliance with the principles laid down by the Basel Committee.

In 2007, Bank Al-Maghrib put forward the Basel II accord, which is based on three pillars:

- **Pillar 1:** calculation of minimum capital requirements for various prudential risks: credit risk, market risk, and operational risk;
- **Pillar 2:** implementation of internal reviews of capital adequacy and risks incurred. This pillar covers all quantitative and qualitative risks;
- **Pillar 3:** disclosure requirements and standardization of financial information.

Bank Al-Maghrib has also applied the Basel III Committee guidelines for regulatory capital. The new requirements took effect in June 2014.

2- Prudential scope of application

Solvency ratios prepared on a parent-company basis (domestic banking) and on a consolidated basis are subject to Basel Committee international standards and governed by Bank Al-Maghrib regulatory directives:

- circular 26/G/2006 (see technical note NT 02/DSB/2007) about the standard calculation of capital requirements with regard to credit, market, and operational risk;
- circular 14/G/2013 (see technical note NT 01/DSB/2014) about the Basel III calculation of regulatory capital of banks and credit institutions.

For ratios prepared on a consolidated basis, in accordance with Article 38 of circular 14/G/2013, the shareholdings of insurance and reinsurance companies shall be treated on a consolidated basis using the equity method, even where the shareholdings are wholly owned or part of a joint venture.

Name	Business Activity	Country	Method	% Control	% Stake
Attijariwafa bank	Banking	Morocco	Top		
Attijariwafa Europe	Banking	France	IG	99.78%	99.78%
Attijari International Bank	Banking	Morocco	IG	100.00%	100.00%
Attijariwafa bank Egypt	Banking	Egypt	IG	100.00%	100.00%
CBAO Groupe Attijariwafa Bank	Banking	Senegal	IG	83.07%	83.01%
Attijari bank Tunisie	Banking	Tunisia	IG	58.98%	58.98%
La Banque Internationale pour le Mali	Banking	Mali	IG	66.30%	66.30%
Crédit du Sénégal	Banking	Senegal	IG	95.00%	95.00%
Union Gabonaise de Banque	Banking	Gabon	IG	58.71%	58.71%
Crédit du Congo	Banking	Congo	IG	91.00%	91.00%
Société Ivoirienne de Banque	Banking	Ivory Coast	IG	67.00%	67.00%
Société Commerciale de Banque	Banking	Cameroon	IG	51.00%	51.00%
Attijari bank Mauritanie	Banking	Mauritania	IG	100.00%	67.00%
Banque Internationale pour l'Afrique Togo	Banking	Togo	IG	56.50%	56.50%
Wafasalaf	Consumer credit	Morocco	IG	50.91%	50.91%
Wafabail	Leasing	Morocco	IG	98.57%	98.57%
Wafa immobilier	Mortgage loans	Morocco	IG	100.00%	100.00%
Attijari Factoring Maroc	Factoring	Morocco	IG	100.00%	100.00%
Wafa LLD	Long-term leasing	Morocco	IG	100.00%	100.00%
Bank ASSAFA	Banking	Morocco	IG	100.00%	100.00%

3- Capital Composition

In June 2014, Bank Al-Maghrib's prudential regulations for the adoption of Basel III entered into force. Consequently, Attijariwafa bank is required to comply with, on both an individual and a consolidated basis, a core-capital ratio of no less than 8.0% (including a conservation buffer of 2.5%), a Tier 11 capital ratio of no less than 9.0%, and a Tier 1 and Tier 2 capital ratio of no less than 12.0%.

At the end of June 2019, in accordance with circular 14/G/2013, the regulatory capital of Attijariwafa bank Group comprised both Tier 1 and Tier 2 capital.

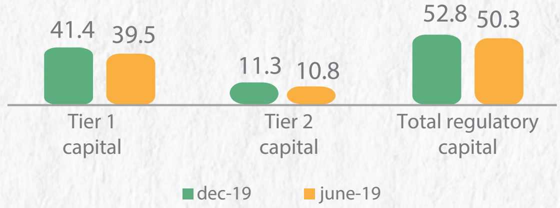
Tier 1 capital is determined on the basis of Core Equity Tier 1 capital (CET1) adjusted for: the anticipated distribution of dividends; the deduction of goodwill, intangible assets, and unconsolidated equity investments 2 that are held in the capital of credit institutions and equivalent in Morocco and abroad, and in the capital of entities with banking-related operations in Morocco and abroad; and prudential filters.

Tier 2 capital consists mainly of subordinated debt whose initial maturity is less than five years. An annual discount of 20% is applied to subordinated debt with less than five years of residual maturity. Tier 2 capital is restricted to 3% of risk-weighted assets.

(thousand MAD)

	Dec-19	June-19
Tier 1 capital= CET1+AT1	**41,442,498**	**39,536,312**
Items to be included in core capital	51,308,413	50,188,863
Share capital	2,098,597	2,098,597
Reserves	43,260,636	43,645,024
Retained earnings	3,099,160	1,607,962
Minority interests	3,415,998	3,440,049
Currency Translation adjustments	244,290	224,929
Ineligible core capital	-810,267	-827,698
Items to be deducted from core capital	**-12,865,915**	**-12,652,551**
Core Equity Tier 1	**38,442,498**	**37,536,312**
Additional equity (AT1)	**3,000,000**	**2,000,000**
Tier 2 capital	11,325,634	10,800,083
Subordinated debt with maturity of at least five years	11,007,809	10,486,007
Unrealized gains from marketable securities	160,135	155,009
Other items	157,690	159,068
Total regulatory capital (Tier 1 + Tier 2)	**52,768,131**	**50,336,395**

Changes of Attijariwafa bank's regulatory capital (in MAD billion)



4- Solvency ratios

At December 31, 2019, the Group's Tier 1 capital ratio amounted to 10.32% and its capital adequacy ratio stood at 13.14%.

(thousand MAD)

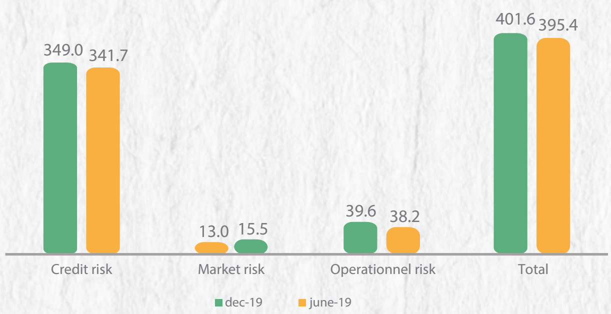
	Dec-19	June-18
Tier 1 capital	41,442,498	39,536,312
Total capital	52,768,131	50,336,395
Risk-weighted assets	401,612,481	395,392,046
Tier 1 capital ratio	10.32%	10.00%
Capital adequacy ratio	**13.14%**	**12.73%**

II. Capital requirements and risk-weighted assets of Attijariwafa bank Group

At December 31, 2019, total risk-weighted assets for Pillar I, in compliance with circular 26/G/2006 (standards for calculating capital requirements under credit and market risk, using the standardized approach) for Attijariwafa bank Group amounted to MAD 401,612,481 thousands. Risk weighted assets are calculated by means of the standardized approach for credit, counterparty, and market risks, and by means of the Basic Indicator approach for operational risks.

	Pillar I	
	Hedged risk	Method for assessment and management
Credit and counterparty risk	√	Standardized approach
Market risk	√	Standardized approach
Operational risk	√	BIA (Basic Indicator Approach)

Changes in weighted risks in Attijariwafa bank group (in MAD billions)



1) Tier 1 capital is composed of equity capital and additional capital (any instrument that can be converted to capital or depreciated when the solvency ratio falls below a predefined threshold of 6%) after deductions and prudential adjustments

2) Equity holdings of more than 10% whose historical value is less than 10% of Group Tier 1 capital are weighted at 250%.

The following table shows the annual change of capital requirements and risk-weighted assets under Pillar 1:

(in thousand MAD)

	Dec -19		June-19		Variation	
	Risk-weighted assets	Capital requirements[3]	Risk-weighted assets	Capital requirements[3]	Risk-weighted assets	Capital requirements
Credit risk on balance sheet	**269,278,763**	**21,542,301**	**264,117,685**	**21,129,415**	**5,161,077**	**412,886**
Sovereigns	17,486,108	1,398,889	16,916,195	1,353,296	569,913	45,593
Institutions	12,997,595	1,039,808	15,288,454	1,223,076	-2,290,859	-183,269
Corporate	186,215,142	14,897,211	187,253,281	14,980,263	-1,038,139	-83,051
Retail	52,579,918	4,206,393	44,659,755	3,572,780	7,920,162	633,613
Credit risk off balance sheet	**51,398,594**	**4,111,888**	**48,919,853**	**3,913,588**	**2,478,741**	**198,299**
Sovereigns	3,014,711	241,177	1,900,430	152,034	1,114,281	89,142
Institutions	1,693,803	135,504	1,259,486	100,759	434,316	34,745
Corporate	46,380,877	3,710,470	45,464,748	3,637,180	916,128	73,290
Retail	309,204	24,736	295,189	23,615	14,015	1,121
Counterparty risk[4]	**1,668,081**	**133,446**	**938,608**	**75,089**	**729,472**	**58,358**
Institutions	206,245	16,500	107,881	8,631	98,364	7,869
Corporate	1,461,835	116,947	830,727	66,458	631,108	50,489
Credit risk from other assets[5]	**26,606,585**	**2,128,527**	**27,712,317**	**2,216,985**	**-1,105,732**	**-88,459**
Market risk	**13,044,607**	**1,043,569**	**15,500,525**	**1,240,042**	**-2,455,918**	**-196,473**
Operational risk	**39,615,902**	**3,169,272**	**38,203,057**	**3,056,245**	**1,412,845**	**113,028**
Total	**401,612,531**	**32,129,002**	**395,392,046**	**31,631,364**	**6,220,485**	**497,639**

1- Credit risk

The amount of weighted credit risk is calculated by multiplying the assets and the off balance sheet by the weight coefficients provided for in Articles 11–18 and 45–47 of circular 16/G/2006. Credit risk depends mainly on the type of commitment and the counterparty.

Risk-weighted assets are calculated from net exposure less guarantees and collateral, then adjusted by risk weight (RW). Off-balance-sheet commitments are also weighted by the conversion coefficient factor (CCF).

· Analysis of credit risk by segment

The following table shows the net and weighted exposure to credit risk for various segments, by type of commitment: on and off balance sheet.

(thousand MAD)

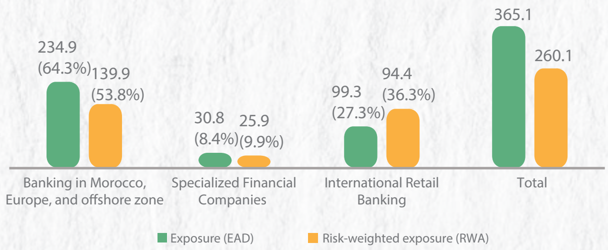
	Exposure before CRM[6] (EAD)		Risk-weighted exposure after CRM (RWA)	
	Balance sheet	Off balance sheet[7]	Balance sheet	Off balance sheet[7]
Sovereigns	44,358,199	12,147,108	17,486,108	3,014,711
Institutions	27,018,175	1	72,193	
Credit establishments and equivalent	21,564,705	6,512,207	12,925,401	1,693,803
Corporate	200,701,138	122,234,117	186,215,142	46,380,877
Retail	95,361,419	973,211	52,579,918	309,204
Total	**389,003,637**	**141,866,645**	**269,278,763**	**51,398,594**

· Analysis of balance-sheet credit risk by business line

The following Breakdown shows the net and weighted exposure to Group balance-sheet credit risk by business line.

Breakdown of credit risk by business activity in December 2018

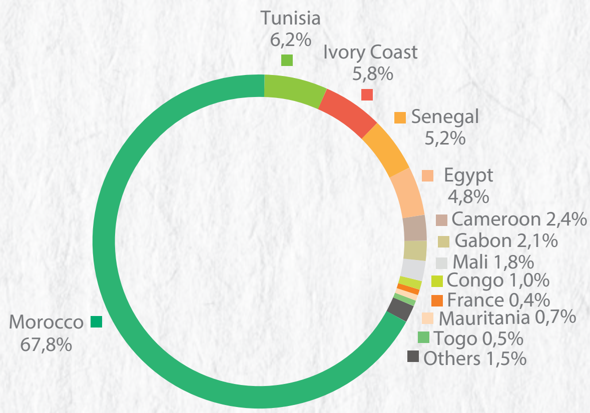
(XX%) share in total (in MAD billion)



· Geographic analysis of risk-weighted assets

Below is a breakdown of balance-sheet credit risk, by country of the counterparty bearing the default risk. In compliance with Bank Al-Maghrib regulations, when a country rating is less than B- (eg Mali, Mauritania, and Togo), sovereign and corporate risk is weighted at 150%.

Geographical breakdown of weighted risks



3) Calculated as 8% of risk-weighted assets.
4) Credit risk arising from market transactions, investments, and settlements.
5) Fixed assets, various other assets, and equity holdings not deducted from capital.

6) CRM: Credit-risk mitigation: techniques employed by financial institutions to reduce their counterparty risk.
7) Off-balance-sheet commitments comprise financial and other guarantees.

2- Counterparty Risk

Market activities (involving contracts with two counterparties) expose the bank to default risk of the counterparty. The amount of risk depends on market factors that might affect the future value of the transactions involved.

• Analysis of net and weighted exposure to counterparty risk, by prudential segment

At December 31, 2019, the Group's net exposure to counterparty risk to security-financed transactions and derivative products totaled to security-financed transactions and derivative products totaled MAD 29,841,075 thousand, down by 26% compared to June 2019. Risk-weighted exposure came to MAD 1,668,081 thousand increased by 78% compared to June 2019.

(thousand MAD)

	Dec-19		June-19	
	Exposure at default (EAD)	Risk-Weighted Assets (RWA)	Exposure at default (EAD)	Risk-Weighted Assets (RWA)
Sovereign	26,112,147	-	33,517,783	-
Credit establishments and equivalent	1,453,624	206,245	278,241	107,881
Corporate	2,275,304	1,461,835	6,390,028	830,727
Total	**29,841,075**	**1,668,081**	**40,186,052**	**938,608**

3- Market risk

Pursuant to Article 48 of circular 26/G/2006 of Bank Al-Maghrib, market risk is defined as risk of losses due to fluctuations in market prices. The definition comprises:

- risk related to instruments in the trading book;
- currency risk and commodities risk for all assets on and off the balance sheet except those in the trading book.

Article 54 of circular 26/G/2006 describes the regulatory authority's methods for calculating all categories of market risk. Since the entry into force of the prudential framework for participative banks, market risk now includes inventory risk.

Market risk comprises:

• Interest-rate risk

Interest-rate risk is calculated for fixed-income products in the trading book. It is the total general and specific risk related to interest rates.

Capital requirements for general interest-rate risk are calculated using the amortization-schedule method. Specific risk is calculated from the net position. The weighting depends on the type of issuer and the maturity of the security, on the basis of the criteria listed in the technical note for 26 G 2006 (see Article 54, part I, paragraph A of the technical note for 26/G/2006).

• Equity risk

The calculation of equity risk comprises: stock positions, stock options, stock futures, index options, and other derivatives whose underlying instrument is a stock or an index. Total equity risk is the sum of general and specific equity risk.

Capital requirements for general equity risk (see Article 54, part II, paragraph B of the technical note for 26/G/2006) represents 8% of the total net position.

Specific risk is calculated on the total position by applying the weightings indicated by the regulatory authority, in accordance with the type of asset.

• Currency risk

Capital requirements for currency risk are calculated whenever the total net position exceeds 2% of the core capital. The total net position corresponds to the difference between the long and short positions for the same currency.

• Inventory risk

The calculation of inventory risk concerns the assets held by the participative bank for resale or lease through Murabaha or Ijara contracts respectively.

The capital requirement related to inventory risk is calculated according to the simplified method (cf. Article 56, Part V of Circular 9/W/2018 relating to the capital requirements of participative banks, according to the standard method) retaining 15% of the value of the asset held in inventory.

• Capital requirements for market risks

(thousand MAD)

Capital requirements	Dec-19	June-19
Interest-rate risk	**970,127**	**1,075,851**
Specific interest-rate risk	300,248	277,294
General interest-rate risk	669,878	798,557
Equity risk	**32,542**	**17,847**
Currency risk	**0[8]**	**146,344**
Inventory risk	**40,899**	-
Commodity risk	-	-
Total	**1,043,569**	**1,240,042**

(8) the capital requirement for currency risk is zero because the currency position is less than 2% of core capital.

4- Operational risk

Operational risk is calculated using annual NBI for the three past years and Basic Indicator Approach. Capital requirements are 15% of the average NBI for the past three years.

• Capital requirements for operational risk by business line

(thousand MAD)

Capital requirements	Banking in Morocco, Europe, and offshore zone	Specialized financial companies	International retail banking	Total
June 19	1,615,567	354,967	1,085,711	3,056,245
December 19	1,661,936	361,531	1,145,805	3,169,272

5- Credit-risk mitigation techniques

Credit-risk mitigation techniques are recognized pursuant to the regulations of Basel II. Their effect is measured by scenario analysis of an economic slowdown. There are two main categories of credit-risk mitigation techniques: personal guarantees and collateral.

- A personal guarantee is a commitment made by a third party to replace the primary debtor in the event of default by the latter. By extension, credit insurance and credit derivatives (e.g., protective calls) also belong to this category.
- Collateral is a physical asset placed with the bank as guarantee that the debtor's financial commitments will be satisfied in a timely manner.
- As shown below, exposure can be mitigated by collateral or a guarantee in accordance with criteria established by the regulatory authority.

Collateral	Personal guarantees
Cash, equities, mutual funds, etc. Mortgages	Collateral, Insurance, Credit derivatives

Bank Al-Maghrib regulations by standardized approach

Eligibility criteria

· Eligibility of credit-risk mitigation techniques

Attijariwafa bank Group calculates its solvency ratio using the standardized approach, which, contrary to IRB approaches, limits credit-risk mitigation techniques.

For risks treated using the standardised approach:

- personal guarantees are taken into account (subject to eligibility) by enhanced weighting that corresponds to that of the guarantor, for the guaranteed portion of the exposure which accounts for any currency and maturity mismatch.
- collateral (e.g., cash, securities) are subtracted from exposure after any currency and maturity mismatch has been accounted for.
- collateral (e.g., mortgages) that meet eligibility conditions which allow a more favorable weighting for the debt that they guarantee (exclusively for mortgages, buyers, and property leasing whose weightings are between 35% and 50%).

Below is a comparative table of collateral eligible on the basis of two methods: standardized and advanced.

	Standardized approach	Advanced approach	
		IRB	IRB advanced
Financial collateral			
· Liquidities/DAT/OR	√	√	√
· Fixed-income securities			
- Sovereign issuer with a rating of ≥ BB-	√	√	√
- Other issuers ≥ BBB-	√	√	√
- Other (without external rating but included in internal-rating models)	X	X	√
· Equities			
- Principal index	√	√	√
- Primary stock exchange	√	√	√
- Other	X	X	√
· Mutual funds and private equity	√	√	√
Collateral			
· Mortgage on a residential property loan	√	√	√
· Mortgage on a commercial property lease	√	√	√
· Other collateral as long as: - there is a liquid market for disposal of the collateral; - there is a reliable market price applicable to the collateral.	X	√	√
Personal guarantees			
· Sovereign banks and other entities ≥ A-	√	√	√
· Other entities < A-	X	X	√
· Unrated entities	X	X	√
Credit derivatives			
· Sovereign issuers, MDB, and financial institutions or other entities with a rating ≥ A-	√	√	√
· Other	X	√	√

· CRM amounts

Below are the guarantees and collateral (real and financial) as at the end of December 2019, as well as the hedge amounts for credit risk included in the calculation of risk-weighted assets (standardised approach) at the end of December 2019:

(thousand MAD)

	Dec-19
Guarantees and collateral	**190,864,593**
Guarantees	15,708,600
Real[9] and financial collateral	175,155,993
Guarantees and collateral eligible for the standardized approach	**108,730,966**
Guarantees	15,708,600
Real and financial collateral	93,022,366
- Mortgage on residential home loan	59,710,527
- Mortgage on residential home loan	6,359,627
- Other	26,952,212

9) Collateral at domestic-banking level.

III. Information on significant subsidiaries

1- Regulatory framework

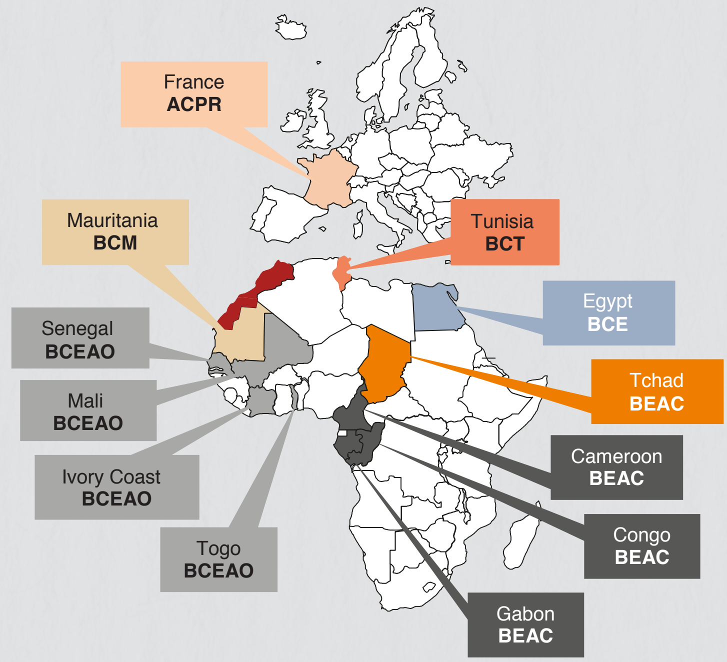
At the parent-company level, Attijariwafa bank must satisfy capital requirements calculated in accordance with the same prudential standards required by Bank Al-Maghrib as those for the consolidated level. All subsidiary credit institutions in Morocco: Wafabail, Wafasalaf, and Attijari Factoring and Bank Assafa individually report their solvency ratios to Bank Al-Maghrib, as governed by:

- circular 25/G/2006 (in compliance with Basel I) on calculating capital requirements for credit risk;
- circular 14/G/2013 (see technical note NT 01/DSB/2014) on calculating the regulatory capital of banks and credit institutions (in compliance with Basel III).

Wafa assurance is governed by the regulations of the Autorité de Contrôle des Assurances et de Prévoyance Sociale (ACAPS, the Moroccan insurance regulatory authority).

Attijariwafa bank Group's international banking subsidiaries calculate their capital requirements in accordance with local prudential standards in the jurisdictions of the countries in which they do business. They are in compliance with Basel I standards in Africa (Tunisia, Mauritania,WAEMU, CAEMC) and with Basel III standards in Europe.

Regulatory authorities of Attijariwafa bank international subsidiaries



BCT	: Tunisian Central Bank
BCM	: Mauritanian Central Bank
ACPR	: Prudential Supervisory Authority
BCEAO	: Central Bank of West African States, which oversees banks operating in the WAEMU
BEAC	: Central Africa Bank that oversees banks operating in the CAEMC zone
CBE	: Central Bank of Egypt

2- Ratios of principal subsidiaries

The following table provides information on the solvency of Group subsidiaries. The parent-company scope corresponds to in-house outstandings.

Entity	Regulatory authority	Required minimum	Currency	Regulatory capital requirements (thousands)	Risk-weighted assets (thousands)	Total ratio
Attijariwafa bank	Bank Al-Maghrib	12.00%	MAD	38,869,809	264,448,648	14.70%
Wafasalaf	Bank Al-Maghrib	12.00%	MAD	1,746,431	12,678,543	13.77%
Wafabail	Bank Al-Maghrib	12.00%	MAD	1,209,388	9,377,738	12.90%
Wafa Immobilier	Bank Al-Maghrib	12.00%	MAD	57,532	345,252	16.66%
Attijari Factoring Maroc	Bank Al-Maghrib	12.00%	MAD	275,872	1,810,042	15.24%
Attijari bank Tunisie	BCT	10.00%	TND	761,979	6,193,938	12.30%
Attijariwafa bank Egypt	BCE	12.50%	EGP	4,360,000	26,248,000	16.61%
Attijariwafa bank Europe	ACPR	12.50%	EURO	42,170	299,123	14.10%
UGB	BCEAC	10.50%	FCFA	32,201,000	209,717,550	15.35%
Société Ivoirienne de Banque	BCEAO	10.37%	FCFA	103,110,502	860,699,998	11.98%

Subsidiaries (in MAD thousands)	Regulatory authority	Margin	Minimum solvency margin	Ratio
Wafa Assurance	ACAPS	7,076,503	2,258,178	313%

Exchange rate: TND (3,4221) CFAF (0,01641) EUR (10,8956) EGP (0,5979).

IV. Internal capital management

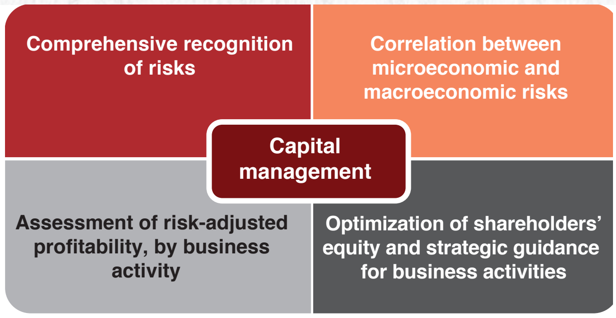
1- Capital management

In recent years, the forecasting of capital requirements has become a vital part of Attijariwafa bank Group's strategic planning. Since Bank Al- Maghrib adopted Basel II in 2006, regulations have undergone constant change, resulting in ever-increasing needs for capital.

The Group's capital-management policy is designed to control this costly obligation and all associated factors. The policy aims to ensure that the Group and its subsidiaries remain solvent and satisfy prudential requirements on both the consolidated and parent-company levels (respecting prudential rules of the local regulatory authority) while simultaneously optimizing returns for shareholders, who provide the required capital.

The capital-management policy extends beyond the regulatory framework, to overseeing investments and their returns (calculations of IRR, dividend forecasts, divestments, tax engineering, etc.), thereby ensuring optimal capital allocation for all business lines and fulfilling capital requirements for both strategic goals and regulatory changes.

Targets for « Capital Management »



2- Gouvernance

The Finance Department's Capital Management Committee (CMC) meets quarterly, under the supervision of General Management, in order to:

- define the capital-management policy and the changes needed on the basis of market conditions and competition, regulations, interest rates, cost of capital, etc,
- anticipate capital requirements for the Group and its subsidiaries and credit institutions, for the next 18 months;
- analyze capital allocation by business line and division;
- make decisions on subjects that can impact capital (all Group entities). In general, support all actions and initiatives that promote optimized capital management.

3- Regulatory stress tests

The results of regulatory stress tests (Bank Al-Maghrib directive 01/ DSB/2012) are reported twice yearly to the regulatory authority.

At the end of June 2019, post-shock solvency ratios for Tier 1 and total capital of Attijariwafa bank were superior than the minimum regulatory requirements.

Regulatory stress tests at the end of June 2019 covered the following scenarios:

Credit risk: claims rising from 10% to 15%, representing high risk for total portfolio and per business segment

Concentration risk: default of key business relationships

Market risk:

- MAD weakening against the EUR;
- MAD weakening against the USD;
- yield curve shifts;
- interest rates rise;
- share prices fall;
- NAVs of mutual funds (bond, money market, etc.) decline.

Country risk:

- stress tests on loans to non-residents in countries with political instability;
- stress tests on loans to non-residents in countries to which the bank.

V. Corporate Governance

Governance system established adheres to the general corporate principles. This system consists of five control and management bodies emanating from the Board of Directors.

Board of Directors

The Board of Directors (BD) consists of a group of institutions and individual persons (administrators) in charge of managing the bank. They are appointed by the shareholders general meeting. The BD includes several members including a chairman and a secretary.

Any institution which is member of the BD appoints an individual person to represent it. The organization and the prerogatives of the BD are set by the bank by-laws and are subject to national law.

1- General Management Committee

The general management committee joins together the heads of the various centers under the chairmanship of the Chairman and Chief Executive Officer.

This Committee meets once a week and provides a summary view of the operational activities in the different sectors and prepares questions to be submitted to the Board of Directors in a joint approach.

Member	Function	Since
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Youssef ROUISSI	Managing Director	2020
Mr. Omar BOUNJOU	Managing Director	2004
Mr. Ismail DOUIRI	Managing Director	2008
Mr. Talal EL BELLAJ	Managing Director	2014
Mr. Hassan BEDRAOUI	Managing Director	2020

2- Coordination and Synergy Committee

Headed by the Chairman and Chief Executive Officer or at least two Managing Directors, the Coordination and Synergy Committee is a forum for information exchanging and sharing. In particular the Committee :

- ensures overall coordination between the various programs of the Group and focuses mainly on the review of key performance indicators ;
- takes note of the major strategic orientations and the Group's general policy, as well as the decisions and the priorities agreed in the ad hoc instances ;
- takes functional and operational decisions to maintain objectives and maximize results.

On a monthly basis, the Coordination and Synergy Committee is composed of the members of the Executive Committee and heads of key business areas.

Members of Executive Committee	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Omar BOUNJOU	Managing Director, Morocco and Europe Retail Banking Division
Mr. Ismail DOUIRI	Managing Director, International Retail Banking, Specialized Financial Subsidiaries
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Mr. Hassan BEDRAOUI	Deputy General Manager, Transformation, Innovation, Technologies and Operations
Mr. Youssef ROUISSI	Deputy General Manager - Corporate Banking, Markets & Investor solutions
Mr. Mohamed SOUSSI	Executive Director - Group Head of Human Ressources
Mr. Rachid KETTANI	Executive director - Chief Financial Officer
NETWORK	
Mr. Saâd BENWAHOUD	Deputy General Manager - Head of Rabat - Kenitra - Salé Region
Mr. Hassan BERTAL	Deputy General Manager - Head of Morocco Network
Mr. Othmane BOUDHAIMI	Executive Director - Head of South-West Region
Mr. Tarik BERNOUSSI	Executive Director – Head of Eastern Region
Mr. Mohamed Karim CHRAIBI	Executive director - Head of Marrakech - Beni Mellal - Tafilalet Region
Mr. Rédouane EL ALJ	Executive director - Head of Casablanca - Settat Region
Mr. Khalid EL KHALIFI	Executive Director - Head of Fès - Meknes Region
Mr. Rachid MAGANE	Executive director - Head of Tanger - Tetouan - Al Hoceima Region
CENTRAL ENTITIES	
Mr. Jamal Ahizoune	Deputy General Manager - West & Central Africa Retail Banking Manager
Mr. Mouaouia ESSEKELLI	Deputy General Manager - Specialized Financial Subsidiaries Manager
Mrs Wafaa GUESSOUS	Deputy General Manager - Head of Procurement Logistics
Mr. Jalal BERRADY	Executive Director - Head of Private banking
Mr. Rachid KETTANI	Executive Director - Chief Financial Officer
Mrs Soumaya LRHEZZIOUI	Executive Director - Chief IT officer
Mrs Yasmine ABOUDRAR	Executive director - Group Strategy & Development Manager
Mr. Jalal BERRADY	Executive director - Head of Private banking
Mr. Younes BELABED	Executive director - Group head of General Audit
Mrs Saloua BENMEHREZ	Executive director - Group head of Communication
Mrs Bouchra BOUSSERGHINE	Executive director - Chief Compliance officer
M. Rachid EL BOUZIDI	Executive director - Head of Retail Banking Support Functions
Mr. Ismail EL FILALI	Directeur Exécutif - Group head of Services and Processing
Mrs Malika EL YOUNSI	Executive director - Chief legal officer
Mr. Réda HAMEDOUN	Executive director - Group Head of North Africa Retail Banking
Mr. Karim Idrissi KAITOUNI	Executive director - Head of SMEs Banking
Mr. Driss MAGHRAOUI	Executive Director- Head of Retail and Corporate Market

3- Other Committees reporting to the Board of Directors

• Strategic Committee:

Chaired by the Chairman and Chief Executive Officer, this committee is in charge of operational results and strategic projects of the Group.

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. Abdelmjid TAZALOUI	Director
Mr. José REIG	Director
Mr. Aymane TAUD	Director
Guest Members	
Mr. Omar BOUNJOU	Managing Director, Retail Banking Division
Mr. Ismail DOUIRI	Managing Director, International Retail Banking, Specialized Financial Subsidiaries
Mr. Talal El BELLAJ	Managing Director, Group Global Risk Management
Mr. Hassan EL BEDRAOUI	Deputy General Manager – Head of Transformation, Innovation, Technologies and Operations
Mr. Youssef ROUISSI	Deputy General Manager - Corporate Banking, Markets & Investor solutions
Secretary of the committee	
Mrs Wafaâ GUESSOUS	Deputy General Manager – Procurement Logistics Group

• Group Risk Committe:

The Group Risk Committee is responsible for monitoring the process of risk identification and management, with the aim of assisting the Board of Directors in the strategy, management and monitoring of the risks to which the bank is exposed. The Group Risk Committee is set of a minimum of three permanent nonexecutive members, chosen from among the members of the Board of Directors and meets four times a year and whenever it deems necessary at the Chairman's invitation.

Members	Function
Permanent Members	
Mr. Abdelmjid TAZLAOUI	Director
Mr. Aymane TAUD	Director
Mr. José REIG	Director
Mr. Lionel ZINSOU	Independent Director
Guest members	
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Mr. Younes BELABED	Executive director - Group head of General Audit
Mrs Bouchra BOUSSERGHINE	Executive director - Chief Compliance Officer
Secretary of the Committee	
Mrs Myriam NAFAKH LAZRAQ	General Affairs Managers

• Group Audit Committee:

The Group Audit Committee monitors the Risk, Audit, Internal Control, Accounting and Compliance functions. This committee meets at least four times a year.

Members	Function
Permanent members	
Mr. Abed YACOUBI-SOUSSANE	President of the Committee
Mr. Abdelmjid TAZLAOUI	Director
Mr. Aymane TAUD	Director
Mr. José REIG	Director
Mr. Aldo OLCESE	Independent Director
Guest members	
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Mr. Younes BELABED	Executive director - Group head of General Audit
Mrs Bouchra BOUSSERGHINE	Executive director - Chief Compliance Officer
Mr. Rachid KETTANI	Executive director - Chief Financial Officer
Secretary of the Committee	
Mrs Bouchra BOUSSERGHINE	Executive director - Chief Compliance Officer

• Group Governance, Appointment and Remuneration Committee:

The Governance, Appointment and Remuneration Committee submits to the Board proposals relating to the governance system, the appointment and remuneration of Board members and the Group's main executives.

The Group Governance, Appointment and Remuneration Committee meets twice a year and whenever it deems necessary under the Chairman's call.

Members	Function
Mr. Mohammed Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan OURIAGLI	Director , Representing AL MADA

The second sub-committee is composed of the following members:

Members	Function
Mr. Mohammed Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. Abdelmjid TAZLAOUI	Director
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. José REIG	Director

The third sub-committee is composed of the following members:

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
Secretary of the Committee	
Mr. Mohamed SOUSSI	Executive Director - Group Head of Human Ressources

• The Group High Credits Committee:

TThe Group's High Credit Committee, which meets on convened by the Chairman and Chief Executive Officer, decides on commitments and recovery operations exceeding a certain Group threshold before their ratification by the Board of Directors .

It is composed of 4 members (including the Chairman and Chief Executive Officer), appointed from among the members of the Board. The Group's High Credit Committee meets at least once a month and may be convened at any time at the Chairman's initiative if he considers it necessary: if the operation or transaction is urgent or if it is required due to current events at the bank.

Members	Function
Permanent Members	
M. Mohamed EL KETTANI	Chairman and Chief Executive Officer
M. Hassan OURIAGLI	Director, Representing AL MADA
M. Aymane TAUD	Director
M. José REIG	Director
Guest members	
M. Ismaïl DOUIRI	Managing Director, International Retail Banking, Specialized Financial Subsidiaries
M. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Secretary of the Committee	
M. Talal EL BELLAJ	Managing Director, Group Global Risk Management

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

Deloitte Audit

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Casablanca - Maroc

EY
Building a better working world

37, Bd Abdellatif Ben Kaddour
20 050 Casablanca - Maroc

ATTIJARIWAFA BANK GROUP

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR JANUARY 1–DECEMBER 31, 2019

We have audited the accompanying consolidated financial statements of ATTIJARIWAFA BANK and its subsidiaries (attijariwafa bank group). The consolidated financial statements comprise the balance sheet at December 31, 2019, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement for the year ended December 31, 2019, and notes containing a summary of accounting principles used and other explanations. The financial statements show consolidated equity of MAD 53.925.039 thousand and consolidated net income of MAD 6.951.093 thousand. These statements were prepared in the evolving context of the health crisis of the Covid-19 epidemic, on the basis of information available at that time.

Management's responsibility

Management is responsible for the preparation and faithful presentation of the financial statements in accordance with Bank Al Maghrib's standards, including the IFRS standards published by the IASB, with the exception of the application of the provisions of IFRS 9 to the group's insurance activities, which is deferred until the entry of IFRS 17. This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditors' judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the financial position of ATTIJARIWAFA BANK Group as composed of the persons and entities in the consolidated Group as at December 31, 2019, as well as of the Group's financial performance and cash flows for the year ended on that date, in accordance with Bank Al Maghrib's standards, including the IFRS standards published by the IASB, with the exception of the application of the provisions of IFRS 9 to the group's insurance activities, which is deferred until the entry of IFRS 17.

Without qualifying the conclusion expressed above, we draw your attention to the note setting out the effects of the first application of IFRS 9 on Financial Instruments.

Other point

For events that occurred and items known after the balance sheet date relating to the effects of the Covid-19 pandemic, management has informed us that they will be the subject of a communication at the Ordinary General Meeting called to rule on the accounts

Casablanca, 29 April 2020

The Statutory Auditors

ERNST & YOUNG	DELOITTE AUDIT
Abdeslam Berrada Allam Associate	Sakina Bensouda Korachi Associate

FINANCIAL STATEMENTS

Consolidated Financial Statements at 31 December 2019

1. IFRS accounting standards and principles

1.1 Background

Attijariwafa bank's consolidated financial statements have been prepared under International Financial Reporting Standards (IFRS) since first-half 2007 with the opening balance at 1 January 2006.

In its consolidated financial statements as of 31 December 2019, the Attijariwafa bank Group has applied the obligatory principles and standards set out by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved by the Board of Directors on February 24, 2020.

1.1.1 New applicable standards

IFRIC 23

As of June 7th 2017, the IFRS IC (Interpretations Committee) issued IFRIC 23 Uncertainty over income tax treatments. This interpretation is effective for annual reporting periods beginning on or after 1 January 2019 and provides a choice of two transition methods:

- Full retrospective approach applying IAS 8 (i.e. by restating comparative financial statements);
- Partial retrospective approach, by recognizing the cumulative effect of initially applying the Interpretation as an adjustment to the opening balance of retained earnings.

Attijariwafa bank group, chose the partial retrospective approach.

IFRS 16 Lease contracts

In January 2016, the IASB published IFRS 16, its new accounting standard on leases, which replaced IAS 17 standards and related interpretations

IFRS 16 implementation from January 2019 removes the distinction between "operating lease" and "finance lease". As of now, leases contracts are all accounted in the same way. The leased asset shall be recognized as right- of-use asset and the financing commitment as a lease liability.

The right of use is amortized on a straight-line bases through P&L, and the lease liability is amortized using the declining balance method over the lease term contract

The detailed principles applied by the Group are presented in § 1.2.5.

The entry into force of the other standards, amendments and interpretations whose application is mandatory as of January 1, 2019 had no effect on the financial statements for the year ended December 31, 2019.

1.1.2 New standards not yet applicable

IFRS 17 "Insurance Contracts", published in May 2017, will replace IFRS 4 "Insurance Contracts". It will become mandatory for financial years beginning on or after January 1, 2022. Analysis of the standard and identification of its potential effects on the Group's insurance activities are currently underway.

1.2 Accounting standards applied

1.2.1 Consolidation

The scope of consolidation is determined on the basis of what type of control (exclusive control, joint control or material influence) is exercised over the various overseas and domestic entities in which the Group has a direct or indirect interest.

The Group likewise consolidates legally independent entities specifically established for a restricted and well-defined purpose known as « special purpose entities », which are controlled by the credit institution, without there being any shareholder relationship between the entities.

The extent to which the Group exercises control will determine the consolidation method: fully consolidated for entities under the exclusive control of the Group as required by IFRS 10 «Consolidated Financial Statements" or under the equity method for associate companies or joint ventures as required by IFRS 11 «Joint Arrangements» and IAS 28 "Investments in Associates Joint Ventures".

A subsidiary is included in the scope of consolidation even if its activities are different from those of the other entities of the group.

Options taken by Attijariwafa bank

Definition of scope:

To define the companies to be integrated within the scope of consolidation, the following criteria must be respected:

- Attijariwafa bank must directly or indirectly own at least 20% of the existing and potential voting rights;
- One of the following thresholds is reached:

- The subsidiary's total balance sheet exceeds 0.5% of the total consolidated balance sheet,
- The subsidiary's net assets exceed 0.5% of the consolidated net assets,
- The subsidiary's revenue or banking income exceeds 0.5% of consolidated banking income.

Long-term investments over which the Group does not enjoy any form of control are not included within the scope of consolidation even where their contribution satisfies the above criteria.

Exception: An entity making a non-material contribution must be included within the scope of consolidation when it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities

Dedicated mutual funds are consolidated in accordance with IFRS 10, which explains the consolidation of special purpose entities and more specifically the exclusively controlled funds.

Entities excluded from the scope of consolidation

An entity controlled by the Group or over which it has significant influence is excluded from the scope of consolidation where from acquisition this entity's securities are purely held for subsequent resale within a short period of time.

These securities are measured at fair value through profit or loss.

Equity interests (excluding majority interests) held in venture capital entities are also excluded from the scope of consolidation to the extent that they are designated at fair value through profit or loss at inception.

Consolidation methods

Consolidation methods are respectively covered by IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. The applicable method depends on the nature of the control Attijariwafa bank S.A. enjoys over entities, regardless of their business activities or whether or not they have a legal personality.

1.2.2 Property, plant and equipment:

An item of property, plant and equipment is by its nature a long-term asset held by the company for use by itself or for leasing to third parties.

When measuring an item of property, plant and equipment, an entity must choose between the following accounting models: cost model and revaluation model.

Cost model

This is the standard accounting treatment for measuring items of property, plant and equipment subsequent to initial recognition. The cost represents the cost less accumulated depreciation and impairment.

Revaluation model

Following its recognition, an item of property, plant and equipment, the fair value of which can be reliably measured, must be carried at its revalued amount. This is the fair value on the date of revaluation less cumulative subsequent depreciation and impairment.

The frequency of revaluation depends on the fair value fluctuations of the items being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Component depreciation

Every material component of an item of property, plant and equipment must be recognised separately and systematically depreciated over its own useful life in order to reflect the pattern in which the economic benefits are consumed.

Depreciation method, depreciable amount:

The depreciable amount of an asset is the cost of the asset (or revalued amount) less its residual value.

The depreciation expense for a financial year is generally recognised in profit or loss. However, when the future economic benefits constituting this asset are consumed in the production of other assets, the depreciation expense is included in the cost of these other assets and is deemed to be included in their carrying amounts. For example, the depreciation of production facilities is included in inventory manufacturing costs (IAS 2).

Depreciation periods and methods must be reviewed periodically by the company.

When these assumptions are revised, a change in accounting estimate must be recognised. Similarly, the depreciation expense for the current financial year and for future financial years must be adjusted.

The depreciation is recognised, even where the fair value of the asset exceeds its carrying amount, so long as the residual value does not exceed its carrying amount.

Residual value

This is the current price of the asset taking into account the estimated age and condition of the item of property, plant and equipment at the end of its useful life. Only assets leased under operating leases are deemed to have a residual value, as the useful life of operating assets is generally equal to the expected economic life of the asset.

It must be re-examined at each balance sheet date.

Useful life

The useful life is the period over which the entity expects to use an asset.

An asset is depreciated from the moment it is available for use. Accordingly, an asset is no longer depreciated once it has been derecognised.

In order to determine the useful life, the following factors are taken into account :

- The expected use to which this asset will be put is assessed by reference to the capacity or physical production expected from this asset;
- The expected wear and tear, which depends on operating parameters such as the rate at which the asset is used and the maintenance programme, the care taken and the maintenance of the asset outside of its period of use ;
- Technical or commercial obsolescence resulting from changes or improvements in the preparation process or changes in market demand for the product or service provided by the asset;
- Legal or similar limits on the use of the asset, such as the expiry of leases.

Borrowing costs

IAS 23 "Borrowing Costs" eliminates the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. All such borrowing costs must be included in the cost of the asset. Other borrowing costs must be recognized as an expense.

Options taken by Attijariwafa bank

Measurement

The Group's policy is not to apply the remeasurement option provided for in IAS 16. However, it is possible for a Group entity to take the fair value option (IFRS 1) for one or more properties without having to justify this choice, offset outside profit or loss (in equity).

Depreciation period:

The Group's policy is not to have multiple depreciation schedules and to have the same depreciation schedule in the consolidated and IAS/IFRS financial statements.

The depreciation periods used by Group subsidiaries are permitted to differ by up to 2 years from the depreciation periods used by the Group.

Component approach

The Group doesn't require the separate recognition of comparente with a gross amount of under MAD 1,000 thousand.

A component breakdown of the initial gross amount of assets is necessary, in particular in the case of buildings (structural work, interior fixtures and fittings, sealing, fixed service equipment, joinery work).

This recommended component breakdown represents the minimum requirement.

The depreciation periods for the components of a building can be summarised as follows:

	Depreciation period in years	Depreciation period in months
Structural work	50	600
Sealing	20	240
Interior fixtures and fittings	15	180
Fixed service equipment	20	240
Joinery work	15	180

The above components inevitably apply to the headquarters.

In the case of branches, a more limited breakdown may be used depending on the materiality of the items.

As regards staff accommodation, there is no exemption from the component principle (IAS 16). Staff accommodation is also broken down (IAS 16).

Architectural fees should be capitalised.

For convenience, it was decided that these fees need not be broken down but included in the main component that "benefited" from the specialist's work.

Identification of components:

The Group elected not to identify components on the basis of the original invoices. It is simpler to break down the historical cost by means of a breakdown of the current new cost having regard to technical data.

Residual value:

The residual value of components other than land is deemed to be zero. In fact, the residual value is retained within the permanent component of the asset, which is obviously the land that by its very nature is not depreciated.

1.2.3 Investment property

Investment property is property (land or building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes;
- sale in the ordinary course of business.

Distinction between an investment property and an owneroccupied property: investment property generates cash flows that are largely independent from other assets held by the entity, which is not true of the production or supply of goods or services that is the main purpose underpinning the use of an owneroccupied property.

An entity can choose between:

- Fair value model: When an entity opts for this accounting treatment, it must be applied to all investment property. It should be noted that the use of this model is encouraged by the independent appraisers.
- Cost model

Switching from one model to the other is only allowed when the change results in a more appropriate presentation. It is only possible to switch from the cost model to the fair value model.

Options taken by Attijariwafa bank:

Identification:

Investment property consists of all non-operating property apart from property set aside for staff and property that is meant to be sold.

Property, together with the associated furniture, equipment and other items of property, plant and equipment, occupied by staff members is not considered investment property.

Properties held for sale are generally properties that are received as payments in kind and there is no assurance that these properties will be sold within a year given the nature of such transactions. As there is no certainty that these assets will be sold within less than one year, given the conditions for carrying out this type of transaction, these buildings remain classified as investment properties.

Properties that are not directly used for administrative purposes and that are leased to non-Group companies are considered to be investment properties.

Special case of Group transactions

Properties leased by Group subsidiaries do not satisfy the investment property criteria since from the perspective of the Group they are owner-occupied.

Valuation

The option chosen is to value investment property at adjusted historical cost using the component approach.

Information on the fair value should be disclosed in the notes.

Certain properties have a portion that is held to earn rentals or for capital appreciation and another portion that is used in the production or supply of goods or services or for administrative purposes. If the two portions can be sold or leased separately the entity recognises them separately. If the two portions cannot be sold separately, the property is only classified as investment property when the portion held for use in the production or supply of goods or services or for administrative purposes is not material.

1.2.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Its attributes are:

- Identifiability: in order to distinguish it from goodwill;
- Control: when the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Two measurement methodologies are allowed:

Cost model

The intangible asset is recognised at cost less cumulative amortisation and impairment.

Revaluation model

The intangible asset must be recognised at its revalued amount, namely its fair value on the date of revaluation less cumulative subsequent amortisation and impairment. This accounting treatment applies when the market is active.

The amortisation of an intangible asset depends on its useful life. Intangible assets with indefinite useful lives are not amortized and are tested for impairment at least annually at the end of each reporting period. On the other hand, intangible assets with definite useful lives are amortized over this period.

The residual value, the useful live and the amortisation methods are reviewed periodically.

To assess whether an internally-generated intangible asset meets the criteria for recognition, the creation of the asset must be classified in either the:

- Research phase: intangible assets generated by research may not be recognised. Research expenses must be expensed as incurred;
- Development phase: intangible assets generated by development must be recognised when they satisfy the following conditions:
  - It is technically feasible to complete the asset for sale or use;
  - It intends to complete the intangible asset and use or sell it;
  - It is able to sell or use the asset produced;
  - The asset will generate future economic benefits;
  - Existence of sufficient resources to successfully complete the project;
  - Its ability to reliably measure project-related costs.

Options taken by Attijariwafa bank:

Fixed assets are depreciated based on their estimated useful lives.

To this end, acquisition costs not yet amortized in the form of deferred expenses at 01/01/06 must be restated through equity.

Goodwill

Acquired goodwill must be regularly monitored and formalised at each closing. If it is impossible to monitor it , it will be canceled.

Software

The useful lives used for software differ depending on whether the software is operating software or desktop software. The IT Department is responsible for defining these useful lives.

The amortization periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortization periods used by the Group.

Measurement of in-house software

The IT Department must be able to measure in-house software in the development phase. When the valuation is not reliable, no intangible asset is recognised.

Transfer duty, professional fees, commission and legal

Transfer duty, professional fees, commission and legal fees are, depending on the amount thereof, either expensed or included in the cost of acquisition whereas under IFRS these Expenses must be capitalized.

Divergences between the parent-company financial statements and the IFRS financial statements must be reviewed when they exceed MAD 1,000 thousand.

1.2.5 Lease contracts

Standard

In January 2016, the IASB published IFRS 16, its new accounting standard on leases, which replaced IAS 17 standards and related interpretations

IFRS 16 implementation from January 2019 removes the distinction between "operating lease" and "finance lease". As of now, leases contracts are all accounted in the same way. The leased asset shall be recognized as right- of-use asset and the financing commitment as a lease liability.

The right of use is amortized on a straight line bases through P&L, and the lease liability is amortized using the declining balance method over the lease term contract

Policies adopted by Attijariwafa bank

Transition

According to IASB, IFRS 16 first time application can be done through 2 approaches:

- The full retrospective approach : this approach effectively restates the financial statements as if IFRS 16 had always been applied,
- The modified retrospective approach with 2 options
  - measure the right of use and the lease liability of the remaining lease payments from January 1, 2019 to the lease term (cumulated retrospective approach)
  - measure that right-of-use asset as if IFRS 16 had been applied since the commencement date of the lease and measure the lease liability as the sum of discounted remaining lease payments (simple retrospective approach)

The transition approach elected by Attijariwafa bank group is the modified approach option cumulated retrospective approach. This approach does not generate impact on equity. Therefore, 2018 comparative information has not been restated.

Threshold exemption

A lessee may elect not to recognize a right-of-use asset and a lease liability to:

- Contracts with term less than 12 months if it does not include a purchase option at the end of the term;
- Contracts with an underlying asset value equal or lower to the limit defined by the lessee. IASB suggested a 5000 USD limit.

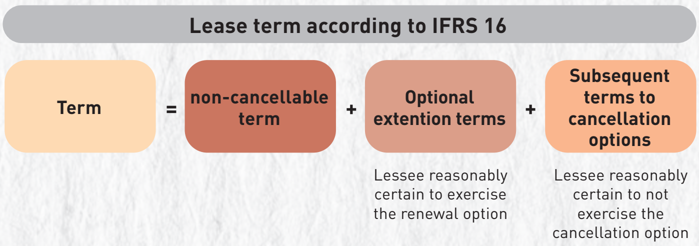
Attijariwafa Bank group elected both exemption types to implement IFRS 17.

Lease term

Lease term is defined as the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty

Enforceable term, or non-cancellable term, can be increased with:

- Optional period of contract renewal where it is reasonably certain that the option will be exercised



Lease terms defined by Attijariwafa Bank group are as follows :

Type of leased asset	Lease term
Commercial rental	9 years
Residential rental	3 years
Temporary occupation of public property	20 years
Construction rental	20 years

- Period following optional periods of contracts renewal where it is reasonably certain that the option will not be exercised

The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability increased by initial direct costs, payments made in advance, and restoring the underlying asset costs

As Attijariwafa Bank group elect the modified retrospective method, the right-of-use has been evaluated for the first time application as the lease liability as defined above.

Discount rate

The lease payments used to estimate the right-of-use or the lease liability shall be discounted using one of the following rates:

- The implicit interest rate in the lease i.e. the rate of the lease contract.
- If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset.

The discount rate chosen by Attijariwafa Bank to evaluate is lease contract is the incremental borrowing rate.

This rate rely on 3 components :

- Reference rate
- Risk premium
- Individual adjustment from the lease contract

1.2.6 Financial assets and liabilities (Loans, borrowings & deposits)

Classification

Financial assets, except those related to insurance activities, are classified in the following 3 accounting categories :

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value recognized in profit and loss ("FVPL")

The classification of a financial asset in one of these three categories is based on the following criteria:

- type of the asset held (debt or equity instrument);
- for debt instruments on the basis of both (i) contractual cash flows of the asset (SPPI: solely payment of principal and interest) and (ii) the business model defined by the company. The business models are based on how the company manages its financial assets to generate cash flows and create value.

Debt instruments:

This standard distinguishes three business models :

- «hold to collect» model: assets managed to collect contractual cash flows;
- «hold to sell» model: assets managed to sell the financial assets;
- «mixed» model: assets managed to collect contractual cash flows and sell the financial asset

The allocation of debt instruments to one of these models is made on the basis of how the groups of financial instruments are managed collectively in order to determine the economic objective. The identification of the economic model is not made instrument by instrument, but rather at the portfolio level of financial instruments, particularly through the analysis and observation of:

- the measurement method, monitoring and risk management associated with the financial instruments concerned;
- realized and expected asset sales (size, frequency, type).

Equity instruments:

Investments in equity instruments are classified as «financial assets at fair value through profit or loss» or as "Non-recyclable equity at fair value". In this last case, when securities are sold, unrealized gains and losses previously recognized in equity will not be recognized through profit or loss will not be recognized in profit or loss. Only dividends will be recognized in profit or loss.

Funds units

Investments in mutual funds do not meet the definition of equity instruments, as they are puttable to the issuer. They do not meet the cash flow criterion neither. Therefore, they are recognized at fair value through profit or loss.

Measurement :

a. assets at amortized cost:

The amortized cost of a financial asset or liability is the amount at which this instrument was first recognized:

- reduced by capital reimbursements
- Increased or reduced by the amortization accumulated calculated by the effective interest rate method, by any difference between this initial amount and the amount of reimbursement at maturity.
- Reduced by all the cuts for depreciation or no recoverability.

This calculation should include all the fees and other amounts paid or received directly attributable to credits, transaction fees and every valuation haircut or premium.

b. assets at fair value through profit or loss:

In accordance with IFRS 9, financial assets or liabilities at fair value through profit or loss are assets or liabilities acquired or generated by the business primarily for the purpose of making a profit related to short-term price fluctuations or arbitraging margin.

All derivative instruments are financial assets (or liabilities) at fair value through profit or loss except when designated as hedges.

Securities classified as financial assets at fair value through profit or loss are measured at fair value and variations in fair value are recognized in profit or loss.

This class of securities is not subject to impairment.

c. assets at fair value through equity:

This class of securities relates to the debt instruments of the investment portfolio and the long-term debt instruments held.

Variations in the fair value of securities (positive or negative) classified as «Assets at fair value through equity» are recorded in equity (Recyclable).

The depreciation over time of the potential increase / decrease in fixed income securities is recognized in the income statement using the effective interest rate method (actuarial spread).

Subsequent valuation of financial assets :

After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at fair value without any deduction for transaction costs that may be incurred on sale or other disposal, except for the following assets:

- Loans and receivables that are to be measured at amortized cost using the effective interest rate method;
- Held-to-maturity investments, which must be measured at amortized cost using the interest rate method

Valuation of financial liabilities: Borrowing and deposits

When initially recognized, a deposit or borrowing classified under IFRS in "Other financial liabilities" must be initially measured in the balance sheet at fair value plus or minus:

- Transaction costs (these are external acquisition costs directly attributable to the transaction) ;
- Fees received constituting professional fees that represent an integral part of the effective rate of return on the deposit or borrowing.

Deposits and borrowings classified under IFRS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortized cost using the effective interest rate method (actuarial rate).

Liabilities held for trading:

Deposits classified under IFRS as "Liabilities held for trading" are subsequently measured at fair value at the end of the reporting period. The fair value of the deposit is calculated excluding accrued interest.

A deposit or borrowing may be the host contract for an embedded derivative. In certain circumstances, the embedded derivative must be separated from the host contract and recognized in accordance with the principles applicable to derivatives. This analysis must be done at the inception of the contract on the basis of the contractual provisions.

Options taken by Attijariwafa bank

Financial assets - Debt instruments

These financial assets are accounted for in accordance with the principles presented below:

Attijariwafa bank and other entities excluding insurance companies		
SPPI debt instruments held in portfolios are classified according to the following principles:		
Assets at FVPL	Debt instruments at FVOCI	Debt instruments at depreciated cost
· Trading and dealing Room portfolios	· Negotiable treasury bills classified in the Investment Portfolio · Bonds and other negotiable debt securities	· Treasury Bills

Financial assets - Equity instruments

Equity instruments are by default recognised as financial assets at fair value through profit or loss, unless there is an irrevocable option to classify strategic securities at fair value through non-recyclable equity.

Only in very exceptional circumstances has the Group chosen to designate equity instruments to be measured at fair value through equity.

Financial liabilities - Deposits

For demand deposits:

For demand deposits, the Attijariwafa bank Group applies IFRS 13.

- The fair value of demand deposits may not be lower than the amount payable upon demand.
- It is discounted from the first date on which the payment of these amounts may be demanded.

For interest-bearing deposits:

For deposits bearing interest at market rates, the fair value will be the nominal value, so long as the marginal transaction costs are not material.

When there are correlative and directly attributable costs, they should be included in the fair value.

- Marginal transaction costs and directly attributable nongroup fees, such as for example business introduction fees.

- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral intercompany transactions impacting profit or loss).

Rates must be logged so as to be able to demonstrate that the rates were indeed original market rates.

They must be kept for a period of ten years along the same lines as the period for retaining accounting documentation (see the provisions of the Commercial Code).

Deposits bearing interest at non-market rates

For deposits bearing interest at non-market rates, the fair value will consist of the nominal value and a discount.

For savings products sold at non-market rates, the fair value is not the same as the nominal value, and it is thus necessary to estimate this fair value, i.e. to determine the balance sheet historical value for these transactions.

It is thus necessary to look through savings transactions and assess whether the rate accorded differs markedly from that offered by other market participants (this could be the case for certain term deposits).

For deposits bearing interest at non-market rates, the discount must be factored into subsequent recognition. When the company extends a loan bearing interest at a rate that differs from the market rate and when it earns fees deducted at issuance, the company will recognise the loan at fair value, namely net of the fees it receives. The company will take the discount to profit or loss in accordance with the effective interest rate method.

NB: Advances against interest-bearing deposits are systemically recognized as loans and receivables and treated as such under IFRS.

Passbook accounts:

A single regulated rate applied by most banks is deemed to be a market rate.

Accordingly, no adjustment under IFRS for passbook accounts.

Savings products must be classified in the "Other liabilities"category.

In fact, in principle, savings activities that constitute part of the banking intermediation business must be recognised in the other liabilities category, meaning that they can be kept at historical cost (subject to certain conditions), and not at fair value.

Except when expressly indicated otherwise, the above options will also apply to any debt securities issued.

Securities lending/borrowing and repurchase agreements

Securities temporarily sold under repurchase agreements continue to be recognized in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognized under the appropriate debt category except in the case of repurchase agreements contracted by the Group for trading purposes where the corresponding liability

is recognized under "Financial liabilities at fair value through profit or loss". Securities temporarily acquired under reverse repurchase agreements are not recognized in the Group's balance sheet. The corresponding receivable is recognized under "Loans and receivables" except in the case of reverse repurchase agreements contracted by the Group for trading purposes, where the corresponding receivable is recognized under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in recognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognized on the balance sheet under "Financial liabilities at fair value through profit or loss". The Group does not use, however, the fair value option for financial liabilities.

Treasury shares

The term "treasury shares" refers to shares issued by the consolidating company, Attijariwafa bank. Treasury shares held by the Group are deducted from consolidated shareholders' equity. Gains and losses arising on such instruments are also eliminated from the consolidated profit and loss account. Treasury share derivatives are treated as follows, depending on how they are settled:

- As equity instruments, if they are settled by physical delivery of a fixed number of treasury shares for a fixed amount of cash or other financial asset; such derivative instruments are not re-valued;
- As derivatives, if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in the value of such instruments are recognized in the profit and loss account. In addition, if the contract includes an obligation, whether or not contingent, for the bank to repurchase its own shares, the bank must recognize the present value of the debt by an offsetting entry under equity

Impairment

IFRS 9 introduces a new model for recognizing impairment of financial assets based on expected credit losses (ECL). This new model is applicable to financial assets measured at amortized cost or at fair value through other comprehensive income; The new model represents a change from the current IAS 39 model on the basis of incurred credit losses.

Assessment of increase in credit risk:

The new standard outlines a "three-stage" model. The allocation of a financial asset to one of these three stage (or "buckets") is made based on whether a significant rise in credit risk has occurred since initial recognition.

- Bucket 1 (Performing loans): no significant increase in credit risk since initial recognition;
- Bucket 2 ("Loans with a significant increase in credit risk"): significant increase in credit risk since initial recognition. There is also, according to the standard, a rebuttable presumption that the credit risk of an instrument has significantly increased since initial recognition when the contractual payments are more than 30days past due;
- Bucket 3 (Non performing loans): incurred credit/default event.

The amount of impairment and the basis for application of an effective interest rate depend on the bucket to which the financial asset is allocated.

The approach of expected credit losses under IFRS 9 is symmetrical, meaning that if expected credit losses at maturity have been recognized in a previous closing period, and if it turns out that there is no longer a significant increase in the credit risk for the financial instrument and for the current closing period since its initial recognition, the provision is again calculated on the basis of a credit loss expected at 12 months discounted with the effective interest rate of the exposure.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instrument. They are measured on an individual basis, for all exposures.

The amount of expected losses is determined by means of three principal factors: the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) taking into account the amortization profiles.

Expected losses are calculated as the product of PD by LGD and EAD discounted at the effective interest rate of the exposure.

- Probabilities of Default (PD): the PD represent the likehood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation
- Exposure at Default (EAD): EAD is based on the amounts the group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

Options taken by Attijariwafa bank

Monitoring of risk degradation

The assessment of the significant increase in credit risk is based primarily on the internal credit risk rating system implemented by the Group, as well as on the monitoring of sensitive receivables and overdue payments. In addition, there is, according to the standard, a rebuttable presumption of a significant increase in the credit risk associated with a financial asset since initial recognition in the event of unpaid loans of more than 30 days.

Definition of Default

The definition of default is aligned with the criteria adopted by BAM in its circular n°19/G/2002. This definition is also the one used by the group in its internal management. In international subsidiaries, the definition used is that of the local regulators, as far as it is used by the subsidiaries for their internal management.

Measurement of expected credit losses

The Attijariwafa bank group has developed statistical models, specific to each of its entities, to calculate expected losses based on:

- Credit rating systems,
- Historical default occurrences,
- Historical data relating to recovery of non-performing loans;
- Information about non-recurring loans available to loan recovery units for relatively significant amounts;
- Guarantees and pledges held.

Depending on the maturity of the entities and the availability of data, these parameters could be modeled as a whole or were the subject of approximation to say expertly.

For Moroccan subsidiaries whose portfolios are covered by internal rating systems, the probability of default at one year (PD) is statistically modeled. Based on annual transition matrices of ratings, the probabilities of default at maturity are projected via a Markovian approach.

The LGD is the difference between the contractual cash flows and the cash flows of expected cash flows, discounted at the effective interest rate (or an approximation of the latter) on the date of default. The LGD is expressed as a percentage of the EAD. The LGD was modeled on the basis of the observed recovery flows taking into account potential credit enhancement mechanisms restated for sound returns.

Forward-looking

IFRS 9 introduces into the calculation of expected risk losses the notion of prospective elements, of a macroeconomic nature. The aim is to measure expected credit losses (ECL) through a probabilistic estimation of the different expected losses in the different probable economic scenarios.

The Group has identified relevant macroeconomic indicators that affect its credit risk by homogeneous risk class based on analysis of historical data. Prospective scenarios, over 3 years, have been established. The scenarios are weighted and projected on the default probabilities of the classes of selected risks.

1.2.7 Derivatives and embedded derivatives

Derivatives

A derivative is a financial instrument or another contract included in IFRS 9's scope of application which meets the following three criteria:

- Its value changes in response to a change in a variable such as specified interest rate, the price of a financial instrument, a price, index or yield benchmark, a credit rating, a credit index or any other variable, provided that in the case of a non-financial variable, the variable must not be specific to any one party to the contract (sometimes known as «the underlying »);
- Requires no initial investment or one that is smaller than would be required for a contract having a similar reaction to changes in market conditions; and
- Is settled at a future data.

A hedging instrument is a designated derivative or, in the case of a hedge for foreign exchange risk only, a non-derivative designated financial asset or liability. The latter's fair value or cash flows are intended to offset variations in the fair value or cash flows of the designated hedged item.

Options taken by Attijariwafa bank

Attijariwafa bank does not currently use derivatives for hedging purposes and is not therefore subject to provisions applicable to hedge accounting.

All other transactions involving the use of derivatives are recognized as assets/liabilities at fair value through income.

Embedded derivatives

An embedded derivative is a feature within a financial contract whose purpose its to vary a part of the transaction's cash flows in a similar way to that of a stand-alone derivative.

The IFRS 9 standard defines a hybrid contract as a contract comprising a host contract and an embedded derivative.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability, the embedded derivative is separated from its host contract and accounted for as a derivative when the following three conditions are met:

- The hybrid contract is not recognized at fair value;
- Separated from the host contract, the embedded derivative possesses the same characteristics as a derivative;
- The characteristics of the embedded derivative are not closely related to those of the host contract.

IFRS 9 recommends that the host contract is valued at inception by taking the difference between the fair value of the hybrid contract (i.e. at cost) and the fair value of the embedded derivative.

Options taken by Attijariwafa bank

If there is a material impact from measuring embedded derivatives at fair value, then they are recognized under «Financial assets held at fair value through income ».

1.2.8 Insurance

Insurance contracts

The main provisions for insurance contracts are summarized below:

- May continue to recognize these contracts in accordance with current accounting policies by making a distinction between three types of contract under IFRS 4:

1. Pure insurance contracts;
2. Financial contracts comprising a discretionary participation feature;
3. And liabilities relating to other financial contracts, in accordance with IAS 39, which are recorded under «Amounts owing to customers ».

- Requires that embedded derivatives, which do not benefit from exempt status under IFRS 4, are accounted for separately and recognized at fair value through income;
- Requires a test for the adequacy of recognized insurance liabilities and an impairment test for reinsurance assets;

- A reinsurance cession asset is amortized, by recognizing this impairment through income, when and only when:
- Tangible evidence exists, following the occurrence of an event after initial recognition of the asset in respect of reinsurance cessions, resulting in the cedant not receiving all its contractual cash flows;
- This event has an impact, which may be accurately assessed, on the amount which the reinsurer is expected to receive from the primary insurer.
- Requires an insurer to keep insurance liabilities on its balance sheet until they are discharged, cancelled, or expire and prohibits offsetting insurance liabilities against related reinsurance assets;
- Requires that a new insurance liability is recorded in accordance with IFRS 4 «Shadow accounting » in respect of policyholders' deferred participation in profits which represents the portion of unrealized capital gains on financial assets to which policyholders are entitled, in accordance with IAS 39.

Investment- linked insurance:

On September 12, 2016, the IASB published amendments to IFRS 4, "Insurance contracts" entitled "Application of IFRS 9 Financial Instruments and IFRS 4 Insurance contracts". These amendments are applicable for the financial years open as of January 1, 2018. These amendments give entities that are primarily engaged in insurance activities the ability to defer until January 1, 2021 the date of application of IFRS 9. This deferral allows entities to continue to present their financial statements in accordance with IAS 39. This temporary exemption from application of IFRS 9, which is limited to groups the IASB's amendments, has been extended by Bank Al-Maghrib to the insurance entities consolidated by institutions of credit producing consolidated financial statements in accordance with the chart of accounts for credit institutions .

Options taken by Attijariwafa bank:

Insurance contracts

A liability adequacy test has already been carried out by Wafa Assurance, which appointed an external firm of actuaries to assess its technical reserves.

The provision for fluctuations in claims relating to non-life insurance contracts is to be cancelled.

Investment-linked insurance:

Attijariwafa bank opted for this exemption to the insurance entities, including the funds belonging to this activity, which thus applied the IAS 39 standard "Financial instruments: recognition and measurement".

The instruments held in portfolios are currently classified in the following categories:

HFT	AFS	HTM	Loans & receivables
· Portfolio of consolidated UCITS	· Shares and other equity · Investments in SCIs (Panorama) ; · Treasury bills and unquoted debt instruments.	· Not applicable	· Long-term investments

1.2.9 Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), whether the price is directly observable or estimated by means of another measurement technique.

IFRS 13 establishes a fair-value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair-value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions (see § 79).

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).

Adjustments to Level 2 inputs will vary depending on the factors specific to the asset or liability. Those factors include the following: the condition or location of the asset, the extent to which inputs relate to items comparable to the asset or liability, and the volume or level of activity in the markets within which the inputs are observed.

An adjustment to a Level 2 input that is significant to the entire measurement may result in a fair-value measurement categorized within Level 3 of the fair-value hierarchy if the adjustment uses significant unobservable inputs.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair-value objective remains the same (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).Therefore unobservable inputs reflect the assumptions that market participants use when pricing the asset or liability, including assumptions about risk.

The Group derives fair value as follows:
- either from quoted prices in an active market;
- or by means of a valuation technique employing mathematical calculation methods based on established financial theories and observable market parameters.

· CASE 1: instruments traded in active markets

If available in an active market, quoted prices are used to determine fair value. Listed securities and derivatives on organized markets (e.g., futures and options) are measured by means of quoted prices. Most over-the-counter (OTC) derivatives, swaps, and standard options are traded in active markets and valued by means of commonly used models (e.g., discounted cash flows, Black-Scholes, and present-value techniques) that are based on quoted market prices of instruments or similar underlying instruments

CASE 2: instruments traded in markets that are not active

Products traded in an inactive market are valued by means of an internal model based on directly observed parameters or inferred from observable data.

Certain financial instruments that are not traded on active markets are valued by means of methods based on observable market parameters.

The models employ market parameters determined by observable data such as yield curves, implied volatility of options, default rates, and loss assumptions obtained from consensus data or from active OTC markets.

IFRS 13 applies when another IFRS requires or permits fair-value measurements or disclosures about fair-value measurements, except for:

- share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- leasing transactions within the scope of IAS 17, Leases;
- measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

Transfer

Transfers between levels of the hierarchy can occur when instruments meet the criteria for classification in the new level, as these criteria are dependent on market and product conditions. Changes in observability, the passage of time and events affecting the life of the instrument are the main factors that trigger transfers. Transfers are deemed to have been made at the beginning of the period.

During fiscal 2019, there were no transfers between the levels of fair value.

1.2.10 Goodwill

Cost of a business combination:

Business combinations are accounted for in accordance with the acquisition method, under which the acquisition cost represents the consideration transferred to acquire control.

The acquirer must measure the acquisition cost as follows:

- the aggregate fair value, on the acquisition date, of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the acquirer, in consideration for control of the acquiree;
- any other costs directly attributable to the business combination are recognized through profit or loss in the period in which they were incurred.

The acquisition date is the date on which the acquirer obtains effective control of the acquiree.

Allocation of the cost of a business combination to the assets acquired and to the liabilities and contingent liabilities assumed

At the acquisition date, the acquirer must allocate the cost of a business combination by recognizing the identifiable assets, liabilities, and contingent liabilities of the acquiree that satisfy the recognition criteria at their respective fair values on that date.

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

Recognition of goodwill:

At the acquisition date, the acquirer must recognize as an asset any goodwill acquired in a business combination.

- Initial measurement: Goodwill is measured initially at cost (i.e., the difference between the cost of the business combination and the acquirer's share of the net fair value of identifiable assets, liabilities, and contingent liabilities).
- Subsequent recognition: After initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost minus any accumulated impairment losses recognized during annual impairment tests or when there is an indication of impairment to its carrying value.

If the share of the fair value of the assets, liabilities, and contingent liabilities acquired exceeds the acquisition costs, negative goodwill is recognized immediately through profit or loss.

If initial recognition of a business combination can be determined only provisionally by the end of the reporting period in which the business combination is completed, the acquirer must account for the business combination using provisional values. The acquirer must recognize adjustments to provisional values relating to the completion of the initial recognition during the recognition period, after which no adjustments may be made.

Options taken by Attijariwafa bank

- option taken not to adjust goodwill at December 31, 2005, in accordance with provisions of IFRS 1, First-time Adoption of International Financial Reporting Standards;
- goodwill amortization is discontinued when an asset's useful life is indefinite, in accordance with IFRS 3 (amended), Business Combinations;
- regular impairment tests are performed to ensure that the carrying amount of goodwill is less than its recoverable amount; if it is not, an impairment loss is recognized;
- cash-generating units reflect the segment reporting presented at the Group level;
- The recoverable amount is the higher of the value in use and fair value (net of disposal costs). This notion is applied to asset impairment tests in accordance with IAS 36. If the impairment test reveals that the recoverable amount is less than the net fair value, the asset is impaired for the difference between the two values.

1.2.11 Provisions

Provisions for risks

A provision must be recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event ;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reliably estimated.

If these conditions are not satisfied, no provision may be recognised.

Under IFRS, where the effect is material, contingency and loss provisions must be discounted where the probable outflow of resources will take place in over a year.

Under IFRS, no provisions are funded for contingent liabilities, aside from as part of business combinations. Material contingent assets or liabilities must be disclosed in the notes.

Options taken by Attijariwafa bank

The Group has analysed all its general provisions and:

- How they are matched to inherent risks;
- Has reviewed how they are measured and booked under IFRS.

1.2.12 Current tax and deferred tax

Deferred tax assets and liabilities are recognised whenever the recovery or settlement of the carrying amount of an asset or liability will increase or reduce future tax payments compared to what they would have been had such a recovery (settlement) not had a tax impact.

It is probable that the company will post taxable profits against which a deductible temporary difference can be used:

- when there are sufficient taxable temporary differences levied by the same taxation authority on the same taxable entity that are expected to be reversed:

- when it is probable that the company will post sufficient taxable profits levied by the same taxation authority on the same taxable entity during the relevant financial years ;

This deferred tax liability impacts goodwill.

Options taken by Attijariwafa bank

Assessment of the probability of recovery of deferred tax assets:

Deferred tax that is uncertain to be recovered is not capitalised. The probability of recovery can be determined by the business plan of the relevant companies.

In addition, under IFRS, the phrase "probable recovery" must be interpreted as meaning that "recovery is more probable than improbable". This could result, in certain cases, by recognising a higher level of deferred tax assets than under generally accepted accounting principles.

Recognition of deferred tax liabilities stemming from temporary differences on intangible assets generated as part of a business combination:

Valuation adjustments relating to intangible assets recognised as part of a business combination that cannot be disposed of separately from the acquiree give rise to a deferred tax liability, even when these assets have indefinite useful lives.

Deferred tax asset stemming from deductible temporary differences on consolidated equity interests:

Mandatory recognition of a deferred tax asset for the deductible temporary differences on consolidated equity interests (differences stemming, for example, from the elimination of internal gains (losses) on consolidated equity interests) so long as these temporary differences are likely to be reduced in the foreseeable future (rare case in the absence of a disposal decision) and that the recovery of the deferred tax asset is probable.

Possibility of adjusting goodwill if deferred tax is identified following the period allowed under IFRS for adjustments:

A deferred tax asset deemed not to be identifiable at the date of acquisition and subsequently realised, is recognised in consolidated profit or loss, and the goodwill is subsequently retrospectively adjusted even after the expiry of the adjustment period, the impact of this correction also being recognised in consolidated profit or loss.

Deferred tax initially recognised outside profit or loss (in equity):

Recognition of the impact of changes in tax rates and/or taxation methods outside profit or loss (in equity).

1.2.13 Employee benefits

General principle

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. This standard shall be applied by an employer in accounting for all employee benefits, except those to which IFRS 2, Share-based Payments, applies. The employee benefits to which this standard applies includes those provided:

- under formal plans or other formal agreements between an entity and individual employees, groups of employees, or their representatives;
- under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, industry, or other multi-employer plans;
- by those informal practices that give rise to a constructive obligation, where the entity has no realistic alternative but to pay employee benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. They comprise the following categories:

Types of employee benefits

Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service (e.g., wages, salaries, and social-security contributions; paid annual leave and paid sick leave; and profit-sharing and bonuses).

When an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid;
- as an expense.

The posteriors advantages to employment

Postemployment benefits are employee benefits that are payable after the completion of employment (e.g., retirement benefits, postemployment life insurance, and postemployment medical care).

Postemployment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

1- Under defined contribution plans, the entity makes a defined contribution to a fund and has no legal or constructive obligation to provide further contributions if assets are insufficient to meet the benefits in the plan benefit formula. In consequence, actuarial risk and investment risk fall, in substance, on the employee.

Accounting for defined-contribution plans is straightforward, because no actuarial assumptions are required to measure the obligation or the expense, and there is no possibility of any actuarial gain or loss.

When an employee has rendered service to an entity during a period, the entity shall recognize the contribution payable to a defined contribution plan in exchange for that service:

- as a liability, after deducting any contribution already paid;
- as an expense.

1. Under defined benefit plans, the entity's obligation is to provide the agreed benefits to current and former employees. Actuarial risk and investment risk fall, in substance, on the entity.

Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service.

A multi-employer plan is neither general nor mandatory, and must be classified by the entity as a defined-contribution plan or a defined-benefit plan under the terms of the plan.

Other long-term benefits include:

Long-term paid absences such as long-service leave or sabbatical leave, jubilee or other long-service benefits (e.g., "wissam schogal"), long-term disability benefits (if payable 12 months or later after the close of the reporting period), bonuses, and deferred remuneration.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of postemployment benefits. For this reason, this standard requires a simplified method of accounting for other long-term employee benefits. Unlike the accounting required for postemployment benefits, this method does not recognize remeasurements in other comprehensive income.

Termination benefits

Termination benefits result from either an entity's decision to terminate the employment of an employee before the usual retirement age, or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

An entity shall recognize a liability and expense for termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits;
- when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the entity can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions, their locations, and the expected completion date;
- the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Funding liabilities

Liabilities can be funded in two ways:

1. recognising a provision internally, either for the full amount or to supplement plan assets or redemption rights;
2. by outsourcing its obligation to pay the benefits by means of an insurance contract (the company transfers its obligation to pay the benefits : the actuarial and investment risks are managed by the insurer, with the latter paying out the benefits. The company's only obligation is to make contributions – defined contribution plan).

The revised version of the standard (2000 revision) established three criteria for plan assets (or qualifying insurance contracts):

1. the legal entity holding these assets must be legally separate from the company ;
2. the assets must be wholly set aside to fund the benefits payable under the plan in question ;
3. if the assets are sufficient to meet the liabilities, the company has no legal obligation to directly pay benefits under the plan.

All assets designed to cover the liabilities but that fail to meet the above criteria constitute "reimbursement rights".

Reimbursement rights are recognised as a separate asset. They do not reduce liabilities, unlike plan assets..

Measuring liabilities

Method

The measurement of defined benefit plans notably requires the use of actuarial techniques to reliably estimate the amount of benefits accruing to staff in consideration for current and past service.

This requires estimating the benefits, demographic variables such as mortality and staff turnover, financial variables such as discount rates and future salary increases that will affect the cost of benefits.

The recommended method under IAS 19 is the "projected unit credit" method, also the preferred method under French regulations.

This amounts to recognising, on the date of the calculation of the liability, of a liability equal to the probable present value of the estimated termination benefits multiplied by the ratio of length of service at the date of calculation and at the date of retirement of the employee.

This is the same as saying that the liability is incurred prorata to the length of service of the employee. Accordingly, the calculation of rights is done on the basis of the employee's length of service and the estimated final salary.

Assumptions

Actuarial assumptions are the entity's best estimates of variables determining the final cost of post-employment benefits. These assumptions include:

Demographic assumptions

These relate to the future characteristics of former and current employees (and their dependents) qualifying for benefits.

These demographic assumptions involve the following items:

- mortality, during and post-employment;
- staff turnover, disability and early retirement;
- the proportion of plan members and dependents qualifying for benefits; and
- the level of claims under the medical plans.

Expected rate of return on plan assets:

This rate must be established on the basis of market expectations on the reporting date for the period in which the liabilities are to be settled.

It must reflect the make-up of the asset portfolio. The breakdown of plan assets (bonds, equities, real-estate ...) and the expected return used for each asset class should be set out in the actuarial report.

Discount rate / inflation rate

The applicable rate to discount post-employment benefit liabilities (whether funded or not) must be determined by reference to a market rate at the reporting date based on the top-tier corporate bonds. In countries in which this type of market is not active,the relevant rate (at the end of the reporting period) is the treasury bond rate. The currency and maturity of corporate bonds or treasury bonds must be consistent with the currency and estimated maturity of postemployment benefit liabilities. The maturity of liabilities must be assessed on the basis of the schedule of future payments (weighted average only) for all plan participants on the measurement date.

Salaries, employee benefits and medical costs:

Post-employment benefit liabilities must be measured on a basis that reflects:

- estimated future salary increases;
- benefit rights as per the terms and conditions of the plan (or resulting from any constructive obligation going beyond these terms and conditions) at the reporting date; and
- estimated future changes in the level of benefits paid under any mandatory general plan affecting the benefits payable under a defined benefit plan, when, and only when, either :
- these changes have been adopted prior to the reporting date ; or
- past experience or other reliable indicators, show that these benefits paid under a mandatory general plan will change in a foreseeable manner, for example that they will reflect general price inflation or general salary inflation.

The assumptions related to medical costs must factor in the estimated future changes in the cost of medical services stemming both from inflation and changes specific to medical costs.

Options taken by Attijariwafa bank

It was agreed that in Attijariwafa bank's case the pension benefits were defined contribution plans. Accordingly, no IFRS adjustment is required.

In the case of post-employment medical coverage (CMIM), Attijariwafa bank does not have sufficient information to recognize as such this defined benefit multi-employer plan.

Share-based payments

Share-based payments consist of payments based on shares issued by the Group that are either equity or cash-settled with the amount depending on the share performance.

These payments can either be by means of the granting of stock options or employee share subscription offerings.

In the case of employee share subscription offerings, a discount is granted off the average market price over a given period.

This benefit is expensed over the lock-in period.

Statement of cash flows

The balance of cash and cash equivalent accounts represents the net cash balance with central banks, the Treasury and post office accounts as well as the net amount of demand bank borrowings and loans.

Estimates used to prepare the financial statements

When preparing the financial statements, the Attijariwafa bank Group was required to make assumptions and use estimates the future occurrence

of which could be influenced by a series of factors including in particular:

- domestic and international market activities;
- interest rate and exchange rate fluctuations;
- the economic and political climate in certain business sectors or countries;
- regulatory or statutory changes.

These assumptions primarily involve:

- the use of internal models to value financial instruments for which quoted prices on organised markets are not available ;
- impairment tests on intangible assets;
- the calculation of provisions for the impairment of loans and receivables and contingency and loss provisions;
- estimation of residual values of assets measured at amortised cost and finance and operating leases.

FINANCIAL STATEMENTS

Consolidated financial statements at 31 December 2019

Consolidated Balance Sheet at 31 December 2019

(thousand MAD)

ASSETS	Notes	12/31/2019	12/31/2018
Cash - Central banks -Public treasury- Postal cheque		24 731 843	18 536 591
Financial assets at fair value through profit or loss (FV P&L)	**2.1**	**55 788 147**	**61 567 279**
Trading assets		54 323 800	61 318 331
Other financial assets at fair value through profit or loss		1 464 347	248 947
Derivatives used for hedging purposes			
Financial assets at fair value through other comprehensive income	**2.2**	**51 845 481**	**43 190 734**
Debt instruments at fair value through other comprehensive income (recycling)		13 756 133	10 086 448
Equity instruments at fair value through other comprehensive income (no recycling)		2 183 878	2 328 058
Financial assets at fair value through other comprehensive income (Insurance)		35 905 470	30 776 229
Securities at amortised cost	2.17	16 120 400	15 101 428
Loans & receivables to credit institutions at amortised cost	2.3	23 394 354	28 791 443
Loans & receivables to customers at amortised cost	2.4	323 752 579	305 059 677
Remeasurement adjustment on interest-rate risk hedged portfolios			
Financial investments of insurance activities			
Current tax assets	2.5	141 683	181 922
Deferred tax assets	2.5	2 935 008	2 866 699
Accrued income and other assets	2.6	11 112 167	13 667 001
Non current assets held for sale		75 125	97 044
Equity-method investments	2.7	83 871	86 699
Investment property	2.8	2 466 111	2 522 538
Property, plant, equipment	2.9	7 289 029	5 687 723
Intangible assets	2.9	2 952 568	2 617 343
Goodwill	2.10	9 913 347	9 951 595
TOTAL ASSETS		**532 601 713**	**509 925 715**

LIABILITIES	Notes	12/31/2019	12/31/2018
Central banks-Public treasury-Postal cheque		4 408	3 056
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FV P&L)	**2.11**	**688 210**	**400 624**
Trading liabilities		688 210	400 624
Other financial liabilities at fair value through profit or loss			
Derivatives used for hedging purposes			
Deposits from credit institutions	2.12	45 994 702	47 314 854
Deposits from customers	2.13	335 576 694	332 005 586
Notes & certificates issued	2.14	21 993 710	15 508 094
Remeasurement adjustment on interest-rate risk hedged portfolios			
Current tax liabilities	2.5	1 178 770	864 710
Deferred tax liabilities	2.5	2 603 572	1 975 571
Accured expenses and other liabilities	2.6	16 613 569	12 306 933
Debts related to non current assets held for sale			
Insurance liabilities		36 482 016	33 639 357
Provisions	2.15 / 2.16	2 761 922	2 608 204
Subsidies and allocated funds		157 270	361 230
Subordinated debts and special guarantee funds	2.14	14 621 834	12 466 102
Shareholders' equity		**53 925 039**	**50 471 394**
Equity and related reserves		12 551 765	12 551 765
Consolidated reserves		**31 791 529**	**29 387 656**
Group share		*28 210 456*	*25 596 383*
Non-controlling interests		*3 581 073*	*3 791 273*
Unrealized or deferred Gains / losses		**2 630 652**	**1 796 769**
Group share		*1 049 529*	*665 060*
Non-controlling interests		*1 581 124*	*1 131 708*
Net income		**6 951 093**	**6 735 205**
Group share		*5 816 007*	*5 706 129*
Non-controlling interests		*1 135 086*	*1 029 075*
TOTAL LIABILITIES		**532 601 713**	**509 925 715**

Income Statement at 31 December 2019

(thousand MAD)

	Notes	12/31/2019	12/31/2018
Interest income	3.1	21 901 219	20 910 854
Interest expenses	3.1	-6 964 574	-6 916 158
NET INTEREST MARGIN		**14 936 645**	**13 994 695**
Fees income	3.2	5 964 361	5 836 324
Fees expenses	3.2	-816 471	-801 976
NET FEE MARGIN		**5 147 890**	**5 034 348**
Net gains or losses occured by the hedging of net positions			
Net gains or losses on financial instruments at fair value through profit or loss	**3.3**	**3 065 509**	**3 115 065**
Net gains or losses on trading assets		3 026 360	3 125 084
Net gains or losses on other assets at fair value through profit or loss		39 149	-10 019
Net gains or losses on financial assets at fair value through other comprehensive income	**3.4**	**643 374**	**725 810**
Net gains or losses on debt instruments at fair value through other comprehensive income (recycling)		12 092	37 499
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (dividends)		165 373	128 905
Remuneration of financial assets measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (insurance)		465 909	559 406
Net gains or losses on derecognised financial assets at amortised cost			
Net gains or losses on reclassified financial assets at fair value through comprehensive income to financial assets through profit or loss			
Income on other activities	**3.5**	**9 543 882**	**8 699 100**
Expenses on other activities	**3.5**	**-9 864 523**	**-9 198 302**
NET BANKING INCOME		**23 472 778**	**22 370 716**
Total operating expenses	3.9	-9 678 920	-9 647 858
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	3.10	-1 544 190	-1 065 250
GROSS OPERATING INCOME		**12 249 668**	**11 657 608**
Cost of risk	3.7	-1 589 044	-1 723 565
NET OPERATING INCOME		**10 660 624**	**9 934 043**
+/- Share of earnings of associates and equity-method entities		13 287	11 915
Net gains or losses on other assets	3.8	30 732	52 642
Goowill variation values			
PRE-TAX INCOME		**10 704 643**	**9 998 601**
Net income tax		-3 753 550	-3 263 396
Net income from discounted or held-for-sale operations			
NET INCOME		**6 951 093**	**6 735 205**
Non-controlling interests		-1 135 086	-1 029 075
NET INCOME GROUP SHARE		**5 816 007**	**5 706 129**
Earnings per share		27,71	27,19
Diluted earnings per share		27,71	27,19

Statement of net income and gains and losses directly recorded in shareholders equity at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
NET INCOME	**6 951 093**	**6 735 205**
Items that may be reclassified subsequently to income statement :		
Currency translation adjustments	244 290	-374 454
Revaluation of financial assets at fair value through other comprehensive income (recyclable)	1 315 591	-515 135
Revaluation of hedging derivative instruments		
Share of gains and losses accounted directly in equity of equity method entities	-1 418	-5 655
Other items accounted in equity (recyclable)		
Related income tax	-466 082	183 078
Items that will not be reclassified subsequently to income statement		
Revaluation of fixed assets		
Revaluation (or Actuarial gains/ losses) of defined benefit pension plans		
Revaluation of credit risk specific to financial liabilities that are not mandatorily measured at fair value through profit or loss		
Revaluation of equity instruments through other comprehensive income	-23 760	-23 331
Share of gains and losses through other comprehensive income on items regarding equity-method investments (non recyclable)		
Other comprehensive income (non recyclable)		
Related Taxes	8 131	8 955
Total gains and losses directly recorded in shareholders' equity	**1 076 752**	**-726 542**
NET INCOME DIRECTLY RECORDED IN SHAREHOLDERS' EQUITY	**8 027 845**	**6 008 662**
Of which Group share	6 377 222	5 348 045
Of which non-controlling interests	1 650 623	660 617

Table of shareholders equity variation at 31 December 2019

(thousand MAD)

	Share capital	Reserves (related to share capital)	treasury stock	Reserves and consolidated income	total assets and liabilities entered directly in capital	Gains or losses by OCI (non recycling)	Shareholders equity group share	Non-controling interests	TOTAL
Opening Shareholders' equity at 1st of january 2018	**2 035 272**	**8 116 493**	**-2 461 129**	**31 100 989**	**853 431**	**-23 833**	**39 621 227**	**6 437 493**	**46 058 720**
Transactions related to share capital	63 325	2 336 675		-410 274			1 989 726	-532 867	1 456 859
Share-based payments									
Transactions related to treasury stock									
Dividends				-2 743 968			-2 743 968	-654 833	-3 398 801
Net income				**5 706 129**			**5 706 129**	**1 029 075**	**6 735 205**
Intangible and fixed assets : revaluation and disposals									
Financial instruments : fair value variation and transfer through P&L					-154 268	-10 270	-164 538	-181 895	-346 434
Translation adjustments : change and transfer through PL				-187 891			-187 891	-186 562	-374 454
Latent or differed gains or losses				**-187 891**	**-154 268**	**-10 270**	**-352 429**	**-368 458**	**-720 887**
Other variations				266 299			266 296	-10 958	255 338
Changes in scope of consolidation				32 358			32 358	52 606	84 964
Shareholders' equity at 31 December 2019	**2 098 597**	**10 453 168**	**-2 461 129**	**33 763 639**	**699 163**	**-34 103**	**44 519 337**	**5 952 057**	**50 471 394**
Transactions related to share capital				407 457			407 457	253 743	661 200
Share-based payments									
Transactions related to treasury stock									
Dividends				-2 733 310			-2 733 310	-727 158	-3 460 468
Net income				**5 816 007**			**5 816 007**	**1 135 086**	**6 951 093**
Intangible and fixed assets : revaluation and disposals									
Financial instruments : fair value variation and transfer through P&L					393 022	-8 554	384 468	449 415	833 883
Translation adjustments : change and transfer through PL				178 167			178 167	66 122	244 290
Latent or differed gains or losses				**178 167**	**393 022**	**-8 554**	**562 636**	**515 537**	**1 078 173**
Other variations				-528 562			-528 562	-831 983	-1 360 545
Changes in scope of consolidation				-415 808			-415 808		-415 808
Shareholders' equity at 31 December 2019	**2 098 597**	**10 453 168**	**-2 461 129**	**36 487 590**	**1 092 185**	**-42 657**	**47 627 757**	**6 297 282**	**53 925 039**

Cash flow statement at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Pre-tax income	**10 704 643**	**9 998 601**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	1 591 298	1 123 146
+/- Net impairment of goodwill and other fixed assets		
+/- Net impairement of financial assets		
+/- Net addition to provisions	1 669 426	1 939 699
+/- Share of earnings of equity-method entities	-13 287	-10 188
+/- Net gain/loss from investment activities	-18 681	-102 757
+/- Net gain/loss from financing activities		
+/- Other movements	1 591 297	-752 798
Non-monetary items included in pre-tax net income and other adjustments	**4 820 053**	**2 197 102**
+/- Flows related to transactions with credit institutions and similar institutions	-3 235 596	12 075 675
+/- Flows related to transactions with customers	-15 254 680	-9 582 248
+/- Flows related to other transactions affecting financial assets or liabilities	506 419	-949 394
+/- Flows related to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-3 368 729	-3 161 363
Net increase/decrease in operating assets and liabilities	**-21 352 586**	**-1 617 330**
Net cash flow generated from operating activities	**-5 827 891**	**10 578 372**
+/- Flows related to financial assets and investments	-952 396	-10 458
+/- Flows related to investment property	56 427	-565 341
+/- Flows related to plant, property and equipment and intangible assets	-532 295	-339 816
Net cash flow related to investing activities	**-1 428 264**	**-915 615**
+/- Cash flows related to transactions with shareholders	-3 460 468	-3 398 801
+/- Other net cash flows from financing activities	8 544 965	2 207 418
Net cash flow from financing activities	**5 084 497**	**-1 191 383**
Effect of movement in exchange rates on cash and equivalents	**287 598**	**-529 190**
Net increase (decrease) in cash and cash equivalents	**-1 884 059**	**7 942 184**

Composition of cash position	12/31/2019	12/31/2018
Cash and cash equivalents at the beginning of the period	**22 868 784**	**14 926 600**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	18 533 535	18 127 784
Inter-bank balances with credit institutions and similar institutions	4 335 248	-3 201 184
Cash and cash equivalents at the end of the period	**20 984 724**	**22 868 784**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	24 727 436	18 533 535
Inter-bank balances with credit institutions and similar institutions	-3 742 711	4 335 248
Net change in cash and cash equivalents	**-1 884 059**	**7 942 184**

2. NOTES TO BALANCE SHEET

2.1 Financial assets at fair value through profit or loss at 31 December 2019

(thousand MAD)

	12/31/2019		12/31/2018	
	Trading assets	Other financial assets at fair value through profit or loss	Trading assets	Other financial assets at fair value through profit or loss
Loans and advances to financial institutions				
Loans and advances to customers				
Financial assets held as guarantee for unit-linked policies				
Securities received under repo agreements				
Treasury notes and similar securities	31 780 018		38 636 438	
Bonds and other fixed income securities	7 196 548		6 339 187	
Shares and other equity securities	15 237 714	1 320 858	16 231 685	121 926
Non-consolidated equity investments		143 489		127 022
Derivative instruments	109 519		111 021	
Related loans				
Fair value on the balance sheet	**54 323 800**	**1 464 347**	**61 318 331**	**248 947**

2.2 Financial assets at fair value through other comprehensive income at 31 December 2019

(thousand MAD)

	12/31/2019		
	Balance sheet value	Latent gains	Latent losses
Financial assets at fair value through other comprehensive income	**51 845 481**	**4 379 937**	**-486 983**
Debt instruments at fair value through other comprehensive income (recycling)	13 756 133	151 844	-6 089
Equity instruments at fair value through other comprehensive income (no recycling)	2 183 878	176 587	-214 085
Financial assets at fair value through other comprehensive income (Insurance)	35 905 470	4 051 507	-266 809
Debt instruments at fair value through other comprehensive income (recycling)	**Balance sheet value**	**Latent gains**	**Latent losses**
Treasury bills and similar securities	4 600 136	146 724	-2 760
Bonds and other fixed income securities	9 155 997	5 120	-3 329
Total Debt securities	**13 756 133**	**151 844**	**-6 089**
Total Debt instruments at fair value through other comprehensive income that may be reclassified subsequently to income statement		**151 844**	**-6 089**
Income tax expense		-50 898	2 282
Total other comprehensive income on debt instruments that may be reclassified subsequently to income statement (net of income tax)		**100 945**	**-3 807**
Equity instruments at fair value through other comprehensive income (no recycling)	**Balance sheet value**	**Latent gains**	**Latent losses**
Equity and other variable income securities			
Non-consolidated equity investments	2 183 878	176 587	-214 085
Total Equity instruments at fair value through other comprehensive income that will not be reclassified subsequently to income statement	**2 183 878**	**176 587**	**-214 085**
Income tax expense		-52 700	87 706
Total other comprehensive income on equity instruments that will not be reclassified subsequently to income statement		**123 887**	**-126 379**
Financial assets at fair value through other comprehensive income that may be reclassified subsequently to income statement (Insurance)	**Balance sheet value**	**Latent gains**	**Latent losses**
Treasury bills and similar securities	14 236 177	886 906	-2 394
Bonds and other fixed income securities	4 940 376	110 558	
Equity and other variable income securities	11 037 048	2 558 234	-235 247
Non-consolidated equity investments	5 691 869	495 808	-29 167
Total Financial assets at fair value through other comprehensive income that may be reclassified subsequently to income statement (Insurance)	**35 905 470**	**4 051 507**	**-266 809**
Income tax expense		-1 340 673	91 980
Gains and losses directly recorded in shareholders' equity of financial assets at fair value through other comprehensive income that will be reclassified susequently to income statement (Insurance)		**2 710 834**	**-174 828**

· Investments in financial instruments of insurance activities are accounted in accordance with the principles of IAS 39.

The market value of financial assets which cash flows are solely repayments of principal and interest payments amounted to MAD19.18 billion at December 31, 2019. It was MAD17.11 billion at December 31, 2018, representing a change over the period of MAD2.07 billion.

The market value of other financial assets amounted to MAD16.73 billion, corresponding to all instruments that do not meet the above criteria, derivatives and assets managed at market value. It was MAD13.67 billion at December31, 2018, representing a change over the period of MAD 3.06 billion.

2.3 Loans and receivables to credit institutions at amortised cost

2.3.1 Loans and receivables to credit institutions at 31 December 2019

(thousand MAD)

Credit Institutions	12/31/2019	12/31/2018
Accounts and loans	22 804 173	27 499 181
of which performing on demand accounts	8 789 843	10 166 161
of which performing overnight accounts and advances	14 014 329	17 333 020
Other loans and receivables	565 090	788 426
Gross value	**23 369 262**	**28 287 608**
Related loans	86 262	568 894
Impairment (*)	61 170	65 059
Net value of loans and receivables due from credit institutions	**23 394 354**	**28 791 443**

Intercompany operations	12/31/2019	12/31/2018
Demand accounts	3 806 853	2 833 807
Accounts and long-term advances	22 991 912	23 417 918
Related receivables	58 258	70 676

(*) see note 2.16

2.3.2 Breakdown of loans and receivables to credit institutions by geographical area at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Morocco	7 462 064	8 893 536
North Africa	3 062 262	6 523 186
The WAEMU Region	1 396 214	1 161 876
The EMCCA Region	1 316 285	1 478 642
Europe	5 900 142	7 891 145
Others	4 232 296	2 339 221
Total principal	**23 369 262**	**28 287 608**
Related receivables	86 262	568 894
Impairment (*)	61 170	65 059
Net value at balance sheet	**23 394 354**	**28 791 443**

(*) see note 2.16

2.3.3 Maturity analysis of of loans and receivables to credit institutions at 31 December 2019

(thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Loans and receivables to credit institutions	12 317 102	4 777 751	4 908 324	1 340 891	**23 344 068**

2.4 LOANS & RECEIVABLES TO CUSTOMERS AT AMORTISED COST

2.4.1 Loans & receivables to customers at amortised cost at 31 December 2019

(thousand MAD)

Transactions with customers	12/31/2019	12/31/2018
Trade receivables	45 245 335	40 665 827
Other loans and receivables to customers	251 834 906	234 460 174
Securities received under repurchase agreements	921 840	1 107 784
Subordinated loans	3 282	3 339
On demand accounts	25 218 899	27 581 890
Gross value	**323 224 262**	**303 819 015**
Related receivables	1 856 014	2 016 072
Impairment (*)	20 980 905	20 409 812
Net value of loans and receivables to customers	**304 099 371**	**285 425 274**
Finance leases		
Property leasing	3 716 577	3 453 617
Equipement leasing, long-term rental and similar activities	16 810 107	16 980 249
Gross value	**20 526 684**	**20 433 866**
Related receivables	1 359	1 092
Impairment (*)	874 836	800 555
Net value of leasing activities	**19 653 207**	**19 634 402**
Balance sheet value	**323 752 579**	**305 059 677**

(*) see note 2.16

2.4.2 Breakdown of loans and receivables to customers by geographical area at 31 December 2019

(thousand MAD)

12/31/2019	Exposure at Default			Expected Credit Loss (*)		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Morocco	224 015 637	23 017 440	16 652 785	1 279 046	3 307 284	10 838 951
North Africa	31 369 989	1 194 039	1 653 750	204 426	222 110	1 132 978
The WAEMU Region	27 410 202	2 221 522	3 242 164	492 735	154 909	2 292 958
The EMCCA Region	10 049 323	1 631 119	1 404 723	303 358	487 361	1 121 139
Europe	1 728 009		17 617	3 101		15 386
Net value at balance sheet	**294 573 161**	**28 064 120**	**22 971 039**	**2 282 666**	**4 171 663**	**15 401 412**

(*) See note 2.16

12/31/2018	Exposure at Default			Expected Credit Loss (*)		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Morocco	210 516 343	24 672 972	15 766 330	1 142 229	3 319 806	10 114 294
North Africa	25 804 978	1 251 945	1 573 307	176 254	105 410	1 129 542
The WAEMU Region	27 289 447	1 274 990	3 579 771	459 957	240 635	2 491 831
The EMCCA Region	9 916 760	1 942 104	1 388 167	300 737	637 583	1 076 519
Europe	1 279 087		13 844	3 155		12 415
Net value at balance sheet	**274 806 614**	**29 142 012**	**22 321 418**	**2 082 332**	**4 303 435**	**14 824 601**

(*) See note 2.16

2.4.3 Loans & receivables to customers by economic operator at 31 December 2019

	12/31/2019	12/31/2018
Wholesale	217 842 665	206 101 195
Large corporates	94 332 830	131 518 950
Individuals	104 052 541	96 941 318
Total principal	**321 895 206**	**303 042 513**
Related receivables	1 857 373	2 017 164
Balance sheet value	**323 752 579**	**305 059 677**

2.4.4 Maturity analysis of loans & receivables to customers at 31 December 2019

	< = 3 months	Between 3 months and 1year	Between 1 year and 5 years»	> 5 years	Total
Loans and receivables to customers	63 014 835	53 686 438	128 951 365	75 127 269	320 779 907

The fair value of healthy outstanding loans to customers and financial institutions is estimated at 348,786 million.

2.5 CURRENT AND DEFERRED TAXES

2.5.1 Current and deferred taxes at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Current taxes	141 683	181 922
Deffered taxes	2 935 008	2 866 699
Current and differed tax assets	**3 076 691**	**3 048 621**
Current taxes	1 178 770	864 710
Deffered taxes	2 603 572	1 975 571
Current and differed tax liabilities	**3 782 342**	**2 840 280**

2.5.2 Net income tax at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Current tax expense	-3 854 154	-3 368 729
Deferred tax expense for the year	100 604	105 333
Corporate income tax expense	**-3 753 550**	**-3 263 396**

2.5.3 Effective tax rate at 31 December 2019

	12/31/2019	12/31/2018
Net income	6 951 093	6 735 205
Corporate income tax expense	3 753 550	3 263 396
Average effective tax rate	**35,1%**	**32,6%**

Analysis of effective tax rate at 31 December 2019

	12/31/2019	12/31/2018
Tax rate	37,0%	37,0%
Differential in tax rate on foreign entities	-2,3%	-2,5%
Permanent differences	2,0%	0,5%
Other items	-1,7%	-2,4%
Average effective tax rate	**35,1%**	**32,6%**

2.6 ACCRUED INCOME/EXPENSE

2.6.1 Accrued income and other assets at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Other assets	**6 997 134**	**7 449 145**
Other debtors	4 612 824	3 908 410
Values and miscellaneous uses	171 968	167 669
Other insurance assets	1 905 926	3 068 438
Others	306 415	304 628
Total accrued income	**4 115 034**	**6 217 856**
Accrued income	1 243 825	1 939 502
Prepaid expenses	602 190	232 133
Other accrued income	2 269 018	4 046 222
Total accrued income and other assets	**11 112 167**	**13 667 001**

2.6.2 Accrued expense and other liabilities at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Other liabilities	**9 344 177**	**7 882 817**
Miscellaneous operations on securities	260 238	253 689
Miscellaneous creditors	8 562 275	7 166 039
Other insurance liabilities	521 664	463 090
Total accrued expense	**7 269 392**	**4 424 116**
Accrued expense	3 437 758	1 764 499
Deferred income	1 695 918	775 455
Other accrued expense	2 135 716	1 884 161
Total accrued expense and other liabilities	**16 613 569**	**12 306 933**

The other asset and liabilities accounts basically include operations not definitively charged at the moment of recording on the balance sheet.
They are re-entered in the final accounts as quickly as possible.

2.7 EQUITY METHOD INVESTMENTS at 31 December 2019

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (Turnover)	Share of income in equity method entities
Credit institutions					
Non-credit institutions	83 871	39 852	756 577	89 987	13 287
Total equity-method entities	**83 871**	**39 852**	**756 577**	**89 987**	**13 287**

Participation of the Group in equity method companies concerns only Moussafir Hotels..

2.8 INVESTMENT PROPERTY at 31 December 2019

(thousand MAD)

	12/31/2018	Scope Variation	Divestments & due dates	Transfers & due dates	Others movements	12/31/2019
Gross value	3 081 429		47 350	10 616	-14 780	3 103 383
Depreciation, amortisation and impairment	558 891		72 642	1 575	7 314	637 271
Net value	**2 522 538**		**-25 292**	**9 041**	**-22 094**	**2 466 111**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms correspond to the useful life per the following components :

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Fittings and fixtures	15
Technical furniture	20
Internal and external joinery	15

The market value of the land and structures classified as investment property in 2019 is estimated at MAD 2,640 million.

2.9 PLANT, PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS at 31 December 2019

(thousand MAD)

	12/31/2019			12/31/2018		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	3 240 276	1 310 658	1 929 618	3 312 799	1 404 761	1 908 038
Movable property and equipment	5 710 129	3 475 802	2 234 326	3 648 799	2 988 385	660 414
Leased movable property	716 440	259 083	457 357	706 977	271 643	435 335
Other property, plant and equipment	6 808 731	4 141 004	2 667 727	6 544 704	3 860 768	2 683 936
Total property, plant and equipment	**16 475 577**	**9 186 548**	**7 289 029**	**14 213 280**	**8 525 557**	**5 687 723**
IT software acquired	4 943 871	2 755 810	2 188 061	3 848 632	2 385 334	1 463 298
Other intangible assets	1 241 681	477 174	764 507	1 710 159	556 113	1 154 046
Total intangible assets	**6 185 552**	**3 232 984**	**2 952 568**	**5 558 790**	**2 941 447**	**2 617 343**

CHANGE IN RIGHT-OF-USE

(thousand MAD)

Change in right-of-use	01/01/2019	Increases	Decreases	Other	12/31/2019
Property					
Gross amount	1 533 533	254 411	-36 203	11 164	1 762 906
Amortisation and impairment		-327 680	21 010		-306 670
Total property	1 533 533	-73 269	-15 192	11 164	1 456 236
Movable property					
Gross amount					
Amortisation and impairment					
Total movable property					
Total right-of-use	**1 533 533**	**-73 269**	**-15 192**	**11 164**	**1 456 236**

(thousand MAD)

Change in lease debt	01/01/2019	Increases	Decreases	Other	12/31/2019
Lease debt	1 533 533	254 563	-303 656	11 164	1 495 605
Total lease Debt	**1 533 533**	**254 563**	**-303 656**	**11 164**	**1 495 605**

(thousand MAD)

Detail of lease contracts' expenses	12/31/2019	12/31/2018
Interests expenses on lease liability	-90 436	
Right-of-use amortisation	-324 765	

(thousand MAD)

Right-of-use asset	12/31/2019	12/31/2018
Plant, property and equipment	**7 289 029**	**5 687 723**
Of which right-of-use	1 456 236	

(thousand MAD)

Lease liability	12/31/2019	12/31/2018
Adjustment & other liability accounts	**16 613 569**	**12 306 933**
Of which lease liability	1 495 605	

PROPRETY, PLANT, EQUIPMENT:

Attijariwafa bank opted for an assessment of the cost of all fixed assets. Depreciation in linear and spread out over the following useful life:

Components	Annual duration of amortisation
Buildings per component	15-50 years
Equipment and furniture	4-10 years
Plant and equipment leased as lessor under operating leases	N/A
Other property, plant and equipment	15-20 years

The Attijariwafa bank group did not internally generate any intangible fixed assets. The useful life thereof is as follows:

Components	Annual duration of amortisation
Components	50
Main structure	20
Proofing	15
Fittings and fixtures	20
Technical furniture	15

INTANGIBLE ASSETS EXCLUDING GOODWILL:

The Attijariwafa bank group did not internally generate any intangible fixed assets. The useful life thereof is as follows:

Components	Annual duration of amortisation
Purchased software	5 years
Internally-developed software	N/A
Other intangible assets	15-20 years

Operating leases : complementary information

(thousand MAD)

Residual term	For the lessor
	Future minimum lease payments receivable under non-cancellable leases
≤ 1 year	224 612
> 1 year ≤ 5 years	790 613
> 5 years	
Total	**1 015 225**

2.10 Goodwill at 31 December 2019

(thousand MAD)

	12/31/2018	Scope variation	Currency translation adjustments	Other movements	12/31/2019
Gross value	9 951 595		-38 248		9 913 347
Accumulated amortisation and impairment					
Net value on the balance sheet	**9 951 595**		**-38 248**		**9 913 347**

The Attijariwafa bank Group operates regularly impairment tests to ensure that the goodwill carrying value is greater than the recoverable amount. Otherwise, an impairment should be recorded. For fiscal year 2019, no impairment has been recognized.

2.11 Financial liabilities at fair value through profit or loss (FV P&L)

2.11.1 Financial liabilities at fair value through profit or loss (FV P&L) at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Securities pledged under repurchase agreements Credit Institutions	261 843	105 633
Derivative instruments	426 367	294 991
Fair value on the balance sheet	**688 210**	**400 624**

2.11.2 Derivative instruments by nature of risk at 31 December 2019

(thousand MAD)

By nature of risk	Book value		Notional Amount
	Assets	Liabilities	
Foreign exchange derivatives	50 321	19 605	29 200 326
Interest rate derivatives	59 198	27 080	26 296 854
Raw materials derivatives		7 303	319 897
Other derivatives		372 379	479 369
Total	**109 519**	**426 367**	**56 296 445**

2.12 Deposits from credit institutions

2.12.1 Deposits from credit institutions at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Credit Institutions	21 946 244	15 844 661
Accounts and borrowings	23 970 838	31 391 411
Securities pledged under repurchase agreements	**45 917 082**	**47 236 071**
Related debt	77 620	78 783
Value on the balance sheet	**45 994 702**	**47 314 854**

Interbank operations	12/31/2019	12/31/2018
On demand accounts	2 066 040	2 168 968
Accounts and long-term advances	23 794 147	24 021 345
Related debt	138 214	144 483

2.12.2 Maturity analysis of deposits from credit institutions at 31 December 2019

(thousand MAD)

	< = 3 months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Deposits from credit institutions	40 971 666	1 857 130	2 132 592	955 693	45 917 082

2.13 Deposits from customers

2.13.1 Deposits from customers at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
On demand deposits	249 083 125	239 132 310
Savings accounts	62 440 729	66 585 668
Other deposits from customers	22 283 369	22 710 135
Securities pledged under repurchase agreements	875 899	2 656 823
Total principal	334 683 122	331 084 937
Related debt	893 572	920 650
Value on the balance sheet	**335 576 694**	**332 005 586**

2.13.2 Breakdown of deposits from customers by geographical area at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Morocco	241 588 032	241 203 006
North Africa	36 267 143	34 425 023
The WAEMU Region	36 531 663	34 437 472
The EMCCA Region	17 276 124	17 913 768
Europe	3 020 160	3 105 667
Total principal	**334 683 122**	**331 084 937**
Related debt	893 572	920 650
Value on the balance sheet	**335 576 694**	**332 005 586**

2.13.3 Breakdown of deposits from customers by economic operator at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Wholesale	121 987 091	130 803 813
Large corporates	29 330 870	46 364 770
Individuals	212 696 031	200 281 123
Total principal	**334 683 122**	**331 084 937**
Related debts	893 572	920 650
Balance sheet value	**335 576 694**	**332 005 586**

2.13.4 Maturity analysis of deposits from customers at 31 December 2019

(thousand MAD)

	< = 3 months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Deposits from customers	102 947 109	56 998 468	105 878 885	68 858 660	334 683 122

2.14 Debt securities and subordinated debt at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Other debt securities	**21 993 710**	**15 508 094**
Negotiable debt securities	21 952 076	15 468 327
Bonds	41 633	39 768
Subordinated debt	**14 621 834**	**12 466 102**
Subordinated loans	14 621 834	12 466 102
Undated	14 621 834	12 466 102
Dated		
Subordinated securities		
Undated		
Dated		
Total	**36 615 544**	**27 974 196**

2.15 Provisions for contingencies and charges at 31 December 2019

(thousand MAD)

	12/31/2018	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	12/31/2019
Provisions for commitments by signature (*)	914 908		199 908		195 610	16 430	935 636
Provisions for employee benefits	545 085		104 999	51 018		-8 272	590 795
Other provisions for contingencies and charges	1 148 211	2 918	325 035	12 205	235 023	6 555	1 235 491
Total provisions for contingencies and charges	**2 608 204**	**2 918**	**629 942**	**63 222**	**430 633**	**14 713**	**2 761 922**

(*) see note 2.16

2.16 Exposure at default and Expected credit loss by Bucket according to IFRS 9 at 31 December 2019

(thousand MAD)

12/31/2019	Exposure at Default			Expected Credit Loss			Coverage Ratio		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	**13 873 123**	**20 513**		**135 870**	**1 632**		**1,0%**	**8,0%**	
Loans & receivables to credit institutions									
Loans & receivables to customers									
Debt instruments	13 873 123	20 513		135 870	1 632		1,0%	8,0%	
Financial assets at amortised cost	**333 529 240**	**28 751 709**	**22 996 233**	**2 405 354**	**4 179 966**	**15 424 531**	**0,7%**	**14,5%**	**67,1%**
Loans & receivables to credit institutions	22 844 129	586 201	25 194	37 817	235	23 119	0,2%		91,8%
Loans & receivables to Customers	294 573 161	28 064 120	22 971 039	2 282 666	4 171 663	15 401 412	0,8%	14,9%	67,0%
Debt instruments	16 111 950	101 389		84 871	8 068		0,5%	8,0%	
Total assets	**347 402 363**	**28 772 222**	**22 996 233**	**2 541 224**	**4 181 598**	**15 424 531**	**0,7%**	**14,5%**	**67,1%**
Off Balance Sheet commitements	140 869 735	9 207 108	495 597	534 228	299 803	101 604	0,4%	3,3%	20,5%
Total	**488 272 098**	**37 979 330**	**23 491 830**	**3 075 453**	**4 481 401**	**15 526 135**	**0,6%**	**11,8%**	**66,1%**

12/31/2018	Exposure at Default			Expected Credit Loss			Coverage Ratio		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	**10 170 229**	**46 465**		**125 524**	**4 723**		**1,2%**	**10,2%**	
Loans & receivables to credit institutions									
Loans & receivables to customers									
Debt instruments	10 170 229	46 465		125 524	4 723		1,2%	10,2%	
Financial assets at amortised cost	**318 621 655**	**29 353 140**	**22 347 052**	**2 196 282**	**4 324 893**	**14 848 124**	**0,7%**	**14,7%**	**66,4%**
Loans & receivables to credit institutions	28 830 868		25 634	41 535		23 523	0,1%		91,8%
Loans & receivables to Customers	274 806 614	29 142 012	22 321 418	2 082 332	4 303 435	14 824 601	0,8%	14,8%	66,4%
Debt instruments	14 984 173	211 128		72 415	21 459		0,5%	10,2%	
Total assets	**328 791 884**	**29 399 605**	**22 347 052**	**2 321 806**	**4 329 616**	**14 848 124**	**0,7%**	**14,7%**	**66,4%**
Off Balance Sheet commitements	125 989 278	10 340 805	849 238	477 910	267 271	169 727	0,4%	2,6%	20,0%
Total	**454 781 162**	**39 740 410**	**23 196 290**	**2 799 717**	**4 596 886**	**15 017 851**	**0,6%**	**11,6%**	**64,7%**

2.17 Impaired outstanding amounts (Bucket 3) at 31 December 2019

(thousand MAD)

12/31/2018	12/31/2019			12/31/2018		
	Outstanding amount Bucket 03			Outstanding amount Bucket 3		
	Gross Value	Expected Credit Loss	Net Value	Gross Value	Expected Credit Loss	Net Value
Loans & receivables to credit institutions	25 194	23 119	2 075	25 634	23 523	2 111
Loans & receivables to customers	22 971 039	15 401 412	7 569 627	22 321 418	14 824 601	7 496 817
Debt instruments						
Total impaired outstanding amount at amortised cost (Bucket 3)	**22 996 233**	**15 424 531**	**7 571 702**	**22 347 052**	**14 848 124**	**7 498 928**
Total impaired off-balance sheet commitements (Bucket 3)	**495 597**	**101 604**	**393 993**	**849 238**	**169 727**	**679 512**

2.18 Securities at amortised cost at 31 December 2019

(thousand MAD)

Securities at amortised cost	12/31/2019	12/31/2018
Treasury bills and similar securities	12 409 759	11 880 666
Bonds and other fixed income securities	3 803 580	3 314 635
Total	**16 213 339**	**15 195 301**
Impairment	92 940	93 873
Total	**16 120 400**	**15 101 428**

3.NOTES TO INCOME STATEMENT

3.1 Net interest margin at 31 December 2019

(thousand MAD)

	12/31/2019			12/31/2018		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**18 714 454**	**3 914 851**	**14 799 603**	**17 576 789**	**4 203 413**	**13 373 376**
Deposits, loans and borrowings	17 635 956	3 843 669	13 792 287	16 668 838	4 007 491	12 661 347
Repurchase agreements	14 355	71 182	-56 827	2 177	195 922	-193 746
Finance leases	1 064 143		1 064 143	905 774		905 774
Inter-bank transactions	**728 876**	**1 734 551**	**-1 005 675**	**700 064**	**1 584 410**	**-884 345**
Deposits, loans and borrowings	724 206	1 623 152	-898 946	699 592	1 461 125	-761 533
Repurchase agreements	4 670	111 399	-106 729	472	123 285	-122 812
Debt issued by the group		**1 315 172**	**-1 315 172**		**1 128 335**	**-1 128 335**
Securities transactions	**2 457 890**		**2 457 890**	**2 634 000**		**2 634 000**
Total interest margin	**21 901 219**	**6 964 574**	**14 936 645**	**20 910 854**	**6 916 158**	**13 994 695**

3.2 Net fees at 31 December 2019

(thousand MAD)

	12/31/2019			12/31/2018		
	Income	Expenses	Net	Income	Expenses	Net
Net fees on transactions	**2 473 856**	**91 427**	**2 382 430**	**2 480 395**	**116 486**	**2 363 908**
With credit institutions	127 689	77 480	50 209	142 001	89 068	52 933
With customers	1 630 103		1 630 103	1 600 740		1 600 740
On securities	176 306	7 514	168 792	132 073	12 197	119 876
On foreign exchange	77 114	4 105	73 010	119 554	9 780	109 774
On forward financial instruments and other off-balance sheet transactions	462 643	2 328	460 315	486 026	5 442	480 585
Banking and financial services	**3 490 505**	**725 044**	**2 765 461**	**3 355 930**	**685 490**	**2 670 440**
Net income from mutual fund management (UCITS)	394 666	34 379	360 287	382 491	27 212	355 279
Net income from payment services	2 006 105	610 946	1 395 159	1 886 412	581 180	1 305 232
Insurance	19 323		19 323	19 404		19 404
Other services	1 070 411	79 719	990 692	1 067 623	77 098	990 525
Net fee income	**5 964 361**	**816 471**	**5 147 890**	**5 836 324**	**801 976**	**5 034 348**

3.3 Net gains or losses on financial instruments at fair value through profit or loss at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Fixed income securities	1 510 362	1 214 841
Variable income securities	595 951	497 847
Financial derivative instruments	-120 956	67 244
Revaluation of manual exchange position	1 080 152	1 335 132
Total	**3 065 509**	**3 115 065**

3.4 Net gains or losses on financial assets at fair value through other comprehensive income at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Income from variable income securities	**557 202**	**491 728**
Income from disposals	**100 022**	**248 104**
Net gains	146 209	290 642
Net losses	-46 187	-42 538
Gains or losses of variable income securities	**-13 850**	**-14 023**
Total	**643 374**	**725 810**

3.5 Net income from other activities at 31 December 2019

(thousand MAD)

	12/31/2019			12/31/2018		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	8 857 019	8 876 407	-19 388	8 154 242	8 300 667	-146 425
Net income from investment property	76 980		76 980	49 063		49 063
Net income from assets held under operating leases	29 128	1 786	27 342	17 729	181	17 548
Other net income	580 754	986 330	-405 575	478 066	897 454	-419 389
Total net income from other activities	**9 543 882**	**9 864 523**	**-320 641**	**8 699 100**	**9 198 302**	**-499 202**

3.6 Net income from insurance activities at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Gross premiums earned	9 440 371	8 817 756
Changes in technical reserves	-2 859 296	-3 386 710
Policy benefit expenses	-6 220 422	-5 649 209
Income/Expenses from ceded reinsurance	-380 041	71 737
Total	**-19 388**	**-146 425**

3.7 Cost of risk at 31 December 2019

(thousand MAD)

	12/31/2019
Additional provisions	**-3 796 486**
Provisions for loan impairment	-3 441 311
Provisions for securities Impairement	-30 140
Other general provisions	-325 035
Provision write-backs	**2 605 447**
Provisions for loan impairment	2 336 245
Provisions for securities Impairement	21 975
Other general provisions	247 227
Change in provisions	**-398 004**
Losses on written-off loans	-479 587
Amounts recovered on impaired written-off loans	98 067
Others	-16 484
Total	**-1 589 044**

3.8 Net gains or losses on other assets at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Proprety,plant, equipment and intangible assets used in operations		
Gains on disposals of property, plant and equipment and intangible assets used in operations	32 837	59 060
Losses on disposals of property, plant and equipment and intangible assets used in operations	-2 105	-6 418
Net gains or losses on other assets	**30 732**	**52 642**

3.9 General Operating expenses

3.9.1 Detail of general operating expenses at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Staff Expenses	**-5 623 377**	**-5 294 562**
Taxes and contributions	-364 232	-384 073
External services and other operating expenses [1]	-3 691 311	-3 969 223
Net gains or losses on other assets	**-9 678 920**	**-9 647 858**

(1) decrease related to the first-time adoption of IFRS 16 "Lease contracts"

3.9.2 Detail of staff expenses

(thousand MAD)

	12/31/2019	12/31/2018
Remuneration	-4 154 223	-3 946 494
Employee benefit expense Payroll taxes	-1 469 153	-1 348 068
Total	**-5 623 377**	**-5 294 562**

3.10 Depreciation, amortisation and impairment of property, plant and equipment and intangible assets

(thousand MAD)

	12/31/2019	12/31/2018
Depreciation and amortisation	**-1 495 425**	**-1 068 714**
Property, plant and equipment	-1 127 583	-799 684
Intangible assets	-367 841	-269 030
Depreciation or reversales on impairment	**-48 766**	**3 464**
Property, plant and equipment	-48 766	3 464
Immobilisations incorporelles Intangible assets		
Total (*)	**-1 544 190**	**-1 065 250**

(*) The increase is mainly related to IFRS 16 " Lease contracts"

4. INFORMATION BY BUSINESS LINES AT 31 DECEMBER 2019

Attijariwafa bank's information by business activity is presented as follows:

- Domestic banking, europe and offshore comprising Attijariwafa bank SA, Attijariwafa bank Europe, Attijari international bank and holding companies incorporating the group's investments in the group's consolidated subsidiaries;
- Specialised Financial Subsidiaries comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- International Retail Banking including banks in North Africa especially Attijaribank Tunisie, Attijariwafa bank Egypt and Attijaribank Mauritanie as well as banks in the WAEMU zone and the EMCCA zone;
- Insurance comprising Wafa Assurance and its significant subsidiaries.

(thousand MAD)

Balance Sheet	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance	International Retail Banking	TOTAL
Total Balance Sheet	**324 573 676**	**35 652 432**	**44 529 454**	**127 846 151**	532 601 713
including					
Assets					
Financial assets at fair value through profit or loss	54 466 179			1 321 968	**55 788 147**
Financial assets at fair value through other comprehensive income	2 930 238	146 125	35 905 470	12 863 648	**51 845 481**
Securities at amortised cost	9 284 617	12 500		6 823 282	**16 120 400**
Loans and advances to financial institutions at amortised cost	17 050 945	560 705	1 381	5 781 322	**23 394 354**
Loans & receivables Customers at amortised cost	215 546 471	31 658 393	2 782 857	73 764 857	**323 752 579**
Property, plant, equipment	3 587 831	834 415	186 010	2 680 773	**7 289 029**
Liabilities					
Debts - Financial Institutions	35 508 076	2 376 899	408	8 109 319	**45 994 702**
Customers deposits	240 129 539	5 064 437	3 514	90 379 204	**335 576 694**
Insurance technical provision			36 482 016		**36 482 016**
Subordinated funds and special guarantee funds	13 043 905	506 565		1 071 364	**14 621 834**
Shareholders' equity	40 806 955	2 852 572	4 295 878	5 969 634	**53 925 039**

Income Statement	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance	International Retail Banking	Eliminations	TOTAL
Interest margin	7 796 636	1 194 965	783 021	5 190 401	-28 378	**14 936 645**
Margin on fees	2 936 023	983 650	-27 519	2 165 656	-909 921	**5 147 890**
Net banking income	12 277 086	2 514 531	1 147 388	7 923 673	-389 900	**23 472 778**
Operating expenses	5 108 903	835 316	575 428	3 549 173	-389 900	**9 678 920**
Net operating income	5 697 819	1 218 559	351 570	3 392 677		**10 660 624**
Net income	3 433 455	736 655	331 984	2 448 998		**6 951 093**
Net income group share	3 405 352	582 807	133 347	1 694 501		**5 816 007**

5. FINANCING COMMITMENTS AND GUARANTEES

5.1 Financing commitments at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Financing commitments given	78 839 937	65 002 129
Financing commitments received	3 761 711	1 448 894

5.2 Guarantee commitments at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Financing commitments given	71 732 504	72 177 192
Financing commitments received	48 654 595	48 698 119

6. COMPLEMENTARY INFORMATION

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated are conducted under the market conditions prevailing at the time of completion.

6.1.1 Relationship between group consolidated companies

(thousand MAD)

	Entreprises consolidées par intégration gobale
Assets	**28 781 379**
Loans, advances and securities	27 910 729
Ordinary accounts	4 354 913
Loans	23 555 816
Securities	
Miscellaneous assets	
Other assets	870 650
Total	**28 781 379**
Liabilities	**28 781 379**
Deposits	27 834 423
Ordinary accounts	3 902 062
Other loans	23 932 361
Debts represented by security	**76 306**
Miscellaneous liabilities	**870 650**
Total	**28 781 379**
Financing and guarantee commitments	
Commitments given	7 190 732
Commitments received	7 190 732

6.1.2 Income items regarding operations conducted with associated parties

(thousand MAD)

	Entreprises consolidées par intégration gobale
Interest and equivalent income	617 994
Interest and equivalent expenses	589 615
Commissions (income)	1 028 770
Commissions (expenses)	118 850
Income from other activities	182 522
Expenses from other activities	788 826
Other expenses	389 900

Relationships with members of administrative and management bodies:

In 2019, remuneration of Attijariwafa bank Board of Directors comes to 4 million MAD for attendance tokens. This global sum includes all ancillary charges inherent to travel in connection with the Board.

In addition, the annual gross remuneration of the executive members for FY 2019 came to MAD 118.3 million. Loans to these members came to MAD 183.11 million at the end of 2019.

6.2 Wafa assurance

(thousand MAD)

Balance sheet	12/31/2019	12/31/2018
Assets		
Assets available for sale	26 591 925	22 390 832
Loans and debts to credit institutions and equivalent		50 970
Loans and debts to customers	2 570 106	2 688 999
Tangible fixed assets	149 274	146 492
Debts to credit institutions and equivalent		
Insurance contract technical provisions	35 103 141	32 585 789
Shareholders equity	3 642 769	3 867 050

Income statement	12/31/2019	12/31/2018
Interest margin	510 667	490 092
Margin on commissions	-22 080	-22 663
Net income from other activities	-12 294	-177 798
Net banking income	842 087	693 783
Operating expenses	-637 479	-631 374
Operating income	22 537	-99 229
Net income	41 855	-42 673
Net income group share	16 593	-16 918

7. OTHER COMPLEMENTARY INFORMATON

7.1 Certificates of deposit and finance company bonds issued during 2019 :

The outstanding certificates of deposit at the end of December 2019 amounted to MAD15.6 billion.

During 2019, MAD 10.5 billion has been issued with a maturity comprised between 26 weeks and 5 years and rates between 2.50% and 13%.

The outstanding of Finance Company bonds totaled MAD 6.0 billion as of December 2019.

During 2019, MAD 2 billion of Finance Company Bonds has been issued with a maturity comprised between 2 and 5 years and rates between 2.66% and 3.35%.

7.2 Subordinated debts issued during 2019:

During the year 2019, the Attijariwafa bank group closed the issue of four subordinated bonds.

On June 28, 2019, Attijariwafa bank issued a perpetual subordinated bond with a loss absorption and coupon cancellation mechanism, for an amount of MAD 1 billion, divided into 10,000 bonds with a nominal value of MAD 100,000. It is broken down into two unlisted tranches (A and B).

The nominal interest rate relating to tranche A is revisable every 10 years and amounts to 5.48% including a risk premium of 250 basis points. The nominal interest rate applicable to tranche B can be revised annually and amounts to 4.60%, including a risk premium of 230 basis points.

The overall result is summarized in the following table:

(thousand MAD)

	Section A	Section B
Amount withheld	151 000	849 000

The second bond was issued by wafasalaf on 27 June 2019 with an amount of MAD 250 million. It has a maturity of 5 years with a yield of 3.45% per year.

The third subordinated bond loan was issued by Attijariwafa bank. on December 20, 2019 for MAD1 billion, split into 10,000 bonds with a nominal value of MAD100,000. It is broken down into 3 sections (A, B and E) listed and 3 sections (C, D and F) unlisted.

The overall result is summarized in the following table :

(thousand MAD)

	Section F
Amount withheld	1 000 000

On December 20, 2019, Attijariwafa bank issued a MAD 1 billion perpetual subordinated bond with a mechanism of absorption of losses and cancellation of coupon payments, divided into 10,000 bonds with a nominal value of MAD 100,000. It is broken down into 2 unlisted tranches (A and B).

The overall result is summarized in the following table :

(thousand MAD)

	Section A	Section B
Amount withheld	350 100	649 900

7.3 Capital and income per share:

7.3.1 Number of shares and per values:

At the end of 2019, Attijariwafa bank's capital was brought to MAD 2 098 596 790. The capital is made up of 209 859 679 share at per value of 10 MAD.

7.3.2 Attijariwafa bank shares held by the Group :

In 2019, Attijariwafa bank Group holds 13 226 583 shares representing a global amount of MAD 2 461 million deducted from the consolidated shareholders equity.

7.3.3 Per share income:

The bank has not dilutive instruments in ordinary shares. Therefore, the diluted income per share is equal to the basic income per share.

(in MAD)

	12/31/2019	12/31/2018
Earnings per share	27,71	27,19
Diluted earnings per share	27,71	27,19

7.4 Employee benefits

The post-employment benefits granted by the Group vary in line with legal obligations and local policies in this respect.

Group employees enjoy short-term benefits (paid leave, sick leave), long-term benefits ("Ouissam Achoughl" long-service award, pilgrimage bonus) and defined-contribution and defined-benefit post-employment benefits (retirement payments, supplementary pension plans, health insurance).

Short-term benefits are expensed as incurred by the various Group entities awarding them.

Defined-contribution post-employment plans

Under these plans, periodic contributions are made to outside bodies responsible for the administrative and financial management.

Such plans release the employer from any subsequent obligation, the body undertaking to pay employees the sums to which they are entitled (CNSS, CIMR...). The Group's payments are expensed as incurred.

Defined-benefit post-employment plans

Under these plans, the employer has obligations vis-à-vis the beneficiaries or future beneficiaries. If they are not wholly prefunded, provisions must be recognised in this respect.

The present value of the liability is calculated using the projected unit credit method on the basis of actuarial assumptions and assumptions regarding the rate of salary increase, retirement age, mortality, turnover as well as the discount rate.

Changes to actuarial assumptions, or any difference between these assumptions and actual results, give rise to the recognition of actuarial gains (losses) through profit or loss in the period in which they occur in accordance with the Group's accounting policies.

Retirement payments

These plans make provision for the payment of lump sums calculated on the basis of employee length of service in the Group plus final salary.

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary.

The retirement payment is equal to the sum of the following items:

- Number of months of salary to which the employee is entitled on the basis of his/her length of service at retirement age ;
- Gross monthly salary ;
- Probability of being alive at retirement age ;
- Probability of still working for the Company at retirement age ;
- A discounting of the liability over the N years remaining to retirement having regard also to the rate of salary increase.

Ouissam Achoughl long-service award

It may be paid out a number of times during the period in which the employee works for the Company. The number of years spent in the Company give entitlement to a certain number of months of salary. The Ouissam Achoughl long-service award after 15 years of service is, for example, the sum of the following items :

- Number of months of salary to which the employee is entitled after 15 years of service ;
- Gross monthly salary ;
- Probability of being alive after 15 years of service ;
- Probability of still working for the Company ;
- A discounting of the liability over the N years remaining to complete the 15 years of service having regard also to the rate of salary increase.

Assumptions for calculation purposes :

	2019-12	2018-12
Start of period	01 January 2019	0 January 2018
End of period	31 December 2019	31 December 2018
Discount rate	3.54%	4.15%
Rate of salary increase	4.00%	4.00%
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows :

change in the actuarial debt	2019-12	2018-12
Actuarial liability N-1	**545 085**	**523 741**
Current service cost	100 920	87 307
Discounting effect	-43	8 514
Employee contributions		
Change / curtailment / settlement of the plan		
Acquisition, disposal (change in consolidation scope)		
Termination benefits	-71 072	-71 151
Benefits paid (mandatory)		
Actuarial gains (losses)	15 903	-3 326
Actuarial liability N	**590 795**	**545 086**

expense recognized	2019-12	2018-12
Current service cost	-100 920	-87 307
Discounting effect	43	-8 514
Expected return on plan assets during the period		
Amortisation of past service cost		
Amortisation of actuarial gains (losses)		
Gains/(losses) on curtailments and settlements		
Gains/(losses) on surplus limitations	4 754	11 836
Net expense recognized in profit or loss	**-96 124**	**-83 986**

7.5 Scope of consolidation

name	Sector of activity	(A)	(B)	(C)	(D)	country	Method	% control	% interest
ATTIJARIWAFA BANK	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	99.78%	99.78%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	83.01%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank	(2)				Mali	IG	66.30%	66.30%
CREDIT DU SENEGAL	Bank					Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank					Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	67.00%	67.00%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank					Cameroon	IG	51.00%	51.00%
ATTIJARIBANK MAURITANIE	Bank					Mauritania	IG	100.00%	67.00%
BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO	Bank					Togo	IG	56.50%	56.50%
ATTIJARIWAFA BANK EGYPT	Bank					Egypt	IG	100.00%	100.00%
BANK ASSAFA	Bank				(3)	Morocco	IG	100.00%	100.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Leasing			(2)		Morocco	IG	98.57%	98.57%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	100.00%	100.00%
WAFA CASH	Cash Activities					Morocco	IG	100.00%	100.00%
WAFA LLD	Long-term rentals					Morocco	IG	100.00%	100.00%
ATTIJARI FINANCES CORP.	Investment bank					Morocco	IG	100.00%	100.00%
WAFA GESTION	Asset Management					Morocco	IG	66.00%	66.00%
ATTIJARI INTERMEDIATION	SM intermidiation					Morocco	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
WAFA ASSURANCE	insurance					Morocco	IG	39.65%	39.65%
ATTIJARI ASSURANCE TUNISIE	insurance		(3)			Tunisia	IG	58.98%	50.28%
WAFA IMMA ASSISTANCE	insurance		(3)			Morocco	IG	72.15%	45.39%
BCM CORPORATION	Holding					Morocco	IG	100.00%	100.00%
OGM	Holding					Morocco	IG	50.00%	50.00%
ANDALUCARTHAGE	Holding					Morocco	IG	100.00%	100.00%
KASOVI	Holding					Mauritius	IG	100.00%	100.00%
SAF	Holding					France	IG	99.82%	99.82%
FILAF	Holding					Senegal	IG	100.00%	100.00%
CAFIN	Holding					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	Holding					France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	Holding					France	IG	67.00%	67.00%
ATTIJARI IVOIRE	Holding					Morocco	IG	66.67%	66.67%
MOUSSAFIR	hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	risk capital					Tunisia	IG	74.13%	43.72%
PANORAMA	real estate company					Morocco	IG	39.65%	39.65%
SOCIETE IMMOBILIERE TOGO LOME	real estate company					Togo	IG	100.00%	100.00%

(A) Mouvements occuring in first half of 2018
(B) Mouvements occuring in second half of 2018
(C)Mouvements occuring in first half of 2018 2019
(D) Mouvements occuring in second half of 2019

1 - Acquisition
2 - Creation, crossing threshold
3 - Entry into IFRS perimeter
4 - Disposal
5 - Deconsolidation
6 - Merger between consolidated entities
7 - Change in method - Equity method to global integration
8- Change in method - Equity method to proportional integration
9 - Reconsolidation

PARENT COMPANY FINANCIAL STATEMENTS

AUDITORS' REPORT ON PARENT COMPANY FINANCIAL STATEMENTS

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20 050 Casablanca - Morocco

GROUPE ATTIJARIWAFA BANK
GENERAL REPORT OF THE STATUTORY AUDITORS
AT 31 DECEMBER 2019

In accordance with the mission granted us by the General Meeting , we have audited the parent company financial statements of ATTIJARIWAFA BANK. The financial statements comprise the balance sheet, off-balance-sheet items, the income statement, the management accounting statement, the cash flow statement, and notes to the financial statements for the year ended December 31, 2018. The financial statements show shareholders' equity of MAD 56.653.404 thousand and net income of MAD 4.840.111 thousand. These statements were approved by the Board of Directors on February 24, 2020 in the evolving context of the health crisis of the Covid-19 epidemic, on the basis of the elements available at that date.

Management's responsibility

Management is responsible for the preparation and faithful presentation of these financial statements, in accordance with accounting principles applicable in Morocco. This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditor's judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to state an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of the accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion.

Opinion on the financial statements

We hereby certify that the financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the operating results, financial position, and assets of ATTIJARIWAFA BANK Group as at December 31, 2019, in accordance with accounting standards applicable in Morocco.

Specific procedures and disclosures

We have also carried out specific procedures required by Moroccan law, and we have verified that information provided in the Board of Directors' management report to shareholders is consistent with the Company's financial statements.

With regard to events that occurred and information known after the closing date of the financial statements relating to the effects of the crisis related to Covid-19, management has informed us that they will be communicated to the Ordinary General Meeting of Shareholders called to vote on this matter. on the accounts.

Furthermore, in accordance with article 172 of Law 17-95 as amended and supplemented, we bring to your attention that the bank, during 2019, has:

- The creation of the subsidiary ATTIJARI OPERATIONS AFRICA for an amount of KMAD 1.000 held at 100% by Attijariwafa bank ;
- The creation of the subsidiary ATTIJARI REIM for an amount of KMAD 5,000 held at 100% by Attijariwafa bank;
- The creation of FT MIFTAH II for an amount of KMAD 50,100 held at 100% by Attijariwafa bank.

Casablanca, 29 April 2020

The Statutory Auditors

ERNST & YOUNG

Abdeslam Berrada Allam
Associate

DELOITTE AUDIT

Sakina Bensouda Korachi
Associate

Parent company financial statements at 31 December 2019

1. Presentation

Attijariwafa bank is a Moroccan company governed by common law. The financial statements comprise the accounts of head office as well as branches in Morocco.

2. General principles

The financial statements are prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Attijariwafa bank's financial statements complies with the Credit Institution Accounting Plan.

3. Loans and signature loans

General presentation of loans

· Loans and advances to credit institutions and customers are classified according to their initial maturity and type:

- Sight and term loans in the case of credit institutions;
- Short-term loans, equipment loans, consumer loans, mortgage loans and other loans for customers.

· Signature loans accounted for off-balance sheet relate to transactions which have not yet given rise to cash movements such as irrevocable commitments for the undrawn portion of facilities made available to credit institutions and customers or guarantees given;

· Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers);

· Interest accrued on these loans is recorded under related loans and booked to the income statement.

Non-performing loans on customers

· Non-performing loans on customers are recorded and valued in accordance with prevailing banking regulations.

The main measures applied are summarised as follows:

- Non-performing loans are classified as sub-standard, doubtful or impaired depending on the level of risk;

After deducting the guarantee portion as required by prevailing regulations, provisions for non-performing loans are made as follows:

- 20% for sub-standard loans;
- 50% for doubtful loans;
- 100% for impaired loans.

· Provisions made relating to credit risks are deducted from the asset classes in question. As soon as loans are classified as non-performing, interest is no longer accrued but is recognised as income when received;

· Losses on irrecoverable loans are booked when the possibility of recovering the non-performing loans is deemed to be zero;

· Provisions for non-performing loans are written-back on any positive development in respect of the non-performing loans in question, such as partial or full repayment or a restructuring of the debt with partial repayment.

· The bank has written off non-performing loans using provisions set aside for this purpose.

4. Amounts owing to credit institutions and customers

Amounts owing to credit institutions and customers are presented in the financial statements according to their initial maturity and type:

- Sight and term borrowings in the case of credit institutions;
- Current accounts in credit, savings accounts, terms deposits and other customer accounts in credit in the case of customers.

Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers), depending on the counterparty;

Interest accrued on these loans is recorded under related borrowings and booked to the income statement.

5. Securities portfolio

5.1. General presentation

Securities transactions are booked and valued in accordance with the Plan Comptable des Etablissements de Crédit.

Securities are classified as a function of their legal characteristics (debt security or equity security) and the purpose for which they are acquired (trading securities, available-for-sale securities, investment securities and investments in affiliates).

5.2. Trading securities

Trading securities are securities which are highly liquid and are acquired with the intention of being resold in the very near future. These securities are recorded at cost (including coupon). At the end of each period, the difference between this value and their market value is recognised directly in the income statement.

5.3. Available-for-sale securities

Available-for-sale securities are securities acquired with the intention of being held for at least 6 months, except for fixed income securities intended to be held until maturity. AFS securities comprise all securities that do not satisfy the criteria required to be classified in another category.

Debt securities are booked excluding accrued interest. The difference between their purchase price and redemption price is amortised over the security's remaining life.

Equities are recorded at cost less acquisition expenses.

At the end of each period, a provision for impairment is made for any negative difference between a security's market value and carrying amount. Unrealised gains are not booked.

5.4. Investment securities

Investment securities are debt securities which are acquired, or which come from another category of securities, with the intention of being held until maturity for the purpose of generating regular income over a long period.

These securities are recorded at cost less acquisition expenses. The difference between their purchase price and redemption price is amortised over the security's remaining life.

At the end of each period, these securities are recorded at cost,

regardless of their market value. Unrealised profit or loss is therefore not recognised.

5.5. Investments in affiliates

This category comprises securities whose long-term ownership is deemed useful to the Bank.

At the end of each period, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

5.6. Repos with physical delivery

- Repo securities are maintained on the assets side and continue to be valued according to the rules applicables to their category. The amount received and the interest on the debt are recorded as liabilities.
- Securities received on reversal repo transaction are not recorded as assets on the balance sheet. The amount disbursed and the interest accrued on the receivable are recorded as assets.

6. Foreign currency transactions

Foreign currency loans, amounts owing and signature loans are translated into dirhams at the average exchange rate prevailing on the balance sheet date.

Any foreign exchange difference on contributions from overseas branches and on foreign currency-denominated borrowings for hedging exchange rate risk is recorded in the balance sheet under "Other assets" or "Other liabilities" as appropriate. Any translation difference arising on translation of long-term investment securities acquired in a foreign currency is recorded as a translation difference for each category of security in question.

Any foreign exchange difference on any other foreign currency account is posted to the income statement. Income and expenses in foreign currency are translated at the exchange rate prevailing on the day they are booked.

7. Translation of financial statements drawn up in foreign currencies

The «closing rate » method is used to translate foreign currency- denominated financial statements.

Translation of balance sheet and off-balance sheet items

All assets, liabilities and off-balance sheet items of foreign entities are translated at the exchange rate prevailing on the balance sheet date.

Shareholders' equity (excluding net income for the current period) is valued at different historical rates. Any difference arising on restatement (closing rate less historical rate) is recorded in shareholders' equity under «Translation differences».

Translation of income statement items

All income statement items are translated at the average exchange rate over the year except for depreciation and amortisation expenses, which are translated at the closing rate.

8. General provisions

These provisions are made, at the discretion of the management, to address future risks which cannot be currently identified or accurately measured relating to the banking activity.

Provisions made qualify for a tax write-back.

9. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recorded in the balance sheet at cost less accumulated depreciation and amortisation, calculated using the straight line method over the estimated use life of the assets in question.

Intangible assets are categorised as operating or non-operating assets and are amortised over the following periods:

Type	*Amortisation period*
- Lease rights	not amortised
- Patents and brands	N/A
- Research and development	N/A
- IT software	6.67 years
- Other items of goodwill	5 years

Les immobilisations corporelles ventilées en immobilisations d'exploitation et hors exploitation sont composées sont amorties sur les durées suivantes :

Type	*Amortisation period*
- Land	not depreciated
- Operating premises	25 years
- Office furniture	6.67 years
- IT hardware	6.67 years
- Vehicles	5 years
- Fixtures, fittings and equipment	6.67 years

10. Deferred expenses

Deferred expenses are expenses which, given their size and nature, are likely to relate to more than one period.

Deferred expenses are amortised over the following periods:

Type	*Amortisation period*
-Start-up costs	3 years
- Expenses incurred in acquiring fixed assets	5 years
- Bond issuance expenses	N/A
- Premiums paid on issuing or redeeming debt securities	N/A
- Other deferred expenses	3-5 years on a case by case basis

11. Recognition of interest and fees in the income statement

Interest

Income and expenses calculated on principal amounts actually lent or borrowed are considered as interest.

Income and expenses calculated on a prorata temporis basis which remunerate a risk are considered as similar income or expenses. This category includes fees on guarantee and financing commitments (guarantees, documentary credits etc.).

Interest accrued on principal amounts actually lent or borrowed is booked under related loans or debt with an offsetting entry in the income statement entry.

Similar income or expenses are recorded under income or expenses when invoiced.

Fees

Income and expenses, calculated on a flat-rate basis for a service provided, are recorded under fees when invoiced.

12. Non-recurring items of income and expenditure

They consist exclusively of income and expenses arising on an exceptional basis and are, in principle, rare in that they are unusual in nature or occur infrequently.

FINANCIAL STATEMENTS

Parent company financial statements at 31 December 2019

Balance sheet at 31 December 2019

(thousand MAD)

ASSETS	12/31/2019	12/31/2018
Cash and balances with central banks, the treasury and post office accounts	10 466 455	8 093 723
Loans and advances to credit institutions and similar establishments	33 288 468	33 042 666
. Sight	5 796 155	4 036 029
. Term	27 492 313	29 006 636
Loans and advances to customers	199 389 610	192 683 277
. Short-term & consumer loans and participatory financing	56 296 253	54 226 667
. Equipment loans and participatory financing	64 159 419	65 803 335
. Mortgage loans and participatory financing	62 686 215	60 953 282
. Other loans and participatory financing	16 247 723	11 699 993
Receivables acquired through factoring	10 985 972	10 861 011
Trading securities and available-for-sale securities	67 908 173	66 340 133
. Treasury bills and similar securities	43 130 214	44 914 479
. Other debt securities	9 402 617	6 130 636
. Fixed income Funds	15 246 365	15 106 219
. Sukuk Certificates	128 977	188 799
Other assets	3 884 867	5 486 261
Investment securities	8 488 531	8 751 621
. Treasury bills and similar securities	8 488 531	8 751 621
. Other debt securities		
. Sukuk Certificates		
Investments in affiliates and other long-term investments	19 271 702	18 832 707
. Investments in affiliates companies	18 252 705	17 828 403
. Other and similar investments	1 018 997	1 004 304
. Moudaraba and mourabaha securities		
Subordinated loans	-	-
Investment deposits given		
Leased and rented assets	997 456	672 004
Fixed assets given in Ijara		
Intangible assets	2 413 121	2 121 303
Property, plant and equipement	3 703 400	3 735 375
Total Assets	360 797 755	350 620 082

LIABILITIES	12/31/2019	12/31/2018
Amounts owing to central banks, the treasury and post office accounts	-	-
Amounts owing to credit institutions and similar establishments	37 492 675	38 672 841
. Sight	3 758 643	4 009 934
. Term	33 734 032	34 662 907
Customer deposits	233 128 874	234 507 882
. Current accounts in credit	153 596 621	148 095 873
. Savings accounts	29 344 406	28 537 587
. Term deposits	37 017 174	43 595 847
. Other accounts in credit	13 170 673	14 278 574
Debts to customers on participatory financing		
Debt securities issued	12 969 319	8 547 047
. Negociable debt securities	12 969 319	8 547 047
. Bonds	-	
. Other debt securities issued	-	
Other liabilities	16 876 549	12 788 959
General provisions	3 676 934	3 562 853
Regulated provisions	-	-
Subsidies, public funds and special guarantee funds	-	-
Subordinated debt	13 043 905	11 042 935
Investment deposits received		
Revaluation reserve	420	420
Reserves and premiums related to share capital	34 794 175	34 794 175
Share capital	2 098 597	2 098 597
Shareholders, unpaid share capital (-)	-	-
Retained earnings (+/-)	1 876 196	389
Net income to be allocated (+/-)	-	-
Net income for the financial year (+/-)	4 840 111	4 603 983
Total liabilities	360 797 755	350 620 082

off-balance sheet at 31 December 2019

(thousand MAD)

OFF-BALANCE	12/31/2019	12/31/2018
COMMITMENTS GIVEN	**138 738 107**	**123 833 122**
Financing commitments given to credit institutions and similar establishments	3 673 291	1 837 664
Financing commitments given to customers	70 761 110	58 887 163
Guarantees given to credit institutions and similar establishments	11 138 687	13 662 949
Guarantees given to customers	52 055 604	49 342 317
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	1 109 415	103 029
COMMITMENTS RECEIVED	**18 555 786**	**19 187 978**
Financing commitments received from credit institutions and similar establishments	191 864	-
Guarantees received from credit institutions and similar establishments	16 826 998	18 730 675
Guarantees received from the State and other organisations providing guarantees	499 815	457 303
Securities sold with repurchase agreement	-	-
Other securities to be received	1 037 109	-
Moucharka and moudaraba securities to be received	-	

income statement at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
OPERATING INCOME FROM BANKING ACTIVITIES	**18 790 646**	**18 203 195**
Interest and similar income from transactions with credit institutions	1 021 801	985 359
Interest and similar income from transactions with customers	9 960 187	9 590 741
Interest and similar income from debt securities	294 754	256 799
Income from equity securities and Sukuk certificates	1 665 795	1 609 613
Income from Moudaraba and Moucharaka securities	-	
Income from lease-financed fixed assets	251 033	154 439
Income from fixed assets given in Ijara	-	
Fee income provided from services	1 936 547	1 805 981
Other banking income	3 660 529	3 800 263
Transfer of expenses on investment deposits received	-	
OPERATING EXPENSES ON BANKING ACTIVITIES	**5 946 215**	**6 016 640**
Interest and similar expenses on transactions with credit institutions	888 072	874 558
Interest and similar expenses on transactions with customers	2 221 060	2 412 919
Interest and similar expenses on debt securities issued	313 344	199 045
Expenses on Moudaraba and Moucharaka securities	-	
Expenses on lease-financed fixed assets	110 308	35 609
Expenses on fixed assets given in Ijara	-	
Other banking expenses	2 413 431	2 494 509
Transfer of income on investment deposits received	-	
NET BANKING INCOME	**12 844 430**	**12 186 555**
Non-banking operating income	52 130	96 123
Non-banking operating expenses	32	1 887
OPERATING EXPENSES	**4 934 794**	**4 717 433**
Staff costs	2 314 118	2 196 216
Taxes other than on income	106 906	147 475
External expenses	1 867 384	1 866 504
Other general operating expenses	74 946	59 581
Depreciation, amortisation and provisions	571 440	447 657
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**1 609 758**	**2 994 547**
Provisions for non-performing loans and signature loans	1 160 447	1 228 460
Losses on irrecoverable loans	99 237	1 336 332
Other provisions	350 074	429 755
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**647 987**	**1 911 212**
Provision write-backs for non-performing loans and signature loans	329 727	1 724 922
Amounts recovered on impaired loans	65 413	55 214
Other provision write-backs	252 847	131 076
INCOME FROM ORDINARY ACTIVITIES	**6 999 963**	**6 480 023**
Non-recurring income	4 928	12 167
Non-recurring expenses	147 869	13 222
PRE-TAX INCOME	**6 857 021**	**6 478 968**
Income tax	2 016 910	1 874 985
NET INCOME FOR THE FINANCIAL YEAR	**4 840 111**	**4 603 983**

Management accounting statement at 31 December 2019

(thousand MAD)

I - RESULTS ANALYSIS	12/31/2019	12/31/2018
+ Interest and similar income	11 276 742	10 832 899
- Interest and similar expenses	3 422 477	3 486 522
NET INTEREST MARGIN	**7 854 266**	**7 346 377**
+ Income from participatory financing		
- Expenses on participatory financing		
PARTICIPATORY FINANCING MARGIN		
+ Income from lease-financed fixed assets	251 033	154 439
- Expenses on lease-financed fixed assets	110 308	35 609
NET INCOME FROM LEASING ACTIVITIES	**140 725**	**118 830**
+ Income from fixed assets given in Ijara		
- Expenses on fixed assets given in Ijara		
NET INCOME FROM IJARA ACTIVITIES		
+ Fees received	1 937 321	1 812 809
- Fees paid	517	483
NET FEE INCOME	**1 936 804**	**1 812 326**
+ Income from trading securities	2 036 579	1 678 495
+ Income from available-for-sale securities	515	3 752
+ Income from foreign exchange activities	683 561	730 748
+ Income from derivatives activities	-146 997	36 433
INCOME FROM MARKET ACTIVITIES	**2 573 658**	**2 449 429**
+ Result of Moudaraba and Moucharaka Securities Transactions		
+ Other banking income	1 667 505	1 611 763
- Other banking expenses	1 328 527	1 152 169
NET BANKING INCOME	**12 844 430**	**12 186 555**
+ Income from long-term investments	20 669	-23 376
+ Other non-banking operating income	52 130	96 123
- Other non-banking operating expenses	32	1 887
- General operating expenses	4 934 793	4 717 433
GROSS OPERATING INCOME	**7 982 404**	**7 539 982**
+ Net provisions for non-performing loans and signature loans	-864 545	-784 657
+ Other net provisions	-117 896	-275 303
NET OPERATING INCOME	**6 999 962**	**6 480 023**
NON OPERATING INCOME	**-142 941**	**-1 055**
- Income tax	2 016 910	1 874 985
NET INCOME FOR THE FINANCIAL YEAR	**4 840 111**	**4 603 983**

II- TOTAL CASH FLOW	12/31/2019	12/31/2018
+ NET INCOME FOR THE FINANCIAL YEAR	**4 840 111**	**4 603 983**
+ Depreciation, amortisation and provisions for fixed asset impairment	571 440	447 657
+ Provisions for impairment of long-term investments	6 342	28 264
+ General provisions	106 300	205 000
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions for depreciation of long-term investments	27 011	65 998
- Capital gains on disposal of fixed assets	8 657	50 607
+ Losses on disposal of fixed assets	32	1 887
- Capital gains on disposal of long-term investments		
+ Losses on disposal of long-term investments		
- Write-backs of investment subsidies received		
+ TOTAL CASH FLOW	**5 488 557**	**5 170 185**
- Profits distributed	2 728 176	2 544 090
+ SELF-FINANCING	**2 760 381**	**2 626 096**

non-performing customer loans at 31 December 2019

(thousand MAD)

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Amount
12/31/2019	12 622 694	699 999	**13 322 693**	8 557 095	307 256	8 864 351

Sales at 31 December 2019

(thousand MAD)

2019	2018	2017
18 790 646	18 203 195	17 721 190

cash flow statement at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
1. (+) Operating income from banking activities	16 854 915	16 352 932
2. (+) Amounts recovered on impaired loans	65 413	55 214
3. (+) Non-banking operating income	48 401	57 683
4. (-) Operating expenses on banking activities (*)	-6 625 073	-6 374 634
5. (-) Non-banking operating expenses		
6. (-) General operating expenses	-4 363 353	-4 269 776
7. (-) Income tax	-2 016 910	-1 874 985
I. NET CASH FLOW FROM INCOME STATEMENT	**3 963 393**	**3 946 434**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	-245 802	2 579 138
9. (±) Loans and advances to customers	-6 808 136	-24 306 413
10. (±) Trading securities and available-for-sale securities	-1 568 041	-6 784 323
11. (±) Other assets	1 601 394	-1 704 067
12. (±) Lease-financed fixed assets	-325 452	-276 911
13. (±) Amounts owing to credit institutions and similar establishments	-1 180 166	11 240 167
14. (±) Customer deposits	-1 379 008	9 139 041
15. (±) Debt securities issued	4 422 272	2 668 109
16. (±) Other liabilities	4 087 590	5 708 646
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-1 395 349**	**-1 736 613**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**2 568 044**	**2 209 821**
17. (+) Income from the disposal of long-term investments	263 718	-1 496 647
18. (+) Income from the disposal of fixed assets	20 472	259 296
19. (-) Acquisition of long-term investments	-418 954	-166 019
20. (-) Acquisition of fixed assets	-843 129	-824 218
21. (+) Interest received	269 936	240 619
22. (+) Dividends received	1 665 795	1 609 613
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**957 838**	**-377 356**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	2 000 000	-2 250 000
25. (+) Equity issuance		2 400 000
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-424 974	-487 385
28. (-) Dividends paid	-2 728 176	-2 544 090
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-1 153 150**	**-2 881 476**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**2 372 732**	**-1 049 011**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**8 093 723**	**9 142 735**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**10 466 455**	**8 093 723**

(*) : including net provisions

Statement of departures from standard accounting treatment at 31 December 2019

TYPE OF DEPARTURE	REASONS FOR DEPARTURES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Departures from fundamental accounting principles	Not applicable	Not applicable
II. Departures from valuation methods	Not applicable	Not applicable
III. Departures from rules for drawing up and presenting the financial statements	Not applicable	Not applicable

Statement of changes in accounting methods at 31 December 2019

NATURE DES CHANGEMENTS	REASONS FOR CHANGES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	Not applicable	Not applicable
II. Changes in rules of presentation	Not applicable	Not applicable

loans and advances to credit institutions and similar establishments at 31 December 2019

(thousand MAD)

LOANS AND ADVANCES	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions & equivalent in Morocco	credit institutions abroad	Total 12/31/2019	Total 12/31/2018
CURRENT ACCOUNTS IN DEBIT	6 095 592	7 316	1 035 238	4 592 479	11 730 625	8 101 812
NOTES RECEIVED AS SECURITY						
- overnight						
- term						
CASH LOANS			9 997 631	2 305 342	12 302 973	15 376 412
- overnight						
- term			9 997 631	2 305 342	12 302 973	15 376 412
FINANCIAL LOANS		2 142 615	9 669 573	1 905 538	13 717 726	12 451 371
OTHER LOANS		1 459 273	12	312	1 459 597	1 217 448
INTEREST ACCRUED AWAITING RECEIPT		12 435	157 180	3 523	173 138	183 929
NON-PERFORMING LOANS						
TOTAL	6 095 592	3 621 639	20 859 634	8 807 194	39 384 059	37 330 972

loans and advances to customers at 31 December 2019

(thousand MAD)

LOANS AND ADVANCES	public sector	private sector: Financial companies	private sector: non-financial companies	private sector: other customers	Total 12/31/2019	Total 12/31/2018
SHORT-TERM LOANS	1 252 488	2 663 184	37 324 865	2 314 820	43 555 357	42 301 714
- Current accounts in debit	197 556	2 663 184	12 845 958	1 838 232	17 544 930	20 041 922
- Commercial loans within Morocco			5 308 574		5 308 574	4 949 304
- Export loans			287 834	53 823	341 657	433 800
- Other cash loans	1 054 932		18 882 499	422 765	20 360 196	16 876 688
CONSUMER LOANS			389 516	11 820 917	12 210 433	11 417 637
EQUIPMENT LOANS	37 981 328		24 297 767	1 021 643	63 300 738	64 824 388
MORTGAGE LOANS	57 018		11 616 636	51 009 827	62 683 481	60 948 493
OTHER LOANS	19 597	8 868 198	3 135 338	153 041	12 176 174	7 478 250
RECEIVABLES ACQUIRED THROUGH FACTORING	10 939 581				10 939 581	10 777 337
INTEREST ACCRUED AWAITING RECEIPT	602 411	46 497	720 079	75 231	1 444 218	1 579 887
NON-PERFORMING LOANS	1 997	8 987	958 140	3 096 476	4 065 600	4 216 582
- Sub-standard loans			105	1 228 539	1 228 644	139
- Doubtful loans			19 330	539 185	558 515	13 190
- Impaired loans	1 997	8 987	938 705	1 328 752	2 278 441	4 203 253
TOTAL	50 854 420	11 586 866	78 442 341	69 491 955	210 375 582	203 544 288

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 31 December 2019

(thousand MAD)

SECURITIES	CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS	PUBLIC ISSUERS	PRIVATE ISSUERS: FINANCIAL COMPANIES	PRIVATE ISSUERS: NON-FINANCIAL COMPANIES	12/31/2019	12/31/2018
LISTED SECURITIES	78 302	-	15 006 480	144 958	15 229 740	15 089 592
- Treasury bills and similar instruments	-	-	-	-	-	-
- Bonds	-	-	-	-	-	-
- Other debt securities	-	-	-	-	-	-
- Fixed income Funds	78 302	-	15 006 480	144 958	15 229 740	15 089 592
- Sukuk Certificates	-	-	-	-		
UNLISTED SECURITIES	5 315 008	54 856 355	701 792	108 087	60 981 242	59 839 786
- Treasury bills and similar instruments	-	53 533 062	-	-	53 533 062	53 433 193
- Bonds	1 569 335	46 950	-	101 807	1 718 092	207 025
- Other debt securities	3 745 002	1 139 268	700 214	-	5 584 484	5 994 143
- Fixed income Funds	671	8 098	1 578	6 280	16 627	16 626
- Sukuk Certificates	-	128 977	-	-	128 977	188 799
TOTAL	5 393 310	54 856 355	15 708 272	253 045	76 210 982	74 929 378

Value of trading securities, available-for-sale securities and investment securities at 31 December 2019

(thousand MAD)

SECURITIES	Value	Current value	Redemption Value	Unrealised Capital gains	Unrealised Losses	Provisions
TRADING SECURITIES	65 479 998	65 479 998	-	-	-	-
- Treasury bills and similar instruments	45 226 552	45 226 552				
- Bonds	101 807	101 807				
- Other debt securities	4 812 321	4 812 321				
- Fixed income Funds	15 210 341	15 210 341				
- Sukuk Certificates	128 977	128 977				
AVAILABLE-FOR-SALE SECURITIES	2 437 607	2 407 049	-	17 182	30 558	30 558
- Treasury bills and similar instruments	54 524	54 524		1 037	-	
- Bonds	1 616 285	1 616 285		4 204	-	
- Other debt securities	700 214	700 214		-	-	
- Fixed income Funds	66 584	36 026		11 941	30 558	30 558
- Sukuk Certificates	-			-	-	
INVESTMENT SECURITIES	8 323 935	8 323 935	-	-	-	-
- Treasury bills and similar instruments	8 251 986	8 251 986		-	-	-
- Bonds	-	-				
- Other debt securities	71 949	71 949				
- Sukuk Certificates	-	-				

details of other assets at 31 December 2019

(thousand MAD)

ASSETS	AMOUNT AT 12/31/2019	AMOUNT AT 12/31/2018
PURCHASED OPTIONS	**45 117**	**50 814**
SUNDRY SECURITIES TRANSACTIONS		
SUNDRY DEBTORS	**618 580**	**395 930**
Amounts due from the State	300 500	257 768
Amounts due from mutual		
Sundry amounts due from Staff		
Amounts due from customers for non-banking services	43	71
Other sundry debtors	318 037	138 091
OTHER SUNDRY ASSETS	**2 015**	**1 680**
ACCRUALS AND SIMILAR	**3 085 632**	**4 907 887**
Adjustment accounts for off-balance sheet transactions	7 331	19 792
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Deferred expenses	213 177	190 370
Inter-company accounts between head office, branch offices and branches in Morocco	437 667	343 805
Accounts receivable and prepaid expenses	1 594 790	1 473 457
Other accruals and similar	832 667	2 880 463
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**133 523**	**129 950**
TOTAL	**3 884 867**	**5 486 261**

Subordinated loans at 31 December 2019

(thousand MAD)

LOANS	Amount				including affiliates and related companies	
	12/31/2019			12/31/2018	12/31/2019	12/31/2018
	gross	Prov.	Net	Net	Net	Net
	1	2	3	4	5	6
Subordinated loans to credit institutions and similar establishments	N E A N T					
Subordinated loans to customers						
TOTAL						

leased and rented assets at 31 December 2019

(thousand MAD)

TYPE	Gross amount exercise ning of the at the begin	Amount of exercise during the acquisitions	Amount of exercise during the withdrawals transfers or	gross the exercise the end of amount at	Amortisation: Allocation during the exercise	Amortisation: Aggregate depreciate	Provisions: Allocation in the exercise	Provisions: provision write downs	Provisions: Aggregate provisions	net amount exercise of the at the end
LEASED AND RENTED ASSETS	**1 145 882**	**432 984**		**1 578 866**	**110 308**	**581 410**				**997 456**
Leased intangible assets										
Equipment leasing	**1 118 744**	**395 183**		**1 513 927**	**110 308**	**559 474**				**954 453**
- Movable assets under lease	386			386						386
- Leased movable assets	1 118 358	395 183		1 513 541	110 308	559 474				954 067
- Movable assets unleased after cancellation										
Property leasing	**25 647**			**25 647**		**21 936**				**3 711**
- Immovable assets under lease										
- Immovable leased assets	25 647			25 647		21 936				3 711
- Immovable assets unleased after cancellation										
Rents awaiting receipt										
Restructured rents										
Rents in arrears	**1 491**	**37 801**		**39 292**						**39 292**
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**1 145 882**	**432 984**		**1 578 866**	**110 308**	**581 410**				**997 456**

gains and losses on fixed asset transfers or withdrawals at 31 December 2019

(thousand MAD)

date of transfer or withdrawal	type	gross amount	Aggregate depreciation	net book value	transfer income	Value-added transfers	loss in value transfers
	REAL ESTATE	**17 518**	**4 905**	**12 613**	**21 241**	**8 657**	**32**
	GROUNDS	1 299	-	1 299			
	BUILDINGS	13 022	3 375	9 647			
	LEASE RIGHT	1 245	-	1 245			
	FEES	987	594	393			
	FIXTURES, FITTING & INSTALLATIONS	965	936	29			
	PROPERTIES	**7**	**4**	**3**			
	MATERIELS	7	4	3			
TOTAL		**17 525**	**4 909**	**12 616**	**21 241**	**8 657**	**32**

Intangible assets and proprety, plant and equipment at 31 December 2019

(thousand MAD)

TYPE	gross value at the beginning of the exercise	Acquisitions	disposals	gross value at the end of the exercise	Amortisation/provisions				net value at the end of the exercise
					Amortisation and provisions at the beginning of the exercise	Additional amortisation	Amortisation on disposed assets	Accumulated amortisation and depreciation	
INTANGIBLE ASSETS	**3 798 032**	**494 834**	**1 245**	**4 291 621**	**1 676 728**	**201 772**	**-**	**1 878 500**	**2 413 121**
- Lease rights	313 521	3 150	1 245	315 426	-	-	-	-	315 426
- Research and development	-	-	-	-	-	-	-	-	-
- Intangible assets used in operations	3 484 511	491 684	-	3 976 195	1 676 728	201 772	-	1 878 500	2 097 694
- Non-operating intangible assets	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**8 557 464**	**348 296**	**15 292**	**8 890 469**	**4 822 089**	**369 668**	**4 690**	**5 187 067**	**3 703 400**
IMMOVABLE PROPERTY USED IN OPERATIONS	**2 124 560**	**32 154**	**4 362**	**2 152 352**	**970 355**	**51 029**	**2 893**	**1 018 491**	**1 133 861**
- Land	581 947	-	921	581 026	-	-	-	-	581 026
- Office buildings	1 490 073	32 154	280	1 521 947	921 683	50 378	163	971 898	550 049
- Staff accommodation	52 540	-	3 161	49 379	48 672	651	2 730	46 593	2 786
MOVABLE PROPERTY AND EQUIPMENT USED IN OPERATIONS	**2 322 027**	**159 278**	**6**	**2 481 299**	**1 912 452**	**108 631**	**3**	**2 021 080**	**460 219**
- Office property	459 248	16 279	-	475 527	404 143	14 659	-	418 802	56 725
- Office equipment	934 774	53 212	6	987 980	793 832	36 992	3	830 821	157 159
- IT equipment	919 886	89 724	-	1 009 610	706 677	56 858	-	763 535	246 075
- Vehicles	8 119	63	-	8 182	7 800	122	-	7 922	260
- Other equipment									
OTHER PROPERTY, PLANT AND EQUIPMENT USED IN OPERATIONS	**1 977 845**	**145 869**	**946**	**2 122 768**	**1 571 613**	**115 305**	**917**	**1 686 001**	**436 767**
PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATIONS	**2 133 032**	**10 995**	**9 978**	**2 134 050**	**367 669**	**94 703**	**877**	**461 495**	**1 672 555**
Land	841 882	-	378	841 504	-	-	-	-	841 504
Buildings	1 061 907	-	9 581	1 052 326	232 461	85 767	858	317 370	734 956
Movable property and equipment	69 217	329	-	69 547	48 665	115	-	48 780	20 767
Other property, plant and equipment not used in operations	160 026	10 666	19	170 673	86 543	8 821	19	95 345	75 328
TOTAL	**12 355 496**	**843 130**	**16 537**	**13 182 090**	**6 498 817**	**571 440**	**4 690**	**7 065 567**	**6 116 521**

investments in affiliates and other long-term investments at 31 December 2019

(thousand MAD)

Name of the issuing company	Sector of activity	Share capital	Share of held	gross book value	net book value	data from the issuing company's most recent financial statements			contri-bution to income year's
						Year-end	net assets	net income	
A- INVESTMENTS IN AFFILIATE COMPANIES				18 615 420	18 424 720				1 622 175
ATTIJARIWAFA BANK EGYPT	Bank	995 129 KEGP	60,00%	3 244 162	3 244 162	12/31/2018	4 613 437 KEGP	689 027 KEGP	
ATTIJARI TCHAD	Bank	10 000 000 KFCFA	100,00%	166 280	166 280		-	-	
BANK ASSAFA	Bank	600 000	100,00%	600 000	600 000	12/31/2018	184 191	-106 968	
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	Bank	20 011 480 KFCFA	66,30%	829 212	829 212	12/31/2018	32 401 000 KFCFA	505 000 KFCFA	
CREDIT DU SENEGAL	Bank	10 000 000 KFCFA	95,00%	292 488	292 488	12/31/2018	23 614 000 KFCFA	3 512 000 KFCFA	24 338
CREDIT DU CONGO	Bank	10 476 730 KFCFA	91,00%	608 734	608 734	06/30/2019	26 277 849 KFCFA	2 625 979 KFCFA	75 423
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE "CBAO"	Bank	11 450 000 KFCFA	4,90%	35 979	35 979	12/31/2018	99 568 000 KFCFA	23 060 000 KFCFA	11 415
SOCIETE IVOIRIENNE DE BANQUE "SIB"	Bank	10 000 000 KFCFA	51,00%	648 084	648 084	12/31/2018	87 499 000 KFCFA	23 200 000 KFCFA	103 092
SOCIETE CAMEROUNAISE DE BANQUE "SCB"	Bank	10 540 000 KFCFA	51,00%	379 110	379 110	06/30/2019	53 706 000 KFCFA	3 352 000 KFCFA	32 571
SOCIETE BIA TOGO	Bank	10 000 000 KFCFA	55,00%	153 301	153 301	06/30/2018	10 515 000 KFCFA	186 000 KFCFA	
SUCCURSALE DE BRUXELLES EX BCM	Bank	558 KEURO	100,00%	57 588	57 588	06/30/2017	1 632 KEUR		
UNION GABONAISE DE BANQUES "UGB GABON"	Bank	10 000 000 KFCFA	58,71%	848 842	848 842	06/30/2017	29 863 236 KFCFA	5 759 270 KFCFA	99 715
ATTIJARI FINANCES CORPORATION	Investment bank	10 000	100,00%	10 000	10 000	12/31/2018	38 072	26 171	12 000
ATTIJARIWAFA BANK MIDDLE EAST LIMITED	Investment bank	1 000	100,00%	8 194	8 194		-	-	
WAFACAMBIO	Credit institution		100,00%	963	963		-	-	
ATTIJARI INTERNATIONAL BANK "AIB"	Offshore bank	2 400 KEUR	100,00%	92 442	92 442	12/31/2019	24 840 KEURO	2 842 KEURO	25 846
WAFABANK OFFSHORE DE TANGER	Offshore bank		100,00%	5 842	5 842		-	-	
ANDALUCARTAGE	Holding	308 162 KEURO	100,00%	3 937 574	3 937 574	12/31/2018	358 494 KEURO	16 996 KEURO	169 045
ATTIJARI AFRIQUE PARTICIPATION	Holding	15034 KEUR	100,00%	167 245	167 245	09/30/2019	11 289 KEUR	1 446 KEUR	
ATTIJARI AFRICA HOLDING	Holding	300	100,00%	300	300	12/31/2018	284	-16	
ATTIJARI IVOIRE SA	Holding	32 450 KEUR	66,67%	236 891	236 891	30/09/2019	37 199 KEUR	4 577 KEUR	32 886
ATTIJARIWAFA EURO FINANCES	Holding	48 600 KEUR	100,00%	502 621	502 621	12/31/2018	48 137 KEURO	-61 KEURO	
BCM CORPORATION	Holding	200 000	100,00%	200 000	200 000	12/31/2018	241 233	23 058	24 000
CAFIN	Holding	1 122 000 KFCFA	100,00%	257 508	257 508	12/31/2019	6 475 381 KFCFA	2 249 221 KFCFA	35 430
KASOVI	Holding	50 KUSD	100,00%	1 519 737	1 519 737	12/31/2018	38 002 KUSD	10 067 KUSD	260 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	Holding	950 490	50,00%	1 638 145	1 638 145	06/30/2019	1 576 523	525 245	165 000
WAFA INVESTISSEMENT	Holding investment	1 787	100,00%	46	46	12/31/2018	1 114	-42	
ATTIJARI ASSET MANAGEMENT AAM SA (Sénégal)	Asset management	1 200 000 FCFA	70,00%	13 889	13 889		-	-	10 125
ATTIJARI SECURITISES CENTRAL AFRICA (ASCA)	Asset management	1 312 000 FCFA	70,00%	15 351	15 351		-	-	
SOMACOVAM	Asset management	5 000	100,00%	30 000	-	12/31/2019	-10 504	-4 911	
WAFA GESTION	Asset management	4 900	66,00%	236 369	236 369	12/31/2018	145 864	78 177	51 582
ATTIJARI INVEST.	Asset management	5 000	100,00%	5 000	5 000	12/31/2019	60 046	1 747	
ATTIJARI CAPITAL DEVELOPEMENT	Venture capital	10 320	100,00%	10 320	-	12/31/2019	-60 019	-8 659	
CASA MADRID DEVELOPPEMENT	Capital development	10 000	50,00%	5 000	5 000	12/31/2019	10 270	-36	
WAFA BOURSE	Securities brokerage	20 000	100,00%	40 223	40 223	12/31/2018	42 904	814	
ATTIJARI TITRISATION	Securitization	11 400	100,00%	11 700	11 470	12/31/2019	11 470	1 551	
FT MIFTAH	Securitization fund	50 100	100,00%	50 100	50 100	12/31/2018	11 393	9 017	7 117
FT MIFTAH II	Securitization fund		100,00%	50 100	50 100				
WAFA TRUST	Consulting and financial engineering	1 500	100,00%	1 500	735	12/31/2019	595	-140	
WAFASALAF	Consumer finance	113 180	50,91%	634 783	634 783	12/31/2018	1 739 962	315 340	152 727
WAFA LLD	Leasing	20 000	100,00%	20 000	20 000	12/31/2018	38 397	13 336	10 000
WAFABAIL	Leasing	150 000	57,83%	97 886	97 886	12/31/2018	386 748	141 036	34 862
DAR ASSAFAA LITAMWIL	Specialised financial company	50 000	100,00%	50 510	50 510	12/31/2018	79 693	7 328	
ATTIJARI GLOBAL RESEARCH	Financial services	1 000	100,00%	1 000	1 000				
ATTIJARI OPERATIONS	Services company	1 000	100,00%	1 000	664	12/31/2019	664	-29	
ATTIJARI AFRICA	Services company	2 000	100,00%	2 000	2 000	12/31/2018	20 238	707	
ATTIJARI CIB AFRICA	Services company	2 000	100,00%	2 000	1 506	12/31/2019	1 506	-81	
ATTIJARI IT AFRICA	Services company	30 000	100,00%	30 000	30 000	12/31/2018	8 104	386	
ATTIJARI REIM	Titrisation	5 000	100,00%	5 000	5 000				
MEDI TRADE	Trading	1 200	20,00%	240	138	12/31/2019	690	-3	
WAFA COURTAGE	Brokerage	1 000	100,00%	2 397	2 397	12/31/2018	73 929	42 099	40 000
WAFACASH	Electronic banking	35 050	100,00%	324 074	324 074	12/31/2018	386 748	141 036	140 000
ATTIJARI PAYMENT PROCESSING	Electronic banking	35 000	100,00%	25 000	25 000	12/31/2019	50 110	7 221	
DINERS CLUB DU MAROC	Payment card management	1 500	100,00%	1 675	71	12/31/2018	71	-274	
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	Data processing	300	100,00%	100	75	12/31/2018	75	-19	
WAFA SYSTEMES DATA	Data processing	1 500	100,00%	1 500	1 118	28/02/2018	1 118	-	
AGENA MAGHREB	Sale of computer equipment	11 000	74,96%	33	-	12/31/2019	-7 104	-100	
WAFA COMMUNICATION	Communication	3 000	85,00%	2 600	-	05/18/2018	-1 994	-1 629	
WAFA SYSTEMES CONSULTING	Computer systems consulting	5 000	99,88%	4 994	4 994	02/28/2018	6 045	-	
WAFA SYSTEMES FINANCES	Engineering computer science	2 000	100,00%	2 066	827	02/28/2018	827	-	
WAFA FONCIERE	Holding company	2 000	100,00%	3 700	1 742	12/31/2018	1 742	-281	
ATTIJARIA AL AAKARIA AL MAGHRIBIA	Holding company	10 000	100,00%	9 999	9 999	12/31/2018	17 664	8 475	
ATTIJARI RECOUVREMENT	Holding company	3 350	100,00%	11 863	4 435	12/31/2019	4 435	-15	
AYK	Holding company	100	100,00%	100	-	09/29/2019	-1 052	-18	
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	Holding company	50 000	100,00%	51 449	25 395	12/31/2019	25 395	-16	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	Holding company	300	50,00%	25	25	12/31/2018	764	-287	
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	Holding company	15 000	100,00%	15 531	2 631	12/31/2019	2 631	-1 754	
SOCIETE IMMOBILIERE MAIMOUNA	Holding company	300	100,00%	5 266	2 465	12/31/2019	2 465	23	
STE IMMOBILIERE MARRAKECH EXPANSION	Holding company	300	100,00%	299	299	29/09/2019	365	-6	
SOCIETE IMMOBILIERE ZAKAT	Holding company	300	100,00%	2 685	-	12/31/2019	-2 048	-1 709	
SOCIETE CIVILE IMMOBILIERE TOGO LOME	Holding company	3 906 000 KFCFA	100,00%	66 761	66 761	12/31/2019	3 725 324 KFCFA	- 21 570 KFCFA	
ATTIJARI IMMOBILIER	Property	50 000	99,99%	71 686	71 686	06/30/2019	63 881	143	
AL MIFTAH	Property	100	100,00%	244	-	12/31/2019	-4 545	-658	
CAPRI	Property	25 000	100,00%	88 400	-	12/31/2019	-39 421	-21 980	
WAFA IMMOBILIER	Real estate loans	50 000	100,00%	164 364	164 364	06/30/2019	115 470	57 938	105 000
ATTIJARI PROTECTION	Security	4 000	83,75%	3 350	3 350	12/31/2018	4 184	-3	

investments in affiliates and other long-term investments at 31 December 2019

(thousand MAD)

Name of the issuing company	Sector of activity	Share capital	Share of held	gross book value	net book value	data from the issuing company's most recent financial statements			contri-bution to income year's
						Year-end	net assets	net income	
B - OTHER INVESTMENTS				**635 406**	**517 009**				**35 619**
ATTIJARIWAFA BANK	Bank	2 098 597		623	623		-	-	
BANQUE D'AFFAIRE TUNISIENNE	Bank	198 741		2 583	-		-	-	
BANQUE MAGHREBINE POUR L'INVESTISSEMENT ET LE COMMERCE EXTERIEUR "BMICE"	Bank	500.000$	1,20%	63 846	63 846		-	-	
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	Professional banker's association	19 005	20,00%	3 801	3 801		-	-	
BOURSE DE CASABLANCA	Stock exchange	387 518	8,42%	32 628	32 628	12/31/2018	674 312	16 738	
AGRAM INVEST	Investment funds	40 060	27,82%	10 938	7 037	12/31/2019	25 296	-4 311	
FONDS D'INVESTISSEMENT IGRANE	Investment funds	54 600	18,26%	9 970	9 157	12/31/2019	50 146	7 432	
H PARTNERS	Investment funds	1 400 010	7,14%	100 000	50 948	12/31/2018	810 867	-71 284	
MAROC NUMERIQUE FUND	Investment funds	75 000	20,00%	22 843	7 654	12/31/2018	38 272	-1 274	
ALTERMED MAGHREB EUR	Investment funds	-	7,94%	5 247	-	12/31/2017	432	-	
3 P FUND	Investment funds	270 020	5,00%	13 500	9 496	12/31/2019	189 933	-1 197	
AM INVESTISSEMENT MOROCCO	Equity investments	218 310	3,25%	13 000	8 061	12/31/2018	248 039	459	
FONDS ATTIJARI AFRICA FUNDS MULTI ASSETS	Asset management	31 KEURO		346	346		-	-	
EUROCHEQUES MAROC	Financial services	1 500		364	364		-	-	
MOROCCAN FINANCIAL BOARD	Financial services	400 000	12,50%	20 000	20 000	12/31/2018	408 571	9 731	
TECHNOLOPARK COMPANY "MITC"	Service provision	-		8 150	7 784		-	-	
SALIMA HOLDING	Holding	150 000	13,33%	16 600	14 614		-	-	
MAROCLEAR	Custodian of securities	20 000	6,58%	1 342	1 342		-	-	
EXP SERVICES MAROC S.A.	Risk centralization services	20 000	3,00%	600	600		-	-	
INTER MUTUELLES ASSISTANCE	Insurance	-		894	894		-	-	
SMAEX	Insurance	37 450	11,42%	4 278	4 278		-	-	
WAFA IMA ASSISTANCE	Insurance	50 000	32,50%	15 356	15 356	12/31/2018	130 342	29 857	2 925
CENTRE MONETIQUE INTERBANCAIRE	Electronic banking	98 200	22,40%	22 000	22 000		-	-	8 800
SOCIETE INTERBANK	Bank card management	11 500	16,00%	1 840	1 840		-	-	
SGFG SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE DES DEPÔTS BANCAIRES	Collective deposit guarantee fund management	1 000		59	59				
NOUVELLES SIDERURGIES INDUSTRIELLES	Steel industry	3 415 000	2,72%	62 942	62 942				
SONASID	Steel industry	390 000	0,27%	28 391	2 478	12/31/2018	1 326 672	49 748	
BOUZNIKA MARINA	Real estate loans	-		500	-			-	
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	Real estate loans	60 429	22,69%	13 714	13 714	12/31/2018	241 656	31 700	
TANGER FREE ZONE	Real estate loans	335 800	16,95%	58 221	58 221		-	-	8 217
HAWAZIN	Property	960	12,50%	704	-		-	-	
INTAJ	Property	576	12,50%	1 041	549		-	-	
FONCIERE EMERGENCE	Property	372 172	8,06%	33 844	31 134	12/31/2018	386 282	13 634	981
IMPRESSION PRESSE EDITION (IPE)	Puplishing	-		400	400		-	-	
MOUSSAFIR HOTELS	Hotel	193 000	33,34%	64 343	64 343	12/31/2019	251 564	39 852	14 696
CASA PATRIMOINE	Conservation & restoration of Casablanca' s heritage	31 000	1,61%	500	500				
C - SIMILAR INVESTMENTS				**350 693**	**329 973**				**-**
PARTNERS CURRENT ACCOUNT				334 858	314 138				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
Total				**19 601 519**	**19 271 702**				**1 657 794**

Amounts owing to credit institutions and similar establishments at 31 December 2019

(thousand MAD)

AMOUNTS OWING	credit institutions and similar establishments in Morocco			credit institutions overseas	12/31/2019	12/31/2018
	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		**2 081**	**370 044**	**312 842**	**684 967**	**1 070 997**
NOTES GIVEN AS SECURITY	**21 070 471**	**1 000 098**	**49 975**		**22 120 544**	**28 762 159**
- overnight		1 000 098	49 975		1 050 073	731 440
- term	21 070 471				21 070 471	28 030 719
CASH BORROWINGS	**900 000**	**2 997 496**	**2 805 448**	**5 989 766**	**12 692 710**	**8 615 701**
- overnight		1 536 204	487 252		2 023 456	2 207 319
- term	900 000	1 461 292	2 318 196	5 989 766	10 669 254	6 408 382
FINANCIAL BORROWINGS	**1 992**			**1 912 941**	**1 914 933**	**2 075**
OTHER DEBTS	**34 946**	**1 717**			**36 662**	**194 589**
ACCRUED INTEREST PAYABLE					**42 859**	**27 320**
TOTAL	**22 007 409**	**4 001 392**	**3 225 467**	**8 215 549**	**37 492 675**	**38 672 841**

customer deposits at 31 December 2019

(thousand MAD)

DEPOSITS	public sector	private sector			Total 12/31/2019	Total 12/31/2018
		Financial companies	non-financial companies	private sector		
CURRENT ACCOUNTS IN CREDIT	1 468 831	1 471 335	32 617 046	116 672 138	152 229 350	146 964 895
SAVINGS ACCOUNTS				29 213 302	29 213 302	28 407 065
TERM DEPOSITS	231 500	1 520 737	12 051 397	22 658 705	36 462 339	41 059 814
OTHER ACCOUNTS IN CREDIT	347 287	720 449	10 970 913	2 598 321	14 636 970	17 440 488
ACCRUED INTEREST PAYABLE					586 913	635 620
TOTAL	**2 047 618**	**3 712 521**	**55 639 356**	**171 142 466**	**233 128 874**	**234 507 882**

debt securities issued at 31 December 2019

(thousand MAD)

SECURITIES	characteristics					Value	including		Unamortised value of issue or redemption premiums
	entitlement date	Maturity	nominal value	interest rate	Redemption terms		Affiliates	Related companies	
CERTIFICATE OF DEPOSIT	23/10/2015	23/10/2020	100 000	3,61%	IN FINE	250 000			
CERTIFICATE OF DEPOSIT	20/01/2016	20/01/2021	100 000	3,58%	IN FINE	200 000			
CERTIFICATE OF DEPOSIT	05/02/2016	05/02/2021	100 000	3,43%	IN FINE	200 000			
CERTIFICATE OF DEPOSIT	02/02/2018	02/02/2023	100 000	4,00%	IN FINE	300 000			
CERTIFICATE OF DEPOSIT	13/02/2018	13/02/2020	100 000	2,86%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	13/06/2018	13/06/2023	100 000	3,30%	IN FINE	400 000			
CERTIFICATE OF DEPOSIT	24/07/2018	24/07/2020	100 000	2,90%	IN FINE	800 000			
CERTIFICATE OF DEPOSIT	31/08/2018	31/08/2020	100 000	2,89%	IN FINE	800 000			
CERTIFICATE OF DEPOSIT	14/12/2018	14/12/2023	100 000	3,40%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	25/01/2019	25/01/2021	100 000	2,94%	IN FINE	800 000			
CERTIFICATE OF DEPOSIT	25/01/2019	25/01/2022	100 000	3,08%	IN FINE	700 000			
CERTIFICATE OF DEPOSIT	18/03/2019	18/03/2022	100 000	2,94%	IN FINE	300 000			
CERTIFICATE OF DEPOSIT	28/03/2019	28/03/2023	100 000	3,06%	IN FINE	450 000			
CERTIFICATE OF DEPOSIT	29/03/2019	29/03/2022	100 000	2,94%	IN FINE	240 000			
CERTIFICATE OF DEPOSIT	29/03/2019	29/03/2023	100 000	3,05%	IN FINE	210 000			
CERTIFICATE OF DEPOSIT	18/04/2019	16/04/2020	100 000	2,61%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	18/04/2019	18/04/2022	100 000	2,90%	IN FINE	200 000			
CERTIFICATE OF DEPOSIT	18/04/2019	18/04/2023	100 000	3,03%	IN FINE	200 000			
CERTIFICATE OF DEPOSIT	13/06/2019	11/06/2021	100 000	2,69%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	20/06/2019	20/06/2022	100 000	2,74%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	20/06/2019	20/06/2023	100 000	2,86%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	10/07/2019	12/07/2021	100 000	2,66%	IN FINE	431 000			
CERTIFICATE OF DEPOSIT	10/07/2019	10/07/2023	100 000	2,88%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	31/07/2019	01/08/2022	100 000	2,84%	IN FINE	400 000			
CERTIFICATE OF DEPOSIT	09/09/2019	09/09/2021	100 000	2,68%	IN FINE	500 000			
CERTIFICATE OF DEPOSIT	28/11/2019	29/11/2021	100 000	2,65%	IN FINE	200 000			
CERTIFICATE OF DEPOSIT	28/11/2019	28/11/2022	100 000	2,71%	IN FINE	350 000			
CERTIFICATS DE DEPOTS	28/11/2019	28/11/2023	100 000	2,78%	IN FINE	500 000			
CERTIFICATS DE DEPOTS	31/07/2019	29/01/2020	100 000	2,5%	IN FINE	842 000			
TOTAL						**12 773 000**			

details of other liabilities at 31 December 2019

(thousand MAD)

LIABILITIES	12/31/2019	12/31/2018
OPTIONS SOLD	**426 395**	**274 658**
SUNDRY SECURITIES TRANSACTIONS	**11 593 693**	**7 871 282**
SUNDRY CREDITORS	**3 135 491**	**3 405 178**
Amounts due to the State	977 790	1 065 002
Amounts due to mutual societies	85 656	81 021
Sundry amounts due to staff	471 387	425 573
Sundry amounts due to shareholders and associates	6 281	5 080
Amounts due to suppliers of goods and services	1 571 857	1 807 544
Other sundry creditors	22 520	20 958
DEFERRED INCOME AND ACCRUED EXPENSES	**1 720 970**	**1 237 841**
Adjustment accounts for off-balance sheet transactions	15 531	9 475
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Inter-company accounts between head office, branch offices and branches in Morocco		
Accrued expenses and deferred income	877 718	733 511
Other deferred income	827 721	494 855
TOTAL	**16 876 549**	**12 788 959**

Provisions at 31 December 2019

(thousand MAD)

PROVISIONS	outstanding 12/31/2018	Additional provisions	Write-backs	other changes	outstanding 12/31/2019
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**8 119 871**	**1 126 502**	**313 322**	**796**	**8 933 847**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	7 721 934	1 120 082	285 717	796	8 557 095
Available-for-sale securities	31 073	79	594		30 558
Investments in affiliates and other long-term investments	350 487	6 341	27 011		329 817
Leased and rented assets	-				-
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**3 562 853**	**384 097**	**269 844**	**-172**	**3 676 934**
Provisions for risks in executing signature loans	311 072	40 365	44 009	-172	307 256
Provisions for foreign exchange risks	-				-
General provisions	2 208 439	106 300			2 314 739
Provisions for pension fund and similar obligations	155 394	59 873	41 455		173 812
Other provisions	887 948	177 559	184 380		881 127
Regulated provisions					
TOTAL	**11 682 724**	**1 510 599**	**583 166**	**624**	**12 610 781**

Subsidies, public funds and special guarantee funds at 31 December 2019

(thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT DECEMBER 2018	UTILISATION DECEMBER 2019	VALUE AT DECEMBER 2019
SUBSIDIES					
PUBLIC FUNDS			NOT APPLICABLE		
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 31 December 2019

(thousand MAD)

currency of issue	Value of loan of issue	price (1)	Rate	Maturity (2)	terms for early retion and convertibility demption. subordina-(3)	Value of loan in thousand MAD	including related businesses		including other related businesses	
							Value in thousand MAD 2018	Value in thousand MAD 12/2019	Value in thousand MAD 2018	Value in thousand MAD 12/2019
MAD			2.66%	7 Years		240 800				
MAD			2.81%	7 Years		2 146 500				
MAD			2.97%	7 Years		1 000 000				
MAD			3.32%	7 Years		390 000				
MAD			3.34%	7 Years		1 200				
MAD			3.44%	7 Years		250 000				
MAD			3.57%	7 Years		1 110 000				
MAD			3.63%	7 Years		603 500				
MAD			3.69%	7 Years		325 000				
MAD			4.13%	7 Years		257 500				
MAD			2.92%	10 Years		925 000				
MAD			3.29%	10 Years		154 300				
MAD			3.74%	10 Years		758 000				
MAD			3.80%	10 Years		320 000				
MAD			4.52%	10 Years		588 200				
MAD			4.75%	10 Years		880 000				
MAD			3.96%	Perpetual		450 000				
MAD			4.60%	Perpetual		849 000				
MAD			4.62%	Perpetual		649 900				
MAD			4.79%	Perpetual		400 000				
MAD			5.23%	Perpetual		350 100				
MAD			5.48%	Perpetual		151 000				
MAD			5.73%	Perpetual		50 000				
MAD			5.98%	Perpetual		100 000				
TOTAL						**12 950 000**				

Shareholders equity at 31 December 2019

(thousand MAD)

SHAREHOLDERS EQUITY	outstanding 12/31/2018	Appropriation of income	other changes	outstanding 12/31/2019
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**34 794 175**	-	-	**34 794 175**
Legal reserve	203 527	-		203 527
Other reserves	24 137 480			24 137 480
Issue, merger and transfer premiums	10 453 168			10 453 168
Share capital	**2 098 597**	-	-	**2 098 597**
Called-up share capital	2 098 597			2 098 597
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	**389**	**1 875 807**		**1 876 196**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**4 603 983**	**-4 603 983**		**4 840 111**
TOTAL	**41 497 564**	**-2 728 176**	-	**43 609 499**

Financing commitments and guarantees at 31 December 2019

(thousand MAD)

COMMITMENTS	12/31/2019	12/31/2018
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**138 328 691**	**121 745 754**
Financing commitments given to credit institutions and similar establishments	**3 673 291**	**1 837 664**
Import documentary credits		
Acceptances or commitments to be paid	532	532
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	3 672 759	1 837 132
Financing commitments given to customers	**70 761 110**	**56 207 850**
Import documentary credits	16 815 101	15 332 405
Acceptances or commitments to be paid	2 857 772	
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	51 088 237	40 875 445
Guarantees given to credit institutions and similar establishments	**11 138 687**	**13 662 949**
Confirmed export documentary credits	245 059	81 062
Acceptances or commitments to be paid		
Credit guarantees given	662 412	1 979 711
Other guarantees and pledges given	10 231 216	11 602 176
Non-performing commitments		
Guarantees given to customers	**52 755 603**	**50 037 291**
Credit guarantees given	10 005 360	8 309 072
Guarantees given to government bodies	22 281 453	20 670 289
Other guarantees and pledges given	19 768 791	20 362 956
Non-performing commitments	699 999	694 974
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**17 518 677**	**19 187 978**
Financing commitments received from credit institutions and similar establishments	**191 864**	
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received	191 864	
Guarantees received from credit institutions and similar establishments	**16 826 998**	**18 730 675**
Credit guarantees received		
Other guarantees received	16 826 998	18 730 675
Guarantees received from the State and other organisations providing guarantees	**499 815**	**457 303**
Credit guarantees received	499 815	457 303
Other guarantees received		

commitments on securities at 31 December 2019

(thousand MAD)

	Montant
Commitments given	**1 109 415**
Securities purchased with repurchase agreement	
Other securities to be delivered	1 109 415
Commitments received	**1 037 109**
Securities sold with repurchase agreement	
Other securities to be received	1 037 109

Forward foreign exchange transactions and commitments on derivative products at 31 December 2019

(thousand MAD)

	hedging activities		other activities	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Forward foreign exchange transactions	**51 755 161**	**58 899 568**		
Foreign currencies to be received	17 351 175	22 616 285		
Dirhams to be delivered	9 336 235	6 201 179		
Foreign currencies to be delivered	16 362 125	23 172 997		
Dirhams to be received	8 705 626	6 909 107		
of which currency swaps				
Commitments on derivative products	**40 015 316**	**37 715 098**		
Commitments on regulated fixed income markets				
Commitments on OTC fixed income markets	5 604 226	2 777 271		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	17 237 247	17 276 255		
Commitments on regulated markets in other instruments				
Commitments on OTC markets in other instruments	17 173 843	17 661 572		

Securities received and given as guarantee at 31 December 2019

(thousand MAD)

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	N/D		
Other securities			
Mortgages			
Other physical assets			
TOTAL			

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	20 720 471		
Other securities			
Mortgages			
Other physical assets			
TOTAL	**20 720 471**		

Breakdown of assets and liabilities by residual maturity at 31 December 2019

(thousand MAD)

	d ≤ 1 month	1 month < d ≤ 3 months	3 months < d ≤ 1 year	1 year < d ≤ 5 years	d > 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	6 533 702	3 400 308	11 835 974	13 611 425	4 002 651	39 384 060
Loans and advances to customers	12 746 240	16 659 978	36 257 319	81 121 008	52 605 065	199 389 610
Receivables acquired through factoring		845 104	994 054	6 091 307	3 055 506	10 985 971
Available-for-sale securities	78 176	354 181	304 049	1 691 787		2 428 193
Investment securities	15 516	29 531	433 158	3 863 607	4 146 718	8 488 530
TOTAL	**19 373 634**	**21 289 102**	**49 824 554**	**106 379 134**	**63 809 940**	**260 676 364**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	31 576 063	3 514 597	412 619	1 149 756	839 641	37 492 676
Amounts owing to customers	16 636 156	22 350 524	44 852 630	91 061 983	58 227 581	233 128 874
Debt securities issued	854 941	507 685	2 386 119	9 220 574		12 969 319
Subordinated debt				6 148 061	6 895 844	13 043 905
TOTAL	**49 067 160**	**26 372 806**	**47 651 368**	**107 580 374**	**65 963 066**	**296 634 774**

- Loans & Advances and demand deposits are classified according to run-off conventions adopted by the bank.

Breakdown of foreign currency-denominated assets, liabilities and off-balance sheet at 31 December 2019

(thousand MAD)

BALANCE SHEET	12/31/2019	12/31/2018
ASSETS	**38 395 222**	**34 018 914**
Cash and balances with central banks, the Treasury and post office accounts	226 778	191 935
Loans and advances to credit institutions and similar establishments	9 145 568	7 265 310
Loans and advances to customers	7 122 785	5 518 276
Trading securities and available-for-sale securities	7 465 229	6 375 538
Other assets	365 433	651 923
Investments in affiliates and other long-term investments	14 069 429	14 015 932
Subordinated loans		
Leased and rented		
Intangible assets and property, plant and equipment		
LIABILITIES	**20 476 260**	**13 631 000**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	13 443 037	5 996 525
Customer deposits	6 945 813	7 449 214
Debt securities		
Other liabilities	87 410	185 261
Subsidies, public funds and special guarantee		
Subordinated debts		
Share capital and reserves		
Provisions		
Retained earnings		
Net income		
OFF-BALANCE SHEET	**54 122 173**	**57 151 796**
Commitments given	39 080 040	40 470 682
Commitments received	15 042 133	16 681 114

Risk concentration with the same counterparty at 31 December 2019

(thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
16	56 302 225

net interest margin at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Interest and similar income from activities with customers	**9 960 187**	**9 590 741**
of which interest and similar income	9 685 517	9 334 940
of which fee income on commitments	274 670	255 801
Interest and similar income from activities with credit institutions	**1 021 801**	**985 359**
of which interest and similar income	952 869	909 058
of which fee income on commitments	68 932	76 301
Interest and similar income from debt securities	**294 754**	**256 799**
TOTAL INTEREST AND SIMILAR INCOME	**11 276 742**	**10 832 899**
Interest and similar expenses on activities with customers	2 221 060	2 412 919
Interest and similar expenses on activities with credit institutions	888 072	874 558
Interest and similar expenses on debt securities issued	313 344	199 045
TOTAL INTEREST AND SIMILAR EXPENSES	**3 422 476**	**3 486 522**
NET INTEREST MARGIN	**7 854 266**	**7 346 377**

Fee income provided from services at 31 December 2019

(thousand MAD)

FEES	12/31/2019	12/31/2018
Account management	230 033	237 689
Payment services	798 061	735 407
Securities transactions	51 008	46 930
Asset management and custody	84 052	84 828
Credit services	147 430	139 023
Sale of insurance products	139 651	119 593
Other services provided	486 312	442 511
TOTAL	**1 936 547**	**1 805 981**

General operating expenses at 31 December 2019

(thousand MAD)

EXPENSES	12/31/2019	12/31/2018
Staff costs	2 314 118	2 196 216
Taxes	106 906	147 475
External expenses	1 867 384	1 866 504
Other general operating expenses	74 946	59 581
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	571 440	447 657
TOTAL	**4 934 794**	**4 717 433**

income from market activities at 31 December 2019

(thousand MAD)

INCOME AND EXPENDITURES	12/31/2019	12/31/2018
+ Gains on trading securities	2 387 599	2 195 530
- Losses on trading securities	351 020	517 035
Income from activities in trading securities	**2 036 579**	**1 678 495**
+ Capital gains on disposal of available-for-sale securities	-	31
+ Write-back of provisions for impairment of available-for-sale securities	594	10 700
- Losses on disposal of available-for-sale securities	-	4 295
- Provisions for impairment of available-for-sale securities	79	2 684
Income from activities in available-for-sale securities	**515**	**3 752**
+ Gains on foreign exchange transactions - transfers	781 944	1 024 610
+ Gains on foreign exchange transactions - notes	122 056	96 954
- Losses on foreign exchange transactions - transfers	177 974	375 135
- Losses on foreign exchange transactions - notes	42 465	15 681
Income from foreign exchange activities	**683 561**	**730 748**
+ Gains on fixed income derivative products	111 328	158 923
+ Gains on foreign exchange derivative products	37 063	
+ Gains on other derivative products	217 461	304 538
- Losses on fixed income derivative products	273 388	
- Losses on foreign exchange derivative products		70 028
- Losses on other derivative products	239 461	356 999
Income from activities in derivatives products	**-146 997**	**36 433**

income from equity securities at 31 December 2019

(thousand MAD)

CATEGORY	12/31/2019	12/31/2018
Titres de placement	-	-
Titres de participation et emplois assimilés	1 665 795	1 609 613
TOTAL	**1 665 795**	**1 609 613**

other income and expenses at 31 December 2019

(thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2019	12/31/2018
Other banking income	3 660 529	3 800 263
Other banking expenses	2 413 431	2 494 509
TOTAL	**1 247 098**	**1 305 754**

OTHER NON-BANKING INCOME AND EXPENSES	12/31/2019	12/31/2018
Non-banking operating income	52 130	96 123
Non-banking operating expenses	32	1 887
TOTAL	**52 098**	**94 236**
Provisions and losses on irrecoverable loans	1 609 758	2 994 547
Provision write-backs and amounts recovered on impaired loans	647 987	1 911 212

NON-CURRENT INCOME AND EXPENSES	12/31/2019	12/31/2018
Non-current income	4 928	12 167
Non-current expenses*	147 869	13 222

(*) Rise explained mainly by the contribution to social cohesion

determining income after tax from ordinary activities at 31 December 2019

(thousand MAD)

I- DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	6 999 963
Tax write-backs on ordinary activities (+)	218 407
Tax deductions on ordinary activities (-)	1 766 521
Theoretical taxable income from ordinary activities (=)	5 451 849
Theoretical tax on income from ordinary activities (-)	2 017 184
Income after tax from ordinary activities (=)	4 982 779
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

detailed information on value added tax at 31 December 2019

(thousand MAD)

TYPE	Balance at the beginning of the exercise 1	transactions liable to VAT during the period 2	VAT declarations during the period 3	Balance at the end of the exercise (1+2-3=4)
A. VAT collected	**161 013**	**1 609 019**	**1 594 897**	**175 135**
B. Recoverable VAT	**253 673**	**661 070**	**673 720**	**241 023**
On expenses	85 311	427 174	436 978	75 507
On fixed assets	168 362	233 896	236 742	165 516
C. VAT payable or VAt credit = (A-B)	**-92 660**	**947 949**	**921 177**	**-65 888**

Reconciliation of net income for accounting and tax purposes at 31 December 2019

(thousand MAD)

RECONCILIATION STATEMENT	AMOUNT	AMOUNT
I- NET INCOME FOR ACCOUNTING PURPOSES	4 840 111	
. Net profit	4 840 111	
. Net loss		
II- TAX WRITE-BACKS	2 377 518	
1- Current	2 235 317	
- Income tax	2 016 910	
- Losses on irrecoverable loans not provisioned	21 503	
- General provisions	106 300	
- Provisions for pensions and similar obligations	59 873	
- Personalized gifts	5 764	
- Depreciation on assets given on payment	24 967	
2- Non-current	142 201	
- Contribution to social cohesion	126 688	
- Penalties / depreciation of non-operating fixed assets	11 833	
- Non deductible extraordinary expenses	3 680	
III- TAX		1 766 521
1- Current		1 766 521
- 100% allowance on income from investments in affiliates		1 653 066
- Write-back of provisions used		41 455
- Write-back of contingencies and losses		72 000
2- Non-current		-
TOTAL	7 217 629	1 766 521
IV- GROSS INCOME FOR TAX PURPOSES		5 451 108
. Gross profit for tax purposes if T1 > T2 (A)		5 451 108
. Gross loss for tax purposes if T2 > T1 (B)		
V- TAX LOSS CARRY FORWARDS (C) (1)		
. Financial year Y-4		
. Financial year Y-3		
. Financial year Y-2		
. Financial year Y-1		
VI - NET INCOME FOR TAX		5 451 108
. Net profit for tax purposes (A - C)		5 451 108
. Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED		
. Financial year Y-4		
. Financial year Y-3		
. Financial year Y-2		
. Financial year Y-1		

(1) up to the value of gross profit for tax purposes (A)

Appropriation of income at 31 December 2019

(thousand MAD)

	Value		Value
A- origin of appropriated income		B- Appropriation of income	
Earnings brought forward	389	to legal reserve	-
Net income awaiting appropriation		Dividends	2 728 176
Net income for the financial year	4 603 983	Other items for appropriation	
Deduction from income		Earnings carried forward	1 876 196
Other deductions			
TOTAL A	4 604 372	TOTAL B	4 604 372

Shareholding structure at 31 December 2019

(thousand MAD)

Name of main shareholders or associates	Adress	number of shares held		% of share capital
		previous period	current period	
A- DOMESTIC SHAREHOLDERS				
* AL MADA	60, RUE D'ALGER , CAASBLANCA	97 433 137	97 433 137	46,43%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	35 893 881	38 067 351	18,14%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	15 597 202	14 695 732	7,00%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	Hay Riad - B.P 20 38 - Rabat Maroc	10 417 416	13 517 260	6,44%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 226 583	13 226 583	6,30%
* CIMR	BD ABDELMOUMEN CASA	7 860 780	8 560 380	4,08%
* PERSONNEL DE LA BANQUE	**************************	6 497 329	6 115 740	2,91%
* CAISSE DE DEPOT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	3 576 531	3 576 531	1,70%
* RMA WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1,28%
* CAISSE MAROCAINE DE RETRAITE	AVENUE AL ARAAR, BP 2048, HAY RIAD, RABAT	4 405 769	474 087	0,23%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	1 551 495	793 322	0,38%
B- FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	AVND CANTABRIA S/N 28660 BOADILLA DEL MONTE.MADRID. ESPAGNE	10 715 614	10 715 614	5,11%
TOTAL		209 859 679	209 859 679	100,00%

Branch network at 31 December 2019

(thousand MAD)

BRANCH NETWORK	12/31/2019	12/31/2018
Permanent counters	1 203	1 200
Occasional counters		
Cash dispensers and ATMs	1 477	1 362
Branches in Europe	57	60
Representative offices in Europe and Middle-East	7	8

Staff at 31 December 2019

(thousand MAD)

EFFECTIFS	12/31/2019	12/31/2018
Salaried staff	8 769	8 681
Staff in employment	8 769	8 681
Full-time staff	8 769	8 681
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	4 875	4 733
Other staff (full-time)	3 894	3 893
Including Overseas staff	54	55

Summary of key items over the last three periods at 31 December 2019

(thousand MAD)

ITEM	December 2019	December 2018	December 2017
SHAREHOLDERS' EQUITY AND EQUIVALENT	**43 609 499**	**41 497 564**	**37 037 671**
OPERATIONS AND INCOME IN FY			
Net banking income	12 844 430	12 186 555	11 502 724
Pre-tax income	6 857 021	6 478 968	5 761 605
Income tax	2 016 910	1 874 985	1 603 594
Dividend distribution	2 728 176	2 544 090	2 442 327
PER SHARE INFORMATION IN MAD			
Earning per share			
Dividend per share	13,00	12,50	12,00
STAFF			
Staff Costs	2 314 118	2 196 216	2 068 105

Key dates and post-balance sheet events at 31 December 2019

(thousand MAD)

I. KEY DATES	
. Balance sheet date [1]	**31, December 2019**
. Date for drawing up the financial statements [2]	**February 20**

(1) Justification in the event of any change to the balance sheet date
(2) Justification in the event that the statutory 3-month period for drawing up the financial statements is exceeded.

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of events
. Favorable	NOT APPLICABLE
. unfavourable	NOT APPLICABLE

customer accounts at 31 December 2019

(thousand MAD)

	12/31/2019	12/31/2018
Current accounts	214 114	203 123
Current accounts of Moroccans living abroad	867 474	841 753
Other current accounts	2 564 688	2 391 443
Factoring liabilities	590	477
Savings accounts	1 010 894	963 944
Term accounts	15 499	16 101
Certificates of deposit	2 706	2 707
Other deposit accounts	1 761 714	1 522 803
TOTAL	**6 437 679**	**5 942 351**

Note III.2.N Statement of fees paid to the auditors Global Vision

	statutory auditors 1						statutory auditors 2						TOTAL
	Amount/ Year			Pourcentage/ Year			Amount/ Year			Pourcentage / Year			
	N	N-1	N-2	N	N-1	N-2	N	N-1	N-2	N	N-1	N-2	
Statutory audit, certification, review of individual and consolidated financial statements	3 405 100	3 208 100	2 616 500	97%	45%	89%	2 321 000,00	2 081 000,00	1 747 000,00	91%	54%	94%	15 378 700,00
Issuer	1 250 000	1 250 000	1 250 000	36%	17%	43%	1 250 000,00	1 250 000,00	1 250 000,00	49%	32%	67%	7 500 000,00
Issuer	2 155 100	1 958 100	1 366 500	61%	27%	47%	1 071 000,00	831 000,00	497 000,00	42%	21%	27%	7 878 700,00
Other procedures and services directly related to the Statutory Auditor's assignment	105 000	1 839 000	155 400	3%	26%	5%	230 000	1 800 000	120 000	9%	46%	6%	4 129 400,00
Issuer	90 000	1 800 000	120 000	3%	25%	4%	90 000,00	1 800 000,00	120 000	4%	46%	6%	4 020 000,00
Subsidiaries	15 000	39 000	35 400	0,4%	1%	1%	140 000,00			5%	0%	0%	229 400,00
Subtotal	3 510 100	5 047 100	2 771 900	100%	71%	94%	2 551 000	3 881 000	1 867 000	100%	100%	100%	19 628 100,00
Other services provided	-	2 108 188	163 000										
Others													
Subtotal	-	2 108 188	163 000	0,00%	29,15%	5,55%				-	-	-	2 271 188,30
Total	3 510 100	7 155 288	2 934 900				2 551 000	3 881 000	1 867 000				21 899 288,30

List of press releases issued in fiscal year 2019:

- **March 2019** : - results at 31 December 2018: http://ir.attijariwafabank.com/
  - Ordinary General Bondholders' Meeting: http://ir.attijariwafabank.com/
- **April 2019** : Ordinary General Shareholders' Meeting : http://ir.attijariwafabank.com/
- **May 2019**: results at 31 March 2019: http://ir.attijariwafabank.com/
- **June 2019**: - extract from the prospectus for the issue by Attijariwafa bank of perpetual subordinated bonds http:// ir.attijariwafabank.com/
  - results of Attijariwafa bank's issue of perpetual subordinated bonds: http://ir.attijariwafabank.com/
- **August 2019**: results of 2nd quarter 2019 : http://ir.attijariwafabank.com/
- **September 2019**: results at 30 june 2019: http://ir.attijariwafabank.com/
- **November 2019**: results at 30 September 2019: http://ir.attijariwafabank.com/
- **December 2019**: - extract from the prospectus for the issue by Attijariwafa bank of subordinated bonds: http://ir.attijariwafabank.com/
  - extract from the prospectus for the issue by Attijariwafa bank of perpetual subordinated bonds: http://ir.attijariwafabank.com/
  - results of Attijariwafa bank's issue of subordinated bonds http://ir.attijariwafabank.com/
  - results of Attijariwafa bank's issue of perpetual subordinated bonds : http://ir.attijariwafabank.com/
- **February 2020**: results at 31 December 2019: http://ir.attijariwafabank.com/

- **STATUTORY AUDITORS' SPECIAL REPORT 2019:**
  http://ir.attijariwafabank.com/shareholder-services/annualmeeting?field_nir_asset_date_value=2020

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Believe in you