2012

Management Report

التجاري وفا بنك

Attijariwafa bank

2012

Management Report

Attijariwafa bank, a limited company with a capital of MAD 2,012,430,860. Head office : 2, boulevard Moulay Youssef, Casablanca. Approved as a credit institution by order of the Minister of Finance and Privatization n° 2269-03 of the 22 December 2003 as amended and supplemented. Trade Register n° 333.
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MANAGEMENT REPORT

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Economic Environment

Global economic environment: slower growth in 2012[1]

In 2012, global economic activity continued to slow as a result of high levels of government borrowing, financial sector weakness, an inadequate policy response in developed countries and domestic problems in emerging and developing economies.

The global economy is expected to grow by 3.2% in 2012^{E} compared to 3.9% in 2011 according to the latest International Monetary Fund estimates.

GDP growth was uneven across geographical regions. In developed countries, growth was weak primarily due to a weakened financial system and fiscal austerity measures which had a negative impact on demand and employment. Growth was 1.4% in 2012^{E} compared to 1.6% in 2011.

Emerging and developing countries on the other hand registered GDP growth of 5.1% in 2012^{E}, slower than the 6.3% rate in 2011.

Quarterly GDP growth in main OECD countries (quarter-on-quarter percentage change)

	Q1-2011	Q2-2011	Q3-2011	Q4-2011	Q1-2012	Q2-2012	Q3-2012	Q4-2012	2011*	2012*	2013*
World	-	-	-	-	-	-	-	-	3.9	3.2	3.5
Eurozone	2.4	1.6	1.3	0.6	-0.1	-0.5	-0.6	-0.9	1.4	-0.4	-0.2
France	2.4	1.8	1.5	1.1	0.2	0.1	0.0	-0.3	1.7	0.2	0.3
Germany	4.8	3.0	2.7	1.9	1.2	1.0	0.9	0.4	3.1	0.9	0.6
Spain	0.5	0.5	0.6	0.0	-0.7	-1.4	-1.6	-1.9	0.4	-1.4	-1.5
United Kingdom	1.3	0.8	0.7	0.9	0.3	-0.2	0.2	0.3	0.9	-0.2	1.0
United States	1.8	1.9	1.6	2.0	2.4	2.1	2.6	1.6	1.8	2.3	2.0
Japan	0.2	-1.7	-0.5	-0.1	3.3	4.0	0.4	0.4	-0.6	2.0	1.2

Source : OECD (*) : IMF – January 2013

In the United States, the economy saw an improvement with growth likely to be 2.3% in 2012^{E} compared to 1.8% in 2011. This was attributable to a recovery in domestic demand due to an improvement in the jobs market and the real estate sector. The unemployment rate fell to 8.2% in December 2012.

The Eurozone economy saw further contraction with GDP of -0.4% in 2012^{E} compared to 1.4% in 2011. France and Germany registered GDP growth of 0.2% and 0.9% respectively. Spain's economy, on the other hand, contracted 1.4% in 2012. The unemployment rate in the Eurozone continued to trend up and reached 11.2% at 31 December 2012.

The United Kingdom economy is expected to have contracted by 0.2% in 2012^{E} compared to +0.9% in 2011.

Japan's economy grew by 2.0% in 2012^{E} after a decrease of -0.6% in 2011.

Emerging countries experienced broadly slower growth due to a slight increase in exports, and a decline in domestic demand. The BRIC countries registered slower growth with Brazil registering growth of only 1.0%, Russia 3.6%, India 4.5% and China 7.8% compared to 2.7%, 4.3%, 7.9% and 9.3% respectively in 2011.

International trade in goods and services in 2012:

The downtrend in international trade, which had begun in 2011, continued through 2012. Trade volumes rose by 2.8% in 2012^{E} compared to 5.9% the previous year and 12.7% in 2010 primarily due to a slowdown in the global economy. Exports rose by 2.5% in 2012 but at a slower pace than the 20-year historical average annual growth rate of 5.5% according to World Trade Organisation estimates.

Inflation and oil prices:

- Global inflationary pressures eased mainly due to the impact of falling global demand, particularly in emerging countries. Consumer price inflation is likely to be 2.0% and 1.6% in 2012^{E} and in 2013^{E} respectively in advanced countries compared to 2.7% in 2011 and 6.1% in 2012^{E} and also in 2013^{P} in emerging and developing countries compared to 7.2% in 2011.

(1)- Source: IMF, World Bank, Direction de Politique Economique Générale, Banque Al Maghrib

- Oil prices were impacted by concerns over the global economic outlook and constantly high levels of oil production and reserves in 2012. According to the IMF, the average oil price was $105.1 per barrel in 2012 compared to $104.0 per barrel in 2011 and is estimated to be $99.7 per barrel in 2013[P].

Euro-dollar exchange rate:

- On foreign exchange markets, the euro trended up during 2012 to reach $1.32 at the year end, a rise of 1.9% on 2011. This rise was primarily due to easing concerns about the Eurozone crisis according to the IMF.

African economies: review and outlook

After the downturn in 2011 in the wake of the Arab Spring uprisings, the African economy is likely to rebound in 2012. The outlook remains uncertain, however, due to the economic environment in Europe.

Growth rebound in Africa estimated at 4.5% in 2012 compared to 3.4% in 2011

Economic growth in Africa is estimated at 4.5% in 2012[E] compared to 3.4% in 2011 and 4.8% in 2013[E] according to African Development Bank (AfDB) estimates.

At a regional level, North Africa is recovering steadily after the social tensions of 2011 which mainly concerned Tunisia, Egypt and Libya. GDP growth estimates for the region have been revised up to 3.1% for 2012 compared to 0.5% in 2011.

In sub-Saharan Africa, economic growth remains strong with GDP growth in excess of 5% in 2012, mainly boosted by robust domestic demand.

Despite the crisis in Mali which has seen the north of the country occupied by Tuareg rebels proclaiming independence, West African economies have proved remarkably resilient. Growth is likely to be 6.9% in 2012[E] compared to 6.2% in 2011.

Despite the worst drought to affect the Horn of Africa in 60 years, East African economies registered growth of 5.1% in 2012[E] compared to 6.0% in 2011.

GDP growth in Southern Africa was 4.0% in 2012[E], while Central Africa registered growth of around 5%.

GDP growth by African region (%)

	2011	2012
Africa	3.4%	4.5%
Central Africa	5.1%	4.9%
East Africa	6.0%	5.1%
North Africa	0.5%	3.1%
Southern Africa	3.5%	4.0%
West Africa	6.2%	6.9%

Source: AfDB

Inflation steady at 8.4% in 2012

Inflation is likely to have risen by 8.4% in 2012[E] compared to 8.5% in 2011. This was due to inclement weather in a number of countries resulting in rising commodity prices.

Inflation rose by as much as 17% in East Africa in 2011 due to currency depreciation. This required a tightening of monetary policy to combat inflationary pressures. Inflation is likely to be 16.5% in 2012.

Inflation levels are expected to vary considerably from one region to another in 2012.

Inflation by African region (%)

	2011	2012
Africa	8.5%	8.4%
Central Africa	4.5%	5.5%
East Africa	17.0%	16.5%
North Africa	7.4%	7.0%
Southern Africa	6.7%	6.8%
West Africa	8.8%	8.5%

Source: AfDB

North Africa (excluding Egypt)

Surface area: 6 million sq. km

Population growth: 1.9%

Population : 90.0 million

- Morocco: 32.5 million
- Tunisia: 10.8 million
- Libya: 6.6 million
- Mauritania: 3.6 million
- Algeria: 36.5 million

Currencies: Dirhams, Dinars, Ouguiyas

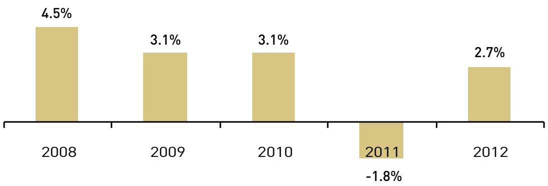
Source: IMF

Tunisia

Economic growth of 2.7% likely in 2012 compared to -1.8% in 2011

Following a year of political turmoil in 2011, Tunisia's economic recovery was particularly anaemic in 2012. Unfavourable economic conditions in Europe and around the world had an impact on the Tunisian economy.

Annual GDP growth (%)



Source: IMF

According to the latest IMF estimates, Tunisia's GDP is likely to grow by 2.7% in 2012 compared to -1.8% in 2011. Growth is projected at 3.3% in 2013.

Tunisia's economy was negatively affected by deteriorating business conditions among its main European trading partners, the effects of which were particularly felt by the country's export and tourism sectors. The latter has begun to register a gradual albeit stuttering recovery.

The consequences of the Jasmine revolution were felt most by the country's tourism industry. While tourist arrivals rebounded by 29.4% year-on-year to 5.6 million in 2012, this was well below pre-crisis levels.

According to data published by Tunisia's foreign direct investment promotion agency (FIPA), FDI over the first eleven months of 2012 rose by 29.2% to TND 1 810 million, underlining renewed investor interest, particularly in the country's energy and manufacturing sectors.

The jobs outlook remains mixed despite a decline in unemployment, one of the main causes of the revolution, from 18.9% in fourth quarter 2011 to 17.0% in third quarter 2012.

Inflation of 5.0% in 2012 compared to 3.5% in 2011

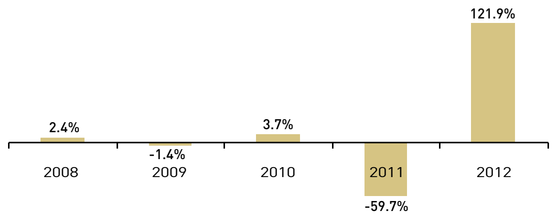
Inflation rose by 1.5 percentage points to 5.0% in 2012 compared to 3.5% in 2011, weighing down on purchasing power and, as a result, on household spending.

Libya

Record GDP growth of 121.9% in 2012 following 59.7% contraction in 2011

According to the IMF, Libya's economy is likely to grow by 121.9% in 2012 following the 59.7% contraction in 2011.

Annual GDP growth (%)



Source: IMF

This record economic performance was predominantly due to hydrocarbon production, accounting for 70% of GDP and 95% of export revenue.

In the wake of the revolution, hydrocarbon production, Libya's main revenue source, rose frenetically to reach almost 90% of pre-crisis levels i.e. 1.52 million barrels per day in June 2012 compared to an average of 166,000 barrels per day in 2011. According to the IMF, this recovery is likely to result in a rise in both exports and the budget and current account surplus to 19% and 22% respectively of GDP in 2012.

The political situation in Libya is gradually returning to normal. Elections to the General National Congress, which marked the country's transition to a democratic state for the first time in its history, are likely to be followed by the ratification of a new constitution and parliamentary elections mid-2013.

Inflation curbed at 10.0% in 2012^{E} compared to 15.9% in 2011

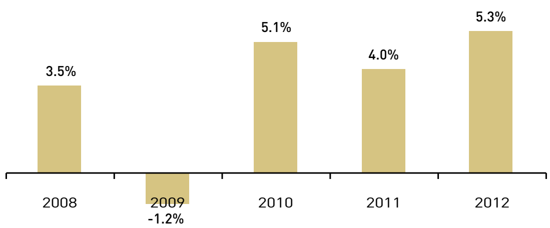
Inflation is likely to slow to 10.0% in 2012^{E}, a fall of 5.9 percentage points compared to 2011, with imports and transaction costs returning to normal levels.

Mauritania

Economic growth up from 4.0% in 2011 to 5.3% in 2012^{E}

The Mauritanian economy has grown strongly in recent years with GDP growth averaging 4.6% over the period 2010-2011 according to the World Bank.

Annual GDP growth (%)



Source : IMF

Economic growth is likely to be 5.3% in 2012^E compared to 4.0% in 2011. This is largely due to a high level of investment in the mining sector, particularly in gold mining, public investment and a strong performance from manufacturing.

Inflation likely to edge up to 5.9% in 2012^E compared to 5.7% in 2011

Inflation has continued to trend upwards in 2012 to 5.9% as a result of rising food prices.

West African Economic and Monetary Union (WAEMU)

Surface area: 3.5 million sq. km

Population growth: 3%

Population: 103.8 million

- Senegal: 13.8 million
- Ivory Coast: 23.4 million
- Mali: 16.3 million
- Burkina Faso: 17.4 million
- Benin: 9.4 million
- Niger: 15.6 million
- Guinea Bissau: 1.7 million
- Togo: 6.3 million

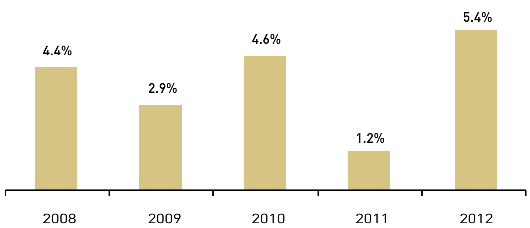
Currencies: CFA franc

Source: IMF

Growth rebound to 5.4% in 2012^E compared to 1.2% in 2011

Notwithstanding challenging global economic conditions and a slowdown in international trade, WAEMU economies performed strongly with growth of 5.4% in 2012^E compared to 1.2% in 2011.

Annual GDP growth (%)



Source : IMF

The agricultural sector performed satisfactory overall in WAEMU in 2012. Cereal production rose year-on-year (+43% in Niger, +6% in Mali, +30% in Burkina and +15% in Senegal). Food production is also projected to have risen by at least 7% in all coastal countries. Cocoa production, however, is thought to have declined 10.7% in 2012.

Industrial activity, which has trended up since 2011, grew by 3.0% year-on-year in third quarter 2012.

The energy, manufacturing and mining sectors performed solidly, as can be seen in:

- A rise in water and electricity production, particularly in Ivory Coast, Benin, Senegal and Togo;
- High production levels in food-processing and textile manufacturing in all countries except Ivory Coast and Senegal;
- The impact from new gold mines coming on stream in Ivory Coast and Mali;
- An increase in phosphate production capacity in Togo.

Trade revenue remained strong across all industry sectors, particularly in oil products (+17.5%). This strong performance is due, to some extent, by Ivory Coast, which saw a resumption in normal trade activity and a recovery in consumer confidence.

Inflation steady at 3.6% in 2012^E

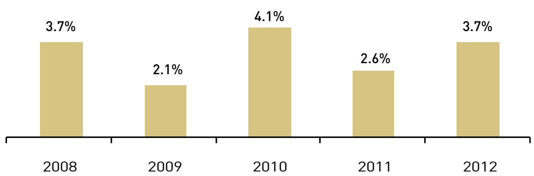
Estimated inflation of 3.6% in 2012^E can be attributed to the effects of the crisis in Mali, upward pressure on fuel prices and rising food prices in a number of countries.

Senegal

Economy likely to grow by 3.7% in 2012^E, a rise of 1.1 points

In Senegal, the political climate remained stable following Macky Sall's victory in March 2012 presidential elections.

Annual GDP growth (%)



Source : IMF

According to the latest IMF estimates, GDP rose by 3.7% in 2012^E, a 1.1 point rise on 2011, despite the unfavourable global environment. Growth was boosted by the dynamism of the agricultural sector (+14.9%) and a strong performance from mining (+8.2%), cotton ginning and textiles (+15%), energy (+9.7%) and oil refining (+6.3%).

Fall in inflation to 2.3% in 2012^E compared to 3.4% in 2011

Inflation trended down to 2.3% in 2012^E compared to 3.4% the previous year.

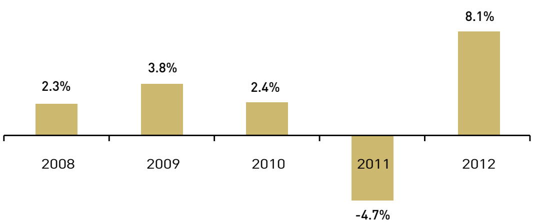
Ivory Coast

8.1% rebound in the economy in 2012^{E} compared to -4.7% in 2011

After contracting by 4.7% in 2011, the Ivory Coast's economy is likely to have rebounded by 8.1% in 2012^{E} according to the IMF.

Boosted by a robust performance from the mining and food production sectors, the primary sector's value-added rose by 2.5% in 2012 compared to 1.7% the previous year.

Annual GDP growth (%)



Source : IMF

The secondary sector's GDP is likely to have grown by 12.6% in 2012^{E} after a 9.7% contraction in 2011. This was primarily due to the construction and public works sector which registered growth of 31.1%, benefiting from the government's social housing programme and the resumption of large-scale public works which had been suspended during the crisis. The oil production and food-processing sectors grew by 18% and 11% respectively, boosted by strong domestic demand and an improvement in export margins.

The tertiary sector is likely to have registered strong growth in 2012 due to a rebound in the transportation (+10.5%), trade (+9.5%) and telecommunications (+5.5%) sectors.

Boosted by oil and agro-industrial products, exports rose by 10%. Imports rose by 9.3% due to strong demand for capital goods and intermediate products.

Fall in inflation to 2.0% in 2012^{E} compared to 4.9% in 2011

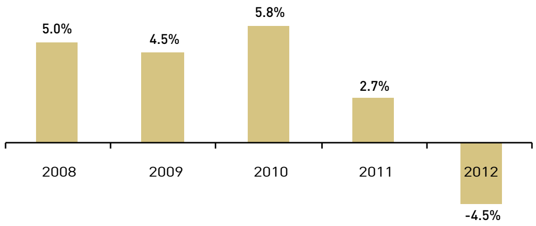
According to the IMF, inflation fell to 2.0% in 2012^{E} due to price stabilisation and increased fluidity of procurement.

Mali

4.5% contraction in Mali's economy in 2012^{E}

2012 proved to be a challenging year for Mali's economy with a coup d'Etat, resulting in the overthrow of President Amadou Toumani Touré's regime as well as the occupation of the north of the country by tuareg rebels from the National Movement for the Liberation of Azawad and Islamic forces.

Annual GDP growth (%)



Source : IMF

After growth of 2.7% in 2011, Mali's economy is likely to shrink by 4.5% in 2012^{E} according to the IMF. The current crisis has had an impact on a number of sectors including tourism. A large number of hotels have closed and there has been a significant fall in public investment in the construction and public works sector.

This crisis has also seen unemployment rise while public finances have been hit by the loss of tax revenues.

Rise in inflation to 7.2% in 2012^{E} compared to 3.1% in 2011

Mali's inflation rate is likely to be 7.2% in 2012^{E} compared to 3.1% in 2011 due to a poor harvest as well as the crisis affecting the country.

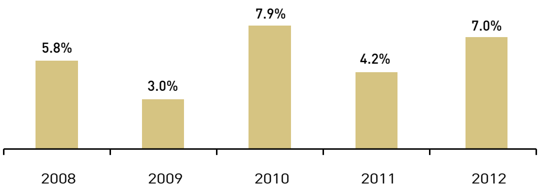
Burkina Faso

Growth estimated at 7.0% in 2012^{E} compared to 4.2% in 2011

Burkina Faso's political environment returned to normal following the appointment of a new prime minister in the wake of protests and political turmoil in 2011.

Despite a challenging domestic and global environment, Burkina Faso's economy registered strong growth in 2012. The economy is likely to have grown by 2.8 points to 7.0%, boosted mainly by the mining, cotton and food production sectors.

Annual GDP growth (%)



Source : IMF

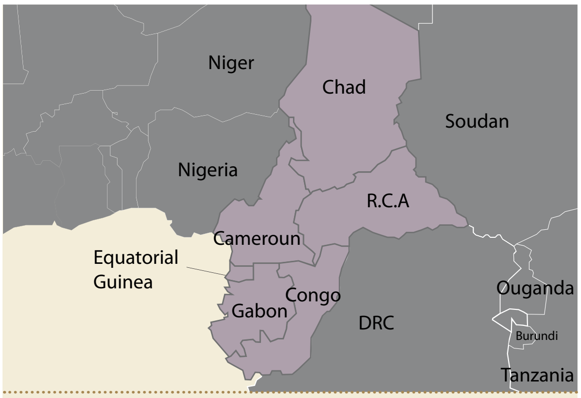
Economic recovery in 2012 was largely due to strong cotton production. According to the World Bank, cotton production rose by 13% year-on-year to 470,000 tonnes. The economy also benefited from a healthy gold mining sector, which saw production rise to 32 tonnes in 2012 in response to higher prices on international markets.

Burkina's economy did not escape the effects of drought which afflicted eleven of the thirteen regions of the country, resulting in a poor harvest in 2011-2012.

Inflation of 3.0% in 2012^{E}

Inflation edged up to 3.0% in 2012 compared to 2.7% in 2011.

Central Africa Economic and Monetary Community (CAEMC)



Surface area: 3 million sq. km

Population growth: 2.8%

Population : 44.1 million

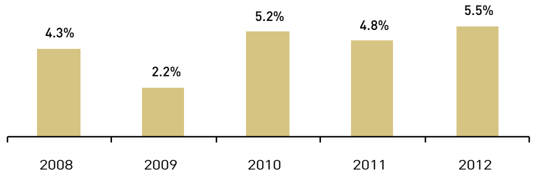
- Cameroon: 21.5 million
- Gabon: 1.5 million
- Congo: 4.1 million
- CAR: 4.9 million
- Chad: 10.7 million
- Equatorial Guinea: 1.4 million

Currencies: CFA franc

Regional growth of 5.5% in 2012^{E} compared to 4.8% in 2011

According to the IMF, GDP growth in the Central Africa Economic and Monetary Community (CAEMC) rose from 4.8% in 2011 to 5.5% in 2012^{E}. This was primarily due to the dynamism of the services and manufacturing sectors and large-scale public works projects.

Annual GDP growth (%)



Source : IMF

Within the region, Chad registered the strongest growth (+7.3%) in 2012^{E} due to strong domestic demand and, in particular, public spending. Gabon posted GDP growth of 6.1%, Equatorial Guinea 5.7%, the Congo 4.9%, Cameroon 4.7% and Central African Republic 4.1%.

Inflation of 4.1% likely in 2012^{E} compared to 2.9% in 2011

The IMF expects that inflation will rise to 4.1% in 2012^{E} due to rising fuel prices and insufficient rainfall, resulting in food shortages.

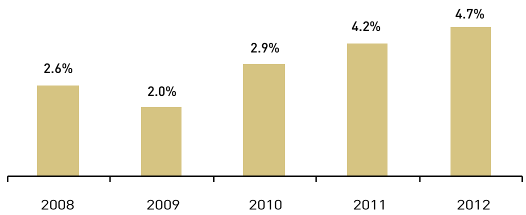
Cameroon

Growth estimated at 4.7% in 2012^{E} compared to 4.2% in 2011

Cameroon's economy is likely to grow by 4.7% in 2012^{E} compared to 4.2% the previous year.

This positive trend is due to a recovery in the oil sector and increased public investment in large-scale infrastructure projects.

Annual GDP growth (%)



Source : IMF

The primary sector is likely to grow by 4% according to the latest CAEMC estimates. The secondary sector is likely to grow by 6.4% in 2012^{E} due to growth in oil and mining following the re-opening of a number of wells, new sites coming on stream and a rise in the recovery rate of mature oilfields. The tertiary sector is likely to grow by 5%.

Modest rise in inflation to 3.0% in 2012^{E} compared to 2.9% in 2011

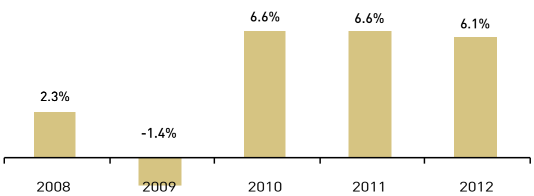
Inflation is likely to remain stable at 3.0% in 2012^{E} due to government measures aimed at increasing the supply of foodstuffs and maintaining fuel subsidies.

Gabon

Growth of 6.1% in 2012E compared to 6.6% in 2011

Gabon's economy is likely to continue to register strong growth, albeit at a slightly more moderate pace. Growth in 2012E is projected to be 6.1% compared to 6.6% the previous year. The majority of secondary and tertiary sub-sectors performed strongly to 30 June 2012 with the exception of the oil and mining sector. Crude oil production was disrupted by technical factors such as stoppages at a number of wells.

Annual GDP growth (%)



Source : IMF

Against such a backdrop, crude oil production fell by 2.9% year-on-year to 5,922 million tonnes.

Manganese production declined 22% to 1.3 million tonnes due to a 6-week production stoppage at Owendo port and a fall in manganese prices.

The electricity, construction and public works and food manufacturing sectors registered growth due to strong demand both domestically and from overseas. Tertiary sub-sectors also benefited from a rise demand resulting from the country co-hosting the Africa Cup of Nations football tournament in 2012.

Inflation of 2.3% in 2012E compared to 1.3% in 2011

Inflation is likely to be 2.3% in 2012E due to rising food prices.

Republic of Congo

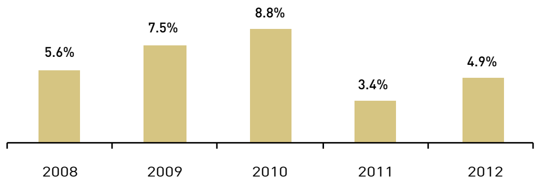
Economic growth of 4.9% in 2012E compared to 3.4% in 2011

Growth is likely to be 4.9% in 2012E compared to 3.4% in 2011 according to IMF estimates.

This is primarily due to the secondary sector (+8.6%), buoyed by the dynamism of construction and public works (+10.5%) and manufacturing (+8.3%) and the tertiary sector (+10.7%), which benefited from a strong performance of trade, hotels and restaurants, transportation and telecommunications.

The primary sector, however, declined 4.4% due to a fall in crude oil production.

Annual GDP growth (%)



Source : IMF

Economic growth was also boosted by investment, accounting for 50% of GDP in 2012 compared to 36.6% in 2011 as well as government reforms aimed at improving public sector management and attracting investment.

The National Development Plan (2012-2016) aims to reduce poverty through inclusive growth and job creation.

Rise in inflation to 5.1% in 2012E compared to 1.8% in 2011

Consumer price inflation was 5.1% in 2012E due to rising food prices.

MOROCCO: domestic economic performance positive overall in 2012

The latest data suggest that Morocco's economic performance was positive overall in 2012 despite a challenging global environment, regional tensions and anaemic economic growth by Morocco's main trading partners.

The domestic economy grew by 2.7% in 2012E compared to 5.0% the previous year according to estimates by the "Haut Commissariat au Plan". This was due to favourable tax revenue, strong domestic demand and a healthy level of investment.

With regard to the primary sector, agricultural value-added fell by 8.7% in 2012 as a result of a poor harvest due to insufficient rainfall and the rising agricultural product price on international markets. In respect of the 2011-2012 harvest, production of the country's three main cereals totalled 51 million quintals. The cereal harvest in 2012, made up almost entirely of soft wheat, totalled 17.9 million quintals according to Office National Interprofessionnel des Céréales et des Légumineuses (ONICL).

Non-agricultural value-added registered strong growth (+4.8%) in 2012E. This was due to a strong performance from the energy sector and a number of tertiary sub-sectors as well as a recovery in fisheries, mining and tourism.

Electric energy consumption for industrial usage rose by 9.4% to 10,042 GWh at 31 December 2012. Manufacturing performed strongly with the manufacturing production index, rising by 2% at 30 September 2012, primarily due to a strong performance from the automobile, textiles, refining and food manufacturing sectors. Their respective production indices rose by 8.0%, 5.7%, 3.5% and 3.4%.

Morocco's strong economic performance can be attributed to two main factors: robust domestic demand due to measures aimed at boosting purchasing power while holding inflation in check; ongoing investments in a number of different sectors.

Household spending was positive in 2012. Value-added tax revenue rose by 4.8% to MAD 52.3 billion at 31 December 2012, consumer lending increased 5.6% to MAD 88.3 billion at 31 December 2012 and constructive wage negotiations between employers and trade unions also had a positive effect.

Public spending fell by 3.0% year-on-year to MAD 48.5 billion at 31 December 2012.

Quarterly GDP growth (year-on-year)

Volume	Q1-11	Q2-11	Q3-11	Q4-11	2011	Q1-12	Q2-12	Q3-12	Q4-12	2012*	2013*
GDP (volume) Growth (%)	162 227 5.6%	165 593 4.5%	167 712 5.0%	171 193 4.9%	5.0%	166 750 2.8%	169 481 2.3%	172 619 2.9%	174 422 2.0%	2.7%	4.8%
Agricultural value-added (excl. fisheries)	26 084 5.9%	26 696 6.1%	26 783 6.0%	27 596 4.3%	5.1%(**)	23 925 -8.3%	24 126 -9.6%	24 530 -8.4%	25 112 -9.0%	-8.7%(**)	6.1%(**)
Non-agricultural value-added	116 526 5.8%	117 897 4.3%	120 717 5.0%	123 708 5.4%	4.9%	121 865 4.6%	122 944 4.3%	126 644 4.9%	128 478 3.9%	4.8%	4.6%

(*) : Estimates (**) including fisheries

Source: HCP – BAM

Quarterly GDP growth remained positive during the year, primarily due to a strong performance from the tertiary sector.

Contribution to GDP growth by sector

	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12
Primary sector	0.9%	0.8%	0.8%	0.8%	-1.3%	-1.5%	-1.1%	-1.0%
Secondary sector	1.0%	0.4%	0.8%	1.5%	0.6%	0.3%	0.5%	-0.3%
Tertiary sector	3.3%	3.0%	3.0%	2.4%	3.2%	3.2%	3.3%	3.0%

Source: BAM

The 2013 Budget assumes domestic economic growth of 4.5% with agricultural GDP projected to rise by 4.7% and non-agricultural GDP by 4.5%.

Morocco comes to the international bond market for the first time with the issue of a maiden dollar-denominated bond

In order to diversify the Treasury's sources of financing, Morocco issued a $1.5 billion bond on the international bond market.

This dual-tranche offering comprised an initial $1 billion 10-year tranche at a yield of 4.25% and a second $500 million 30-year tranche, the longest ever debt maturity issued by the country, at a yield of 5.50%.

With the country retaining its BBB- rating by ratings agencies S&P and Fitch and the only country in North Africa to make investment grade status, Morocco was able to price the bond at an attractive yield.

This offering further underlined international investor confidence in the Moroccan economy.

Source: Ministry of Economy and Finance

Construction and public works sector:

In 2012, the construction and public works sector benefited from ongoing large-scale social housing projects. The social housing segment, with a shortfall of 840,000 units in 2011, accounted for almost 60% of total units. Momentum remained strong in 2012 with more than 533 agreements signed prior to 2 June 2012 regarding the construction of 966,715 social housing units.

Cement sales, a key industry benchmark, continued to grow until 30 September 2012 (+2.4%). Cement consumption has since trended down, falling by 1.6% from 16,130 thousand tonnes at 31 December 2011 to 15,871 thousand tonnes at 31 December 2012.

During 2012, housing completions declined 6.0% year-on-year from 275,508 units to 259,115 units. Housing starts decreased by 11.5% year-on-year to 419,362 units, including 267,860 social housing units, which fell by 19.4%.

Real estate loans rose by 6.3% year-on-year to more than MAD 220.5 billion. Loans disbursed by the FOGARIM guarantee fund totalled MAD 1,994 million, benefiting 12,440 households.

Bank mortgage rates edged down by 0.12 points to 6.10% during the fourth quarter 2012 compared to the previous year.

Foreign direct investment in real estate fell by 5.4% to MAD 5.99 billion as of September 2012 compared to MAD 6.33 billion during the same period in 2011.

With respect to public investment policy, the Moroccan government continues to support a number of initiatives aimed at boosting domestic demand and sustaining economic growth. This investment programme covers the following sectors:

Roads and motorways: Work that had begun in 2009 to widen the Casablanca-Rabat motorway to 3 lanes completed in December 2012.

Railways: Inaugural line of the Casablanca tramway opened 12 December 2012, requiring estimated investment of MAD 5.9 billion.

Automobile: With an hourly production capacity of 30 vehicles, Renault-Nissan's Tangier auto plant opened in 2012, requiring investment of MAD 1.1 billion.

Ports: New facilities at El Jadida's fishing port, requiring investment of MAD 60 million.

Air transport: Work to extend and develop Rabat-Salé airport's Terminal 1 completed, requiring investment of MAD 287 million.

Tourism: Work begun on a new tourist resort in Mehdia, requiring investment of MAD 380 million.

Energy: Significant investment in renewable energies (Moroccan-German cooperation) and export of Moroccan solar electricity to France under the Euro-Mediterranean energy pact.

Agriculture: free trade agreement signed between Morocco and the European Union aimed at boosting Morocco's export volumes and reducing customs and excise duties; a number of projects initiated under the Plan Maroc Vert programme in the Bejaad area relating to red meat, oysters and goat's milk, requiring investment of MAD 111.2 million.

Housing: 333 projects to build 236,942 units authorised at 30 September 2012 under newly-introduced measures relating to social housing units priced at 250,000 dirhams; 243 projects already underway to build 174,755 units.

Mining: building work begun on two OCP phosphate washeries in Fquih Ben Salah and Khouribga provinces costing MAD 3.4 billion and MAD 2.5 billion respectively.

Energy:

The energy sector continued to show strong momentum in 2012. Crude oil run to stills at refineries rose by 6.9% to 7.6 million tonnes at 31 December 2012 compared to 7.1 million tonnes the previous year due to new production units coming on stream.

Production of refined petroleum products rose by 8.2% year-on-year to 6.9 million tonnes as of December 2012. This was primarily due to an increase in production of butane (>100%), jet aircraft fuel (+58.6%) and diesel fuel (+3.3%). Production of fuel oils, petroleum spirits and propane declined 13.3%, 2.0% and 4.8% respectively.

Energy imports, accounting for 27.4% of total imports, rose by 15.5% to MAD 104.3 billion at 31 December 2012. This was primarily due to crude oil imports (+15.9% or MAD 5,001 million), gas oils and fuel oils (+14.3% or MAD 4,518 million) and liquefied petroleum gas and other hydrocarbons (+24.5% or MAD 3,952 million).

The average price of a tonne of imported crude oil rose by 2.0% to 6,425 dirhams at 31 December 2012 compared to 6,301 dirhams the previous year.

Electricity generation rose by 8.0% to 31,056 GWh as of December 2012. This was primarily due to ONE's (Office National d'Electricité) high net production levels which increased 14.1% to 12,940 GWh, mainly as a result of a 21.9% rise in thermo-electric generation. Hydroelectric power generation, which depends to some extent on the weather, fell by 15.1% to 1,816 GWh. Private-sector electricity generation and electric power trade with Algeria and Spain rose by 4.3% to 13,168 GWh and by 5.1% to 4,841 GWh respectively.

Several large new power stations will begin production over the next few years in order to increase power generation capacity from current levels to meet rising demand for electric power.

These include two clean coal electricity plants at Jorf Lasfar, each with a power generation capacity of 350 MW, the Safi power station with a capacity of twice 660 MW, the Jerada power station (350 MW) and an energy transfer pumping station (STEP) (350 MW).

The country's renewable energy development strategy will be accelerated over the next few years. This includes the completion of the Ouarzazate solar power plant (500 MW) under the Plan Solaire and an additional 1 720 MW in wind farm capacity. It is worth noting that ONE's investment budget for the period 2012-2016 is MAD 39 billion.

Mining:

Despite trending down over the first two quarters of the year, the mining sector registered a modest rebound towards the end of the year.

Commercial phosphate production fell by 3.5% year-on-year to 27.1 million tonnes at 31 December 2012. Phosphoric acid production fell by 5.0% to 4.3 million tonnes. Phosphate fertiliser production, however, rose by 11.4% to 4.8 million tonnes.

Exports of phosphates and derivatives edged down by 0.5% to MAD 48.2 billion at 31 December 2012. This includes a 1.2% fall in phosphate derivative exports to MAD 35.4 billion due to falling prices on international markets and a 1.7% rise to MAD 12.8 billion in phosphate rock sales. Average export prices for phosphate derivatives fell by 7.3% to 5,530 dirhams per tonne while phosphate prices rose by 0.9% to 1,360 dirhams per tonne. Exports of phosphate derivatives and rock phosphate by volume rose by 6.6% and 0.8% respectively.

Primary sector:

Primary sector activity contracted in 2012 due to unfavourable weather, rising agricultural product prices on international markets and a fall in overseas demand. Agricultural value-added declined 5.8% in 2012[E] compared to a rise of 5.6% in 2011.

ONICL (Office National Interprofessionnel des Céréales et des Légumineuses) data relating to the 2011-2012 harvest show that cereal production reached 17.9 million quintals at 31 December 2012. Soft wheat accounted for 99.3% of the total.

Cereal imports rose by 24.0% year-on-year to 32.3 million quintals due to the suspension of import duties since October 2012. The breakdown of cereal imports was as follows: maize 13.7 million quintals, soft wheat 13.6 million quintals, durum wheat 4.1 million quintals and barley 0.9 million quintals.

Cereal stocks held in port silos and by ONICL-recognised cooperatives and merchants totalled 24.3 million quintals at 31 December 2012.

Food imports rose by 7.3% year-on-year to MAD 41.6 billion at 31 December 2012. This was primarily due to an 18.1% rise in imports of oil meal and other residues, a 14.7% rise in maize imports and a 3.7% rise in wheat imports. The average price of a tonne of wheat rose by 1.5% to 2,948 dirhams at 31 December 2012 compared to 2,905 dirhams the previous year.

Food exports fell by 0.6% to MAD 28.5 billion at 31 December 2012. This modest drop was primarily due to a 36.2% decline in overseas sales of citrus fruit and a 16.7% fall in sales of fresh, frozen or pickled vegetables. The decline was offset, however, by a 27.9% rise in tinned fish exports and a 17.0% increase in fresh fish exports.

Agricultural sector policy-making has begun to address the problem of inconsistent weather patterns. Plan Maroc Vert encourages strategic initiatives in two specific areas: the first promotes productivity-oriented business models while the second incites farmers to focus production on sectors less vulnerable to drought. Total investment of MAD 38.1 billion has been made over the period 2010-2012. MAD 27.9 billion has been invested in 134 productivity-related projects covering 182,000 ha and benefiting 182,438 farmers and MAD 10.3 billion in 319 drought-resistant projects covering 611,494 hectares and benefiting 470,955 farmers.

Fisheries:

Landings by inshore and traditional fishing vessels rose by 22% by volume to 1,116,650 tonnes and by 2% in value to MAD 5.0 billion in 2012.

The volume rise was due to a 25% increase in pelagic fish volumes to 979,700 tonnes including sardine (670,129 tonnes, +34%), horse mackerel (13,738 tonnes, +46%) and anchovy (34,983 tonnes, +21%). White fish volumes rose by 6.0% to 74,144 tonnes.

A breakdown of landings reveals the predominance of pelagic fish (87.7%) followed by white fish (6.6%) and cephalopods (3.5%).

By value, the rise in landings was due to a 16% increase to MAD 2.0 billion in the value of pelagic fish, offsetting the 12% fall to MAD 1.6 billion in the value of cephalopods. The latter resulted from a 35.6% fall in the average price of a tonne of octopus to 41,831 dirhams at 31 December 2012 compared to 64,927 dirhams the previous year.

Inshore production is primarily earmarked for consumption (38.8%), freezing (28.5%), fish meal and fish oil production (18.5%) and tinned fish production (13.3%).

Landings at Atlantic ports rose by 23% year-on-year by volume and by 4% in value at 31 December 2012. Landings at Mediterranean ports, however, declined 19% by value despite a 3% rise by volume.

Exports of seafood products were strong in 2012 due to a 27.9% increase in tinned fish exports and a 17.0% rise in fresh fish exports.

Tourism:

Morocco's tourism industry continued to perform strongly, despite a challenging global economic environment.

Tourist arrivals edged up 0.4% year-on-year to 9.4 million due to a 2.0% rise to 4.6 million in the number of foreign tourists, offsetting the 1.0% fall to 4.1 million in the number of visits from Moroccans living abroad.

By country of residence, the main rises were registered by tourist arrivals from Spain (+3%), United States (+5%), the Netherlands (+1%) and the United Kingdom (+1%). Italy (-5%), Germany (-4%) and France (-1%), however, registered the main declines.

Overnight stays rose by 3.7% to 17.5 million as of December 2012. This was primarily due to an 11.0% rise in the number of domestic tourists to 4.9 million and, to a lesser extent, a 1.0% rise to 12.5 million in the number of non-resident tourists.

The following destinations registered the largest increases in overnight stays: Marrakesh (+163,439), Casablanca (+150,133), Tetouan (+53,548), Essaouira-Mogador (+48,484), Tangier (+46,678), and El-Jadida-Mazagan (+36,157).

Rabat and Oujda-Essaidia, however, saw overnight stays decline by 10,793 and 4,857 respectively.

Foreign trade:

Morocco's foreign trade rose by 6.0% to MAD 564.9 billion in 2012 compared to MAD 532.8 billion the previous year.

Europe accounted for 60.0% of trade followed by Asia (21.1%), America (12.1%) and Africa (6.5%).

By country, France remains Morocco's largest trading partner with a 15.8% share of total trade totalling MAD 89.0 billion. Spain, in second place, accounted for 14.2% of trade amounting to MAD 80.1 billion.

Exports

Exports of goods rose by 4.7% to MAD 183.2 billion at 31 December 2012 compared to MAD 175.0 billion the previous year.

Morocco's exports of semi-finished products, accounting for 28.7% of total exports, fell by 2.4% to MAD 52.7 billion at 31 December 2012. This was primarily due to a 7.3% fall in the average price of a tonne of phosphate derivatives from 5,966 dirhams in 2011 to 5,530 dirhams in 2012.

Exports of finished consumer products rose by 18.1% to MAD 45.0 billion, boosted by automobile exports which increased MAD 6.3 billion to MAD 7.2 billion. Finished consumer good exports ranked second with a 24.2% share of total exports.

This growth can be explained by the new Renault-Nissan auto plant which made a considerable contribution to Morocco's balance of trade. 90% of the plant's production is earmarked for the global market.

Exports of finished equipment products, ranked third with a 15.5% share of total exports, rose by 7.3% year-on-year to MAD 28.5 billion.

Exports of energy-related products rose by 39.4% to MAD 6.4 billion at 31 December 2012.

Imports

Imports of goods rose by 6.7% year-on-year to MAD 381.7 billion, boosted mainly by a 15.5% rise to MAD 104.3 billion in energy products. This was primarily due to higher oil prices and, to a lesser extent, by a rise in import volumes. The average price of gas oils and fuel oils rose by 13.0% to 7,540 dirhams and that of crude oil by 2.0% to 6,425 dirhams.

The trade deficit widened 8.6% to MAD 198.4 billion at 31 December 2012 resulting in a coverage ratio of 48.0% compared to 48.9% at 31 December 2011.

Morocco's balance of trade on services showed a surplus of MAD 40.9 billion, a fall of 6.0% year-on-year. Payments rose by MAD 4.8 billion or 6.9% to MAD 74.1 billion. Income increased 1.9% to MAD 115.0 billion.

The balance of trade on goods and services showed a deficit of MAD 128.9 billion and a coverage ratio of imports by exports of 69.8%.

Revenue from travel and tourism and remittances from Moroccans living abroad:

According to the latest estimates by the Office des Changes, revenue from travel and tourism fell by 1.5% to MAD 58.2 billion at 31 December 2012 compared to MAD 59.1 billion the previous year. Revenue rose by 3.0%, however, by comparison with average revenue of the last 5 years which amounted to MAD 56.5 billion.

Travel and tourism expenditure rose by 2.1% to MAD 11.2 billion. The balance on travel and tourism showed a surplus of MAD 47.0 billion, a fall of 2.3% year-on-year.

Remittances from Moroccans living abroad fell by 3.9% to MAD 56.3 billion at 31 December 2012. Remittances rose by 3.8%, however, by comparison with average remittances of the last five years.

Foreign investment and private loans:

After turning down in 2011 due to a challenging global environment and a mixed outlook at regional level, revenue from foreign investment and private loans rose by 3.1% year-on-year to MAD 31.4 billion.

Revenue fell by 11.6% by comparison with the annual average revenue of the last five years, which amounted to MAD 35.5 billion.

A breakdown of foreign investment and private loans reveals the predominance of direct investment (93.1%) followed by foreign private loans (3.9%) and portfolio investment (3.0%).

Foreign investment and private loan payments rose by 17.8% year-on-year to MAD 9.9 billion including proceeds from foreign direct investment disposals (56.4%), private loan repayments (25.0%) and proceeds from investment portfolio disposals (18.6%).

Public finances:

Public finances deteriorated in 2012 due to the effects of the crisis in Europe and the rising cost of imported basic foodstuffs.

In relation to the 2012 Budget, ordinary revenue stood at 103% of budgeted revenue with tax revenue at 102% and non-tax revenue at 111%. Ordinary expenditure stood at 99% of budgeted expenditure at 31 December 2012.

Treasury revenue and expenditure figures as at 31 December 2012 show a 3.6% rise in ordinary revenue to MAD 198.9 billion and a 16.8% increase in ordinary expenditure to MAD 217.0 billion, resulting in an ordinary deficit of MAD 18.0 billion compared to a surplus of MAD 6.2 billion at 31 December 2011.

Revenue

Ordinary revenue rose by 3.6% to MAD 198.9 billion at 31 December 2012. This was due to a 6.4% rise to MAD 174.0 billion in tax revenue, offsetting a 13.7% fall to MAD 21.8 billion in non-tax revenue.

Tax revenue

The positive trend in tax revenue is due to an 8.8% rise to MAD 77.1 billion in direct taxes due to strong corporate tax and personal income tax revenues.

Total revenue from indirect taxes rose by 4.6% year-on-year to MAD 75.1 billion due to strong value added tax and consumption tax revenues.

Non-tax revenue

Non-tax revenue fell by 13.7% to MAD 21.8 billion due to a 9.4% increase to MAD 11.5 billion in revenue from state-owned monopolies such as OCP, IAM, ANCFCC and BAM. Privatisation revenue totalled MAD 3.3 billion in 2012 compared to MAD 5.3 billion in 2011.

Ordinary revenue covered 91.7% of ordinary expenditure in 2012. Ordinary revenue was offset by personnel expenditure (48.4%), subsidies (28.1%) and other goods and services (22.9%).

Expenditure

Ordinary expenditure rose by 16.8% year-on-year to MAD 217.0 billion at 31 December 2012, primarily due to a 36.2% rise to MAD 56.0 billion in subsidies and an 8.2% increase to MAD 96.3 billion in staff costs. Salaries were revised up by 600 dirhams in January 2012 while in 2011 the revision was not made until May.

Public investment fell by 0.8% to MAD 50.3 billion at 31 December 2012.

The public budget balance was in deficit to the tune of MAD 62.1 billion at 31 December 2012.

Monetary aggregates and liquid assets:

Monetary aggregates

M3 rose by 5.2% to MAD 1,005.9 billion at 31 December 2012 compared to MAD 956.7 billion the previous year. This increase comprised: (i) a 4.7% rise to MAD 448.6 billion in bank money; (ii) a 3.4% increase to MAD 163.6 billion in notes and coins in circulation; (iii) an 8.2% rise to MAD 111.4 billion in sight deposits; (iv) a 5.8% increase to MAD 282.4 billion in other monetary assets.

The expansion in money supply can be largely explained by a 5.7% rise to MAD 837.9 billion in lending: mortgage loans (+6.1% to MAD 220.0 billion), cash advances and overdraft facilities (+7.8% to MAD 185.7 billion) and housing loans (+9.8% to MAD 150.6 billion). Net foreign exchange reserves fell by 16.7% to MAD 140.3 billion, primarily due to a 17.4% fall to MAD 137.7 billion in the Central Bank's net foreign exchange reserves.

Net claims on the public account rose by 17.6% to MAD 125.7 billion at 31 December 2012 compared to MAD 106.9 billion the previous year.

The breakdown of money supply growth at 31 December 2012 was as follows: M1 rose by 4.3% to MAD 612.2 billion, M2 by 4.9% to MAD 723.6 billion and M3 by 5.2% to MAD 1,005.9 billion.

Liquid assets

Liquid asset outstandings rose by 2.9% to MAD 366.9 billion at 31 December 2012 primarily due to a 5.6% rise to MAD 232.8 billion in PL1 due to strong gains from tradable Treasury securities. Mutual funds invested in bonds (PL2), broadly unchanged year-on-year, totalled MAD 107.6 billion at 31 December 2012. Mutual funds invested in equities and diversified mutual funds fell by 10.2%, primarily due to a fall in equity prices.

Inflation:

Despite a challenging global environment marked by a surge in prices, Morocco was able to contain inflation to moderate levels.

In 2012, inflation rose at a slightly faster pace than that of the previous year. The consumer price index (CPI) rose by 1.3% to 110.8 points due to a 2.2% rise to 118.5 points in food prices and a 0.6% increase to 105.4 points in non-food prices.

Fuel prices were raised by 2 dirhams per litre for petrol and by 1 dirham per litre for diesel in June 2012. This government measure had a knock-on effect, albeit small, on other areas such as transport services.

Analysis of consumer prices by region reveals a strong rise in Laayoune (+2.2%), Dakhla (+2.1%), Casablanca and Beni-Mellal (+2.0%), Marrakesh (+1.8%) and Settat (+1.5%). Oujda registered a 0.1% fall over the same period.

Banking and Financial Environment

Morocco: developments and main trends

Despite a challenging global economic environment, the outlook for the banking sector remained positive with further growth in banks' branch networks both domestically and overseas.

As of 30 June 2012, Morocco's banking sector comprised 86 financial institutions including 19 banks, 36 finance companies, 6 offshore banks, 13 microcredit institutions, 10 money transfer companies, the Caisse Centrale de Garantie and the Caisse de Dépôt et de Gestion.

Moroccan banks have 20 subsidiaries, 10 branches and 58 representative offices overseas. These subsidiaries and branches have more than 900 points of sale, primarily in Africa.

The banking sector comprises 14 credit institutions including 6 listed on the Casablanca Stock Exchange. The banking sector is the Exchange's largest in terms of market capitalisation, accounting for 33% of total market capitalisation at 31 December 2012.

Growth in branch networks and banking facilities

Moroccan banks continue to develop their branch networks. 354 new branches were opened in 2011 to 30 June 2012, taking the total number of branches to 5,263.

The number of inhabitants per branch fell from 6,300 in 2011 to 6,100 at 31 December 2012. Bank branches are largely concentrated in the country's main urban areas (90% of total branches) at the expense of rural areas.

55% of the population had access to banking facilities at 30 June 2012.

The number of bank cards in circulation rose by 16% year-on-year to 9.3 million at 31 December 2012.

Bank card transactions rose by 29.6% by volume to 16.1 million transactions and by 25.3% in value to MAD 9.6 billion as of 31 December 2012.

E-commerce transactions gathered momentum with the number of transactions rising by 79.1% from 670,000 to 1,200,000.

Banking sector activity for the year ended 31 December 2012

Despite a challenging global economic environment, the performance of Morocco's banking sector remains positive as can be seen from banking sector activity for the year ended 31 December 2012.

Customer deposits rose by 2.0% to MAD 658,928 million at 31 December 2012 compared to MAD 646,181 million the previous year.

A breakdown of bank deposits reveals the predominance of non-interest bearing deposits which accounted for 62.5% of total deposits at 31 December 2012. Interest-bearing deposits' share of total deposits fell by 1.2 points to 37.5%.

Deposits of Moroccans living abroad rose by 5.4% from MAD 133,670 million in 2011 to MAD 140,899 million in 2012, accounting for 21.4% of total bank deposits.

Loan outstandings rose by 5.2% to MAD 709,422 million at 31 December 2012 compared to MAD 674,571 million the previous year.

This was due to a 6.3% rise to MAD 220,519 million in mortgage loans, an 8.1% increase to MAD 181,931 million in cash advances and an 8.8% rise in consumer loans to MAD 44,242 million. Healthy loans accounted for 95% of total loans.

The loan-to-deposit ratio stood at 107.7% at 31 December 2012 compared to 104.4% in 2011.

Commitments by signature rose by 2.9% year-on-year to MAD 184,033 million, with loan guarantees accounting for 61.1% of total commitments.

In terms of credit risk, non-performing loans rose by 6.6% year-on-year to MAD 35,547 million at 31 December 2012. Provisions and expenses rose by 4.5% to MAD 24,183 million, resulting in a NPL ratio of 5% and in a coverage ratio of 68%.

Prudential requirements reinforced

In the context of Basel III and in order to strengthen the regulatory framework governing Morocco's banking sector, Bank Al Maghrib decided in April 2012 to raise banks' minimum solvency ratio from 10% to 12% and to impose a minimum Tier 1 capital ratio of 9%. This reform will take effect on June 2013.

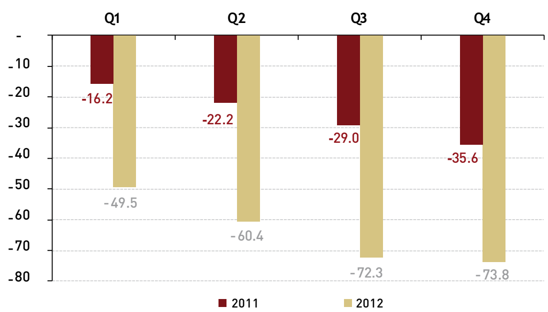
Furthermore, Morocco's Central Bank introduced new measures relating to the division of risks in order to ensure that domestic regulations comply with recent standards introduced by the European Union. In this regard, Circular 3/G/2001 was replaced by Circular 8/G/2012.

Bank Al Maghrib also provided banks with technical instructions to assist them in their preparations relating to certification of their internal risk measurement models as well as how to conduct stress tests.

Money Market:

There was a significant liquidity shortfall, amounting to MAD 73.8 billion during the period 27 October 2012 to 27 November 2012 compared to MAD 35.0 billion the previous year. This was due to a combination of three factors: (i) a fall in BAM's net foreign exchange reserves; (ii) a rise in notes and coins in circulation in particular during the summer; (iii) an increase in primary market issuance by the Treasury. The shortfall was offset to some degree by a structural injection of liquidity resulting in the reserve ratio being lowered from 6% to 4% in September 2012.

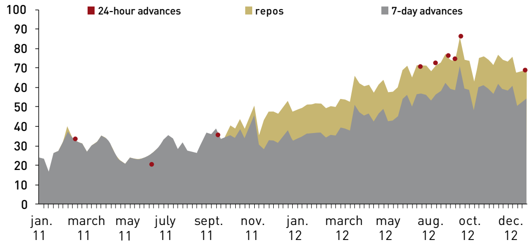
Liquidity Shortfall in 2012



In order to address banks' liquidity shortage, Bank Al Maghrib's intervention was effective in maintaining interbank rates at close to the prime rate of 3% (instead of 3.25% previously) set in March 2012. The Central Bank employed a variety of monetary policy tools to maintain market stability during the fourth quarter 2012. These included a daily average MAD 57.5 billion in 7-day advances, 3-month repos and 24-hour advances.

The satisfaction ratio for 7-day advances exceeded the 90% level at 31 December 2012 marking a return to normal liquidity conditions and an easing of tensions on the interbank market.

Bank Al Maghrib Intervention in 2012



Bond Market:

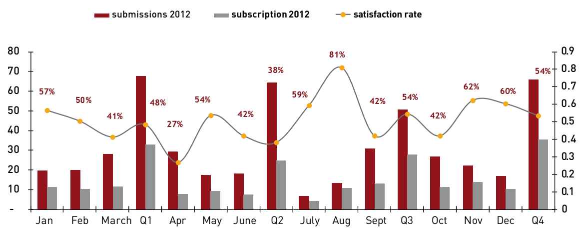
Primary market issuance by the Treasury remained strong given persistently large budget deficits.

Gross issuance by the Treasury rose by 16.2% year-on-year to MAD 120.3 billion at 31 December 2012. Regarding the debt maturity structure, issuance of short-term debt rose by 10 points to account for 35% of total issuance in 2012. Medium-term maturities saw strongest demand, notwithstanding a 10.8 point fall year-on-year to 47% of total issuance. Long-term maturities' share of total issuance was 18% in 2012 compared to 17% the previous year.

Treasury redemptions rose by 15.8% year-on-year to MAD 77.8 billion in 2012. Net issuance amounted to MAD 42.5 billion at 31 December 2012 compared to MAD 36.4 billion the previous year.

Outstandings of treasury securities sold at auction rose by 13.5% to MAD 356.7 billion of which long-term maturities accounted for 51.7%, medium-term 43.9% and short-term 4.4%.

Breakdown of demand for and issuance of treasury securities in 2012

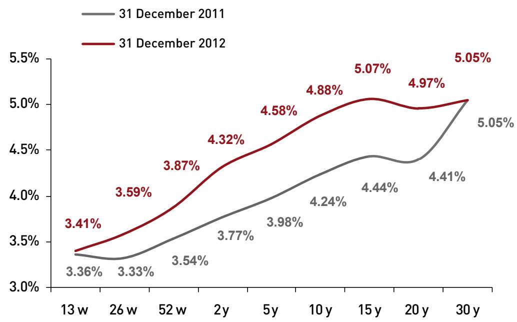


Except for a period in April 2012 when yields registered significant declines in line with Bank Al Maghrib's cut in the prime rate to 3%, bond yields trended up during 2012. This was due to a lack of visibility as to whether the Treasury would tap the international bond market and to delays in implementing the 2012 Budget.

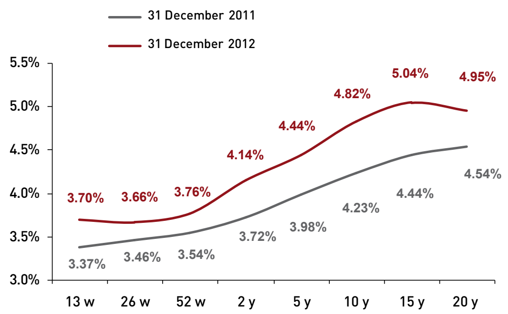
In the fourth quarter, weighted average yields of treasury securities on the primary market rose by between 9 and 34 basis points quarter-on-quarter. Average yields of Treasury securities for the year rose by between 2 and 59 basis points compared to 2011.

Notwithstanding a successful international bond issue which resulted in temporary easing of tensions on primary yields and enabled the Treasury to replenish its coffers by some MAD 13 billion, liquidity concerns again resurfaced towards the end of the year.

Primary Market Yield Curve For Treasury Securities 2012



BAM Secondary Market Yield Curve 2012



Interest Rates Environment:

Against a backdrop of markedly slower economic activity, with inflation broadly stable and in line with official targets and the balance of risks tilted to the downside, the Central Bank's Board of Governors took the decision in March 2012 to cut the prime rate from 3.25% to 3.00%.

The weighted average rate on 6-month and 12-month time deposits and CDs rose by 2 basis points to 3.75% at 31 December 2012. This reflects a rise of 15 basis points and 2 basis points on respectively 6-month time accounts and deposits and 12-month accounts and deposits.

The saving account rate breached the 3% mark in second half 2012, rising by 7 basis points from 2.97% in the first half to 3.04%. The passbook savings account rate is indexed to the yield on 52-week Treasury securities sold at auction.

The maximum rate of interest (TMIC) which credit institutions may charge on overdrawn accounts rose by 3 basis points year-on-year to 14.19% over the period 1 April 2012 to 31 March 2013.

Stock Market:

The challenging economic environment both domestically and overseas had a negative impact on market sentiment. The MASI general index fell by 15.1% to 9,359.19 points at 31 December 2012.

Market capitalisation contracted by 13.7%, broadly in line with the fall in the general index, to MAD 445.3 billion at 31 December 2012. There was a scarcity of initial public offerings in 2012.

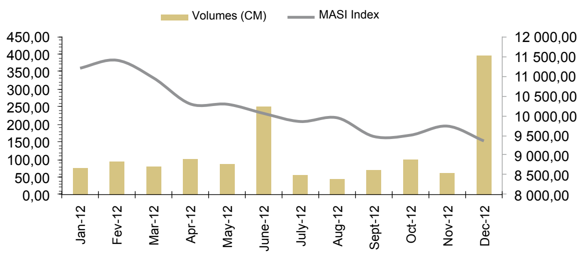
Total volume fell by 17.7% year-on-year to MAD 42.2 billion in 2012 and by 48.5% compared to levels seen in 2010. Average daily volume barely reached MAD 118 million. The Central Market accounted for 70% of total volume.

Investor interest was focused on large-cap stocks such as Attijariwafa bank, IAM and CGI, which together accounted for 40% of trading volume.

Finance companies were the best performers while the largest declines were registered by small caps such as technology stocks.

Afric Industrie, a subsidiary of Aluminium du Maroc, was the only company to go public in 2012.

Monthly Performance of MASI vs Volume in 2012



Equity market performance in 2012 can be analysed in 4 main phases:

Phase I: January-February

The market began the year on a note of optimism though without any real conviction. By the end of February, MASI had registered two months of gains with year-to-date performance of +3.1%.

The positive start to the year must be put into perspective given the lack of volume. Average daily volume barely reached MAD 85 million during this period.

Phase II: March-September

The period was marked by the earnings season during which companies published 2011 results and outlined prospects for 2012. The stock market was lethargic over a 7-month period during which the index fell by 16.9%. The tone had been set for the year. The largest declines were recorded in March-April (-9.7%) and September (-4.7%) in reaction to information released regarding company fundamentals.

Phase III: October-November

Anticipating a volatile run-in before the year-end, a number of speculative investors moved to the buy-side in the hope of making short-term capital gains before the year-end. The market registered a short-lived 2.8% rebound.

Phase IV: December

With the return of institutional money, the market resumed its downtrend, registering a 3.85% fall in December. This took the decline in the index for the full year to 15.1%. Average daily volume in December recovered to MAD 395 million compared to MAD 374 million in December 2011.

Analysis Of Attijariwafa bank's Business Activity And Results

Business Activity In Morocco

Customer deposits

Attijariwafa bank's customer deposits rose by 3.7% in 2012 to MAD 171.0 billion. This was due to a 2.9% rise to MAD 109.2 billion in non-interest bearing deposits and a 5.3% increase to MAD 61.8 billion in interest-bearing deposits. The bank's share of the customer deposit market was 26.0% at 31 December 2012.

Non-interest bearing deposits' share of total deposits fell by 0.5 points to 63.9%. This includes a 3.6% rise to MAD 76.6 billion in cheque accounts with current accounts in credit broadly unchanged at MAD 25.7 billion. The bank's share of the non-interest bearing deposit market was 26.5%.

Interest-bearing deposits' share of total deposits was 36.1%. This was due to 6.7% rise to MAD 21.9 billion in savings accounts and an 11.0% rise to MAD 39.9 billion in term deposits. As a result, the bank's market share rose by 1.5% year-on-year to 25.0%.

Disbursed loans

Attijariwafa bank's customer loans rose by 6.9% year-on-year to MAD 187.8 billion at 31 December 2012. This was due to an 8.1% rise to MAD 54.3 billion in mortgage loans* and a 6.7% increase to MAD 52.5 billion in equipment loans.

Attijariwafa bank's share of the customer loan market was 26.4% at 31 December 2012.

Non-performing loans totalled MAD 5.8 billion and provisions for non-performing loans MAD 4.9 billion resulting in a non-performing loan coverage ratio of 83.9%. The non-performing loan ratio stood at 2.99% and cost of risk at 0.40%.

Healthy loans rose by 6.8% year-on-year to MAD 181.9 billion. The bank's market share of healthy loans was 27.0%.

Commitments by signature

Commitments by signature rose by 3.2% to MAD 49.1 billion at 31 December 2012, resulting in a market share of 26.7%.

Parent Company Results at 31 December 2012

Net banking income

Net banking income rose by MAD 692.2 million or 7.7% to MAD 9.7 billion at 31 December 2012 compared to MAD 8.97 billion the previous year. This was predominantly due to a 10.6% rise to MAD 1.3 billion in fee income and an 11.5% increase to MAD 1.4 billion in income from market activities.

The table below provides a breakdown of net banking income:

(In MAD millions)	December 2012	Share of NBI	December 2011	Share of NBI	Change	
					MAD millions	%
Net interest margin	6,415	66.4%	6,322	70.5%	48	1.5%
Income from lease financing and similar agreements	50	0.5%	11	0.1%	39	>100%
Fee income	1,252	13.0%	1,132	12.6%	120	10.6%
Income from market activities	1,440	14.9%	1,291	14.4%	193	11.5%
(+) Other banking income	1,285	13.3%	886	9.9%	399	45.0%
(-) Other banking expenses	776	8.0%	669	7.5%	107	16.0%
Net banking income (NBI)	**9,665**	**100.0%**	**8,973**	**100.0%**	**692**	**7.7%**

Net interest margin

Net interest margin, accounting for 66.4% of net banking income, rose by 1.5% from MAD 6.32 billion in 2011 to MAD 6.42 billion in 2012. This was primarily due to a MAD 15.5 billion or 9.4% rise in average disbursed loan outstandings. The breakdown of Net interest margin was as follows:

- Interest and similar income rose by 7.8% to MAD 10.7 billion due to a MAD 992.5 million or 11.8% rise to MAD 9.4 billion in interest and similar income from customer activities, offsetting the MAD 76.1 million or 6.8% fall to MAD 1.0 billion in interest and similar income from credit institution activities and the MAD 137.5 million or 34.6% decline in interest and similar income from debt securities.
- Interest and similar expenses rose by 19.0% to MAD 4.3 billion due to a MAD 159.5 million or 6.4% rise to MAD 2.6 billion in interest and similar expenses on customer activities. Interest and similar expenses on debt securities, however, retreated by MAD 26.6 million or 6.3% to MAD 394.1 million.

Income from lease financing and similar agreements

Income from lease financing and similar agreements registered strong growth to MAD 49.9 million at 31 December 2012 compared to MAD 10.9 million in 2011.

Fee income

Fee income rose by MAD 120.2 million or 10.6% to MAD 1.25 billion at 31 December 2012. This was due to an expansion in the branch network and the launch of new customer products and services.

Income from market activities

Income from market activities rose by 11.5% year-on-year to MAD 1.4 billion due to a 46.4% rise to MAD 1.0 billion in income from trading securities activities, offsetting a 36.1% fall to MAD 270.0 million in income from foreign exchange activities.

Other banking income

Other banking income rose by 45.0% to MAD 1.3 billion, mainly due to a 44.3% rise to MAD 1,256 million in dividends received from Group subsidiaries.

Other banking expenses

Other banking expenses rose by 16.0% to MAD 776.3 million due to a rise in management and introductory fees paid to Wafa Immobilier, Wafasalaf, Wafacash and Wafabail.

General operating expenses

General operating expenses rose by 6.5% year-on-year to MAD 3.6 billion at 31 December 2012. This was primarily due to a 4.5% rise to MAD 1.6 billion in staff costs and an 8.2% increase to MAD 1.44 billion in operating expenses, accounting for 45.2% and 40.6% of general operating expenses respectively. The cost-to-income ratio stood at 36.9% at 31 December 2012, a rise of 0.4 points on 2011.

(*) housing loans and real estate

(In MAD millions)	December 2012	December 2011	Change	
			MAD millions	%
General expenses	**3,055**	**2,876**	**179**	**6.2%**
Staff costs	1,611	1,541	70	4.5%
Operating expenses	1,445	1,336	109	8.2%
Real estate lease payments	95	44	51	115.9%
Amortisation charges	**412**	**423**	**-11**	**-2.8%**
Expenses brought forward from previous years	-	1.7	NS	NS
Other general operating expenses	-	-	-	-
General operating expenses	**3,562**	**3,346**	**216**	**6.5%**

Gross operating income

Gross operating income rose by 9.1% to MAD 6.2 billion at 31 December 2012 compared to MAD 5.6 billion in 2011. This was predominantly due to a 7.7% rise in net banking income to MAD 9.7 billion and a 6.5% increase in general operating expenses to MAD 3.6 billion.

Income from ordinary activities

Income from ordinary activities rose by 8.1% to MAD 5.0 billion at 31 December 2012 compared to MAD 4.6 billion the previous year.

Net provisions fell by 18.4% to MAD 765.0 million in 2012 due to:

- Gross provisions of MAD 1.50 billion compared to MAD 1.70 billion in 2011;
- Provision write-backs of MAD 367.09 million compared to MAD 770.15 million in 2011.

The non-performing loan coverage ratio stood at 83.9% in 2012.

Net income

Net income rose by 4.9% to MAD 3.3 billion at 31 December 2012 compared to MAD 3.2 billion the previous year.

Shareholders' equity

Shareholders' equity, excluding net income, rose by 19.8% to MAD 21.9 billion at 31 December 2012 compared to MAD 18.3 billion in 2011.

Total assets

Total assets rose by 9.0% to MAD 276.2 billion at 31 December 2012 compared to MAD 253.3 billion in 2011.

Appropriation of Income

Net income for the year	**3,309,697,256.34**
To legal reserve	-
To investment reserve	-
Retained earnings brought forward	6,092,966.49
Distributable income	3,315,790,222.83
Appropriation	
Statutory dividend	120,745,851.60
Amount required to pay a dividend of 9 dirhams per share	1,690,441,922.40
Making a total distribution of	**1,811,187,744.00**
To extraordinary reserves	**1,499,471,370.00**
Retained earnings carried forward	**5,131,078.83**

Business Activity and Results of the main Subsidiaries

Banking-related Subsidiaries

Wafasalaf

Wafasalaf performed strongly in 2012 in what was an extremely competitive environment.

Regarding the consumer credit market, auto loan outstandings rose by 15.9% at 31 December 2012. Household equipment loans, however, fell by 8.6%, primarily due to the negative impact of the general retail sector.

Wafasalaf's overall production rose by 9.9% to MAD 10.3 billion due to a 19.6% rise to MAD 6.3 billion in managed production. Overall outstandings rose by 9.0% to MAD 22.5 billion due to a 23.3% increase to MAD 10.8 billion in managed outstandings, offsetting a 1.7% fall to MAD 11.7 billion in in-house outstandings.

Wafasalaf consolidated its position as the market leader with a 29.2% share of overall production and a 29.5% share of outstandings at 31 December 2012.

This performance was due to a proactive sales and marketing strategy. Wafasalaf continued to develop its network by opening three new branches taking the total number of branches to 43 at 31 December 2012.

In terms of results, net banking income rose by 0.2% to MAD 1,053.0 million. Gross operating income fell by 1.9% to MAD 726.3 million. The cost-to-income ratio was 31.0% in 2012 compared to 29.5% in 2011. Net income rose by 4.4% to MAD 350.3 million.

Wafabail

The domestic leasing industry saw overall production slow by 8.2% to MAD 13.6 billion in 2012.

Against such a backdrop, Wafabail's production totalled MAD 3.7 billion. The number of applications rose by 10% to 4,695 applications. Production rose by as much as 12% in the SME segment.

Wafabail consolidated its position as the market leader in consumer credit with a 27.4% share.

Financial outstandings rose by 5.9% to almost MAD 11 billion. The company's share of financial outstandings was 25.7% at 31 December 2012.

In terms of profitability, net banking income rose by 5.4% to MAD 296.1 million at 31 December 2012 compared to MAD 280.9 million the previous year. The cost-to-income ratio fell from 24.0% in 2011 to 23.6% in 2012. Net income amounted to MAD 109.2 million.

Furthermore, initiatives aimed at improving operational efficiency, developing intra-Group synergies and improving risk management continued to be implemented in 2012.

Wafa Immobilier

Morocco's real estate industry enjoyed strong growth in 2012 due to a robust social housing segment which has seen strong demand since 2010.

Wafa Immobilier registered remarkable growth in production and outstandings in 2012 as a result of synergies with Attijariwafa bank, sound strategic choices and an extremely dynamic sales force.

Home buyer outstandings rose by 13% from MAD 32.6 billion in 2011 to MAD 36.9 billion at 31 December 2012. Real estate development outstandings increased 23% to MAD 6.4 billion at 31 December 2012 compared to MAD 5.2 billion the previous year.

In 2012, Wafa Immobilier handled 124,129 loan applications compared to 110,872 in 2011, an increase of 13,257 applications.

Wafa Immobilier consolidated its position as the market leader with a 24.6% share, a rise of 0.4 points on 2011.

Several new initiatives were launched in 2012 and numerous agreements were signed with a number of major groups from the private and public sectors. A new institutional advertising campaign was launched with the slogan "Let's share our vision for the future".

In terms of results, Wafa Immobilier's net banking income rose by 9.0% to MAD 238.3 million at 31 December 2012. Net income increased 20.8% to MAD 70.1 million compared to MAD 58.0 million in 2011.

Wafacash

Despite a challenging environment due to the negative impact from the Eurozone crisis on travel and tourism revenues and remittances from Moroccans living abroad, Wafacash outperformed its competitors.

2012 was marked by a number of events:

- RIA international transfers launched;
- Santander international transfers launched;
- Cash Express: notification by SMS introduced;
- Floussy: sale and recharge introduced on a large scale;
- Pay Cash: new partners recruited (Hmizates and My Deal);
- E-Recharge launched in partnership with Wana Corporate (Inwi and Bayn).

Wafacash also signed a strategic partnership agreement with Al Amana Microfinance, a microcredit association. Under the terms of the agreement, Al Amana will be responsible for marketing Wafacash's money transfer services.

Wafacash continued to develop its distribution network by opening 403 branches in 2012, taking the total number of branches to 964, including 319 semi-dedicated branches.

The total volume of flows handled by Wafacash rose by 23% to MAD 36.2 billion in 2012. The number of transactions increased 28% year-on-year to MAD 13.5 million.

In terms of results, net banking income rose by 19% to MAD 219.3 million at 31 December 2012 compared to MAD 184.6 million despite a number of foreign partners downwardly revising commissions.

Net income rose by 32% to MAD 69.3 million at 31 December 2012.

In line with the objectives outlined in Cap 15, the company's strategic business plan, Wafacash will continue to specialise in cash businesses while diversifying its products and services and adapting its distribution channels to its different target markets.

Attijari Factoring Maroc

Attijari Factoring's overall production rose by 112% to MAD 15,846 million at 31 December 2012 compared to MAD 7,488 million in 2011. All business lines performed strongly.

Factoring rose by 110% year-on-year to MAD 14,008 million in 2012 compared to MAD 6,660 million in 2011.

In 2012, Attijari Factoring launched a number of initiatives in its confirming business aimed at large domestic enterprises and buyer organisations. These resulted in the gradual roll-out of 6 new contracts. Overall production rose by 122% from MAD 828 million in 2011 to MAD 1,838 million at 31 December 2012.

In terms of results, net banking income rose by 30.9% to MAD 69.4 million and net income by 16.7% to MAD 30.3 million.

This remarkable performance resulted in Attijari Factoring becoming a full member of Factors Chain International, a global network of leading factoring companies, having been an associate member for the past 10 years.

Wafa LLD

The long term vehicle leasing market performed strongly in 2012. New vehicle sales rose by 16.2% to 130,316 vehicles at 31 December 2012 compared to 112,148 the previous year.

Wafa LLD's vehicle fleet comprised 4,364 vehicles at 31 December 2012 following the addition of 1,266 new vehicles and the disposal of 976. The company's client portfolio includes many of Morocco's largest companies and government institutions. Wafa LLD's market share is estimated to above 18%.

In terms of results, revenue was broadly unchanged at MAD 173.3 million at 31 December 2012. Net income was MAD 12.2 million.

Wafa LLD recruited a number of executive staff in 2012 taking the total headcount to 52 in 2012 from 45 the previous year.

Investment Banking Subsidiaries

Corporate Finance: Attijari Finances Corp

In 2012, Attijari Finances Corp, the bank's investment banking subsidiary, consolidated its position as the market leader in M&A advisory services. It successfully advised on the following strategic transactions:

- Advisor to **OCP** on its takeover of **Maroc Phosphore**;
- Advisor to **MIF** (Moroccan Investment Fund) on the disposal of its stake in OMM, majority shareholder of **CMT** (Compagnie Minière de Touissit);
- Advisor to **Marjane Holding** on its response to the request for tender issued by SAZ (Société d'Aménagement Zenata) regarding the development of a retail park in Zenata new town;

- Advisor to **Servair** on its acquisition of a **40%** stake in **Atlas Catering Airlines Services** from Royal Air Maroc;
- Advisor to **Wafa Assurance** on procuring an insurance licence for the Tunisian market.

The investment bank continued to make its presence felt on both the equity and debt capital markets despite a challenging environment due to growing liquidity shortage. It successfully advised on the following market transactions:

- Advisor to a consortium comprising Oléosud (Sofiprotéol Group), CIMR, CMR, MAMDA-MCMA and Wafa Assurance on its mandatory offer for Lesieur Cristal;
- Advisor to **Attijariwafa bank** on its **MAD 3.1 billion** share issue reserved for Group employees;
- Advisor to **Fonds d'Equipement Communal** (FEC) on its **MAD 1.0 billion** bond issue.

Securities brokerage: Attijari Intermédiation

In a difficult economic environment, the stock market continued to trend down and closed in negative territory for the second consecutive year. The market fell by 15.1% to the 9,359.19 points at 31 December 2012 compared to a fall of 12.8% to 11,027.65 points in 2011.

Total volume contracted by 41.0% year-on-year to MAD 61.0 billion at 31 December 2012.

Equity market volume fell by 17.7% year-on-year to MAD 42.2 billion with the Central Market accounting for 70.4% of volume.

In 2012, Attijari Intermédiation's volume totalled MAD 31.7 billion. Central Market volume accounted for MAD 18.8 billion or 59.3%, a rise of 4.7% on 2011. Attijari Intermédiation's market share rose by 6 points year-on-year to 31.6%.

Revenue fell by 27.8% year-on-year to MAD 28.0 million at 31 December 2012. Net income totalled MAD 5.1 million.

Research & Analysis

With market visibility low, the Research & Analysis department guided investors in their decision making by providing high-quality fundamental research content and forecasts. The department published a large number of reports, participated in conferences and held meeting clients and demonstrated a high level of expertise in equity analysis, market strategy and macroeconomic analysis.

Securities brokerage: Wafa Bourse

In 2012, Wafa Bourse continued to innovate by launching a number of new savings products and decision-making tools. Customers are now able to invest online in a wide range of mutual funds and transfer money to their cheque accounts or savings plans. They are also able to check tax details online such as deductions or refunds arising on capital gains or losses.

In addition to comprehensive news coverage, investors now have access to detailed information about individual stocks on the Wafa Bourse website, as well as forecasts published by the Research & Analysis department.

The company saw its online market share rise from 29% in 2011 to 35% in 2012. Operating income amounted to MAD 5.5 million compared to MAD 4.8 million the previous year.

Asset management: Wafa Gestion

Despite tighter liquidity conditions and increased competition, Wafa Gestion's assets under management rose by 8.7% to MAD 72.33 billion at 31 December 2012 compared to MAD 66.51 billion the previous year.

Assets under management averaged MAD 68.59 billion in 2012, a rise of 6.3% compared to 2011.

Wafa Gestion consolidated its market leadership position in the asset management industry with a market share of 29.95% at 31 December 2012, a rise of 1.14 points compared to 2011.

There were two new market entrants to the mutual fund management industry in 2012. Total assets under management rose by 4.6% to MAD 241.55 billion at 31 December 2012.

2012 was marked by the following events:

- The launch of Attijari Gold, Morocco's first gold mutual fund, which replicates the gold price;
- Mandate to manage the equity portion of the CMR public pension fund following a successful request for tender;
- Increase in market share in the Large Enterprises and Institutions segment ;
- Mandate to manage a segregated family fund.

In 2012, Fitch Ratings also reaffirmed Wafa Gestion's M2+ (Mor) rating.

Wafa Gestion's revenue rose by 4% year-on-year to MAD 262.7 million, gross operating income was MAD 98.2 million and net income MAD 71.9 million.

Restructuring and Private Equity: Attijari invest

Attijari Invest is organised around three business lines: real estate, private equity and infrastructure. The company employs about thirty specialist investment staff.

Growth and value creation underpin the company's management philosophy. Attijari Invest's funds invest in companies of all sizes and across all sectors, thereby providing these businesses with optimal financing solutions as well as instilling good governance.

Attijari Invest manages ten or so funds in-house as well as on a discretionary basis for third parties. With more than MAD 4 billion in assets under management, the company is one of the major players in Morocco's private equity industry.

Notwithstanding the lack of business opportunities in 2012, Attijari Invest maintained a dynamic and innovative approach to developing its stable of funds by:

- Launching the 3P Fund, a public-private investment fund investing in Moroccan SMEs. Commitments totalled MAD 400 million at the first closing;
- Registering Entreprises Partners, an investment company responsible for managing the 3P Fund and recruiting its investment managers;
- Recruiting additional investment managers for La Foncière Emergence, a MAD 1.05 billion fund, specialising in acquiring and developing real estate assets in the industrial, logistics and office sectors.
- Structuring new investment funds consistent with Attijariwafa bank's regional development strategy and generating strong synergies with the bank's business units, while meeting the growing needs of first-time and more experienced investors.

Wafa Assurance

Insurance sector

Regarding regulations, a new decree was published 7 June 2012 amending and completing that of 10 October 2005, relating to the manner in which an insurance company constitutes, presents and values its technical provisions. Rules governing asset diversification and category limits and methods of valuing unlisted assets were amended.

Regarding taxation, amendments relating to the taxation of life insurance, retirement and endowment policies were passed into law in the 2012 Budget. The tax benefit derived from holding an asset for at least 8 years, introduced in the 2009 Budget, was extended to any policy taken out before 1 January 2009.

The Budget 2012 also introduced a social solidarity contribution calculated on the basis of a company's net income in 2011.

The insurance sector also introduced an industry-wide agreement regarding automobile accident compensation (CICA) which will take effect January 2013. Under this agreement, which applies to road accidents resulting in personal injury, the direct insurer is responsible for managing claims in the event that the claimant's physical disability ratio does not exceed 10%.

Wafa Assurance's Business Activity

2012 highlights

Automobile market

Wafa Assurance continued to develop its distribution network: 15 points of sale were added in 2012, taking the total number of direct agents and sales offices to 200.

The number of brokers was 172 at 31 December 2012.

The company also conducted several advertising campaigns during the year in the auto segment to provide support to the company's overall marketing effort.

Corporate market

Corporate business volume contracted in 2012. Premiums and insurers' obligations were also subjected to downward pressure as new market participants entered the market.

Business lines such as transport and occupational injuries slowed due to economic conditions.

Despite a challenging environment, customers remained loyal, enabling Wafa Assurance to register growth across all business lines in the corporate segment.

Life market

Wafa Assurance's life business experienced slower growth in 2012 after the rebound of 2011.

Despite tighter liquidity conditions, growth remained positive due to a strong performance by Wafa Assurance's three banking network partners.

The company maintained its position as the market leader.

In terms of products, unit-linked insurance policies were marketed via the Attijariwafa bank network.

Despite share prices declines, rates on savings policy rates were revised up 4.75% and 5.00% in 2012.

International development

Having launched an assistance business line in 2011, Wafa Assurance established a life insurance subsidiary in Tunisia in 2012, marking the first step in the company's international development. The new company, Attijari Assurance, is jointly-owned by Wafa Assurance (45% stake) and Attijari bank, Attijariwafa bank's Tunisian subsidiary (55% stake).

Attijari Assurance was granted a licence by Tunisia's Ministry of Finance on 30 November 2012 to conduct life insurance business.

The aim is to develop an integrated bank insurance model in partnership with Attijari bank, which has the largest branch network in Tunisia.

Attijari Assurance is expected to start operations in the early part of 2013.

Human Resources

Wafa Assurance continued to recruit and train staff throughout 2012.

33 new recruits joined the company in 2012 taking the total headcount to 507 at 31 December 2012.

The company also provided nearly 1,800 training man-days enabling 490 employees to benefit from at least one training programme during the year.

Results

Revenue

Revenue rose by 8.5% year-on-year to MAD 5,728 million at 31 December 2012.

Life revenue rose by 6.8% to MAD 3,019 million, having rebounded by 25% in 2011.

Savings revenue increased 6.4% to MAD 2,343 million. Growth was subdued relative to 2011 against a backdrop of tighter bank liquidity.

Endowment revenue rose by 8.0% year-on-year to MAD 676 million.

Non-life revenue rose by 10.5% year-on-year to MAD 2,709 million due to a strong performance by Corporate and Automobile.

Benefits and expenses

Total benefits and expenses rose by 1.9% to MAD 4,570 million at 31 December 2012.

In Non-life, the absence of major claims in 2012 resulted in an improved claims experience compared to 2011.

Non-life benefits and expenses rose by 3.0% year-on-year to MAD 1,619 million in 2012 while revenue increased by 10.5%.

Life benefits and expenses rose by 1.3% to MAD 2,951 million at 31 December 2012 compared to MAD 2,913 million in 2011. Growth was moderate by comparison with the 6.8% rise in production due to a lower revaluation expense on savings policies.

Operating technical expenses

Operating technical expenses rose by 16.0% year-on-year to MAD 914 million at 31 December 2012.

Acquisition expenses rose by 18.0% to MAD 505 million in 2012 due to:

- A 1.1 point rise to 13.0% in average commissions on Non-life earned premiums;
- A 0.6 point rise to 5.3% in average commissions on Life earned premiums, primarily due to changes in the Endowment product mix.

Service charges rose by 13.6% year-on-year to MAD 409 million at 31 December 2012.

Non-life service charges rose by 0.8 points to 12.5% of earned premiums.

Life service charges rose by MAD 7 million to MAD 84 million due to a rise in Savings service charges while Endowment service charges were unchanged.

Cost of reinsurance

The cost of reinsurance rose by MAD 109 million to MAD 227 million at 31 December 2012 primarily due to:

- An absence of major claims in 2012 requiring reinsurer participation under reinsurance treaties entered into by the company;
- Stronger growth of high-risk business requiring a higher level of reinsurer participation.

Investment income

Investment income fell by 13.6% in 2012 to MAD 1,046 million due to a second consecutive year of share price declines in 2012.

Non-life investment income declined 14.5% to MAD 613 million, with realised capital gains broadly unchanged on 2011.

In line with Non-life, Life investment income fell by 17.1% to MAD 405 million.

The un-hedged portion of the asset portfolio saw investment income rise by MAD 31 million due to a provision write-back for securities impairment.

Technical provisions

Technical provisions rose by 4.9% to MAD 20,058 million at 31 December 2012.

Technical provisions for Non-life obligations rose by 5.5% to MAD 7,393 million and for Life obligations by 4.6% to MAD 12,666 million.

Results

The company's aggregate Life and Non-life EBIT fell by 12.1% year-on-year to MAD 1,013 million at 31 December 2012.

Non-life EBIT was MAD 737 million and Life MAD 276 million.

Non-life EBIT fell by 17.2% due to share price declines and, to a lesser extent, a contraction in operating margins.

Life EBIT rose by 5.3%, however, despite a challenging financial environment. This was due to strong growth in Endowment operating income.

Taking into account a non-technical loss of MAD 7 million and a MAD 20 million social solidarity contribution, net income fell by 9.6% to MAD 733 million at 31 December 2012 compared to MAD 810 million the previous year.

Subsidiaries in Africa

Attijariwafa bank's status as international banking group is increasingly apparent given its significant presence in North Africa and sub-Saharan Africa.

In a challenging global environment, International Retail Banking continued to deliver strong revenue and earnings growth 2012.

North Africa

Attijariwafa bank has established a presence in North Africa (excluding Morocco) through subsidiaries Attijari bank Tunisie (ABT) and Attijari bank Mauritanie (ABM).

Attijari bank Tunisie maintained strong momentum in deposit-taking in 2012. Deposits rose by 6.9% to MAD 19.3 billion due to strong growth in non-interest bearing deposits (+17.0%) and, to a lesser extent, interest-bearing deposits (+1.3%). Loan outstandings rose by 3.4% from MAD 18.6 billion in 2011 to MAD 19.2 billion in 2012.

The Tunisian subsidiary saw net banking income rise by 16.3% year-on-year to MAD 1.2 billion in 2012. Net income jumped 71.2% to MAD 298.6 million.

Attijari bank Tunisie continued to develop its branch network with 6 new branches opened in 2012, taking the total number of branches to 185. 62 new recruits joined the company in 2012 taking the total headcount to 1,662 at 31 December 2012.

Attijari bank Mauritanie's deposits fell by 5.6% to MAD 807.0 million in 2012 due to a 49.5% decline to MAD 57.8 million in interest-bearing deposits. The Mauritanian bank registered loan growth of 9.8% to MAD 417.0 million at 31 December 2012 compared to MAD 379.9 million in 2011. Net banking income rose by 30.7% to MAD 70.7 million and net income by 140.9% to MAD 29.6 million.

WAEMU member countries

Attijariwafa bank operates in Senegal through Compagnie Bancaire de l'Afrique de l'Ouest (CBAO) and Crédit du Sénégal (CDS). It has a presence in Ivory Coast and in Mali through Société Ivoirienne de Banque (SIB) and Banque Internationale pour le Mali (BIM).

CBAO's deposits rose by 3.2% year-on-year to MAD 8.6 billion at 31 December 2012 compared to MAD 8.4 billion in 2011. Loans jumped 12.0% to MAD 7.2 billion. CBAO's net banking income rose by 4.9% to MAD 820.3 million at 31 December 2012 and net income by 90.9% to MAD 145.4 million.

CDS registered 14.9% growth in deposits to MAD 1.8 billion. Loans fell by a modest 1.0% to MAD 1.8 billion due to a fall in medium-term and long-term loans. Net banking income and net income were MAD 152.7 million and MAD 50.0 million, a rise of 2.5% and 4.7% respectively.

SIB's deposits rose by 10.2% to MAD 5.4 billion and loans increased by 15.9% to MAD 4.3 billion at 31 December 2012. Net banking income rose by 27.9% to MAD 547.2 million and net income increased by 38.6% to MAD 147.9 million.

Despite the crisis in Mali in 2012, BIM's deposits rose by 12.7% to MAD 3.5 billion while loans increased by 2.5% to MAD 2.6 billion at 31 December 2012. Net banking income, however, fell by 14.3% to MAD 233.5 million. Net income jumped 69.0% to MAD 36.4 million.

CAEMC member countries

Attijariwafa bank subsidiaries in CAEMC include Union Gabonaise de Banque (UGB), Crédit du Congo (CDC) and Société Camerounaise de Banque (SCB).

SCB's deposits fell by 5.6% to MAD 5.3 billion at 31 December 2012. Loans, however, continued to register growth (+11.5%) to MAD 3.8 billion compared to MAD 3.4 billion in 2011. Net banking income rose by 15.0% to MAD 494.2 million and net income increased 51.6% to MAD 103.3 million.

UGB's deposits fell by 10.9% to MAD 3.8 billion while loans were broadly unchanged at MAD 2.9 billion in 2012. Net banking income was MAD 467.9 million and net income MAD 103.1 million.

CDC registered deposit growth of 18.6% to MAD 4.1 billion and loan growth of 7.7% to MAD 1.2 billion in 2012. Net banking income rose by 9.1% to MAD 291.0 million and net income by 14.2% to MAD 100.0 million.

Consolidated Results

Attijariwafa bank has published consolidated financial statements under IFRS since 30 June 2007.

In 2009, Attijariwafa bank acquired 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, there were no changes to the scope of consolidation and the four subsidiaries were consolidated on a full-year basis. The four companies were included within the bank's scope of consolidation from the second half of the year.

In 2011, the bank acquired SCB Cameroun and a controlling interest in BNP Paribas Mauritanie. Both companies were included within the scope of consolidation.

Analysis of consolidated business activity

Customer deposits rose by 3.7% to MAD 227.0 billion at 31 December 2012 compared to MAD 218.8 billion in 2011 due to:

- A 4.1% rise to MAD 173.0 billion in Banking in Morocco, Europe and Offshore deposits;
- A 44.3% rise to MAD 2.2 billion in Specialised Finance Companies deposits ;
- A 1.5% rise to MAD 51.9 billion in International Retail Banking deposits.

Customer loans rose by 7.3% year-on-year to MAD 247.6 billion at 31 December 2012 compared to MAD 230.7 billion in 2011 due to:

- A 7.6% rise to MAD 178.0 billion in Banking in Morocco, Europe and Offshore loans;
- An 11.7% rise to MAD 25.4 billion in Specialised Finance Companies loans;
- A 4.8% rise to MAD 41.6 billion in International Retail Banking loans.

Attijariwafa bank's consolidated results

Total assets

Attijariwafa bank's total assets rose by 7.2% year-on-year to MAD 368.3 billion at 31 December 2012.

Loans and advances to customers accounted for 67.2% of total assets, financial assets at fair value through income 12.9% of total assets and available-for-sale financial assets 7.4%. These three categories together accounted for 87.5% of total assets.

The MAD 24.9 billion rise in assets (+7.2%) was primarily due to:

- A 7.3% rise to MAD 247.6 billion in loans and advances to customers;
- A 31.3% rise to MAD 47.4 billion in financial assets at fair value through income;
- A 4.7% rise to MAD 27.2 billion in available-for-sale assets.

The rise in liabilities was primarily due to:

- A 3.7% rise to MAD 227.0 billion in customer deposits, equivalent to 61.6% of total liabilities;
- A 30.1% rise to MAD 45.1 billion in amounts owing to credit institutions, accounting for 12.2% of total liabilities;
- A 28.5% rise to MAD 9.5 billion in share capital and related reserves.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 16.9% year-on-year to MAD 35.4 billion at 31 December 2012 following a MAD 2.1 billion increase in Attijariwafa bank's share capital.

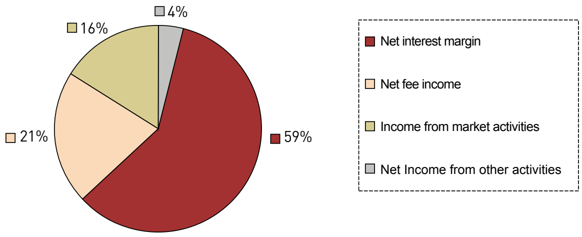
Consolidated net banking income

Attijariwafa bank's consolidated net banking income rose by 7.3% to MAD 17.0 billion at 31 December 2012 due to:

- A 2.8% rise to MAD 10.0 billion in net interest income;
- A 12.8% rise to MAD 3.6 billion in fee income;
- A 13.1% rise to MAD 2.7 billion in income from market activities.

The table below provides a breakdown of net banking income:

Breakdown of Net banking income at 31 December 2012



Growth in net banking income in 2012 was due to a strong performance from all the bank's divisions and subsidiaries.

Growth in net banking income by division was as follows:

- A 10.1% rise to MAD 9.5 billion in Banking in Morocco, Europe and Offshore net banking income;
- A 7.1% rise to MAD 2.1 billion in Specialised Finance Companies net banking income;
- A 17.8% fall to MAD 1.3 billion in Insurance net banking income;
- A 13.1% rise to MAD 4.3 billion in International Retail Banking net banking income.

Gross operating income

Gross operating income rose by 7.9% to MAD 9.4 billion in 2012. General operating expenses rose by 6.7% to MAD 7.7 billion. The cost-to-income ratio was 45.1%.

The cost of risk

The cost of risk rose by 63.0% to MAD 1.2 billion in 2012. The cost of risk as a share of total loan outstandings rose by 0.16 points to 0.48%. Non-performing loans were MAD 13.0 billion against total loan outstandings of MAD 256.4 billion. The non-performing loan ratio rose by 0.2 points to 5.1%.

Consolidated net income

Consolidated net income was broadly unchanged at MAD 5.3 billion at 31 December 2012.

Net income Group share

Net income Group share rose by 0.9% to MAD 4.5 billion.

Return on Equity rose to 17.6% in 2012. Return on Assets edged down 0.1 points to 1.4%.

Contributors to Net income Group share at 31 December 2012

Banking in Morocco, Europe and Offshore	↗	+3.9 %
Specialised Finance Companies	↗	+9.6 %
Insurance	↘	-19.1 %
International Retail Banking	↗	+5.1 %

MANAGEMENT REPORT
2012

GLOBAL RISK MANAGEMENT

GLOBAL RISK MANAGEMENT

CONTENTS

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 three 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.;

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

a) The Counterparty risk unit, whose primary role is to:

1. Upstream

- 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.

2. Downstream

- Review all loan commitments regularly in order to compartmentalise the portfolio by risk category;
- Examine weekly authorisation and utilisation statements;
- Identify limit overruns and take appropriate corrective measures;
- 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.

b) The Market Risk Unit whose role 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;

c) The Operational risk unit whose role is to detect, analyse and monitor the bank's various operational risks inherent in its banking activity including the risk of human error, IT-related risk, tax-related risk and legal risk.

In late 2008, GRM established a new risk management systems unit to ensure that the bank's own systems comply with industry best practice, particularly Basel II. This unit has three main roles:

1. Develop internal ratings models complying with Basel II recommendations;
2. Establish standards and methods governing GRM operations;
3. Supervise risk management-related projects, particularly Basel II.

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: (made up of members of the Board of Directors)

This committee, which is chaired by the Chairman and 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.

Group Credit Risk Committee

The Group Credit Risk Committee rules on the overall commitments of the entire Attijariwafa bank Group up to a limit of MAD 600 million.

It also determines counterparty limits for international banks in respect of proposals submitted by Correspondent Banking.

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 measurement;
- Risk monitoring;
- Risk control.

- 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- 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: prudence 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.

III. Measures governing credit activity

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 to 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.).

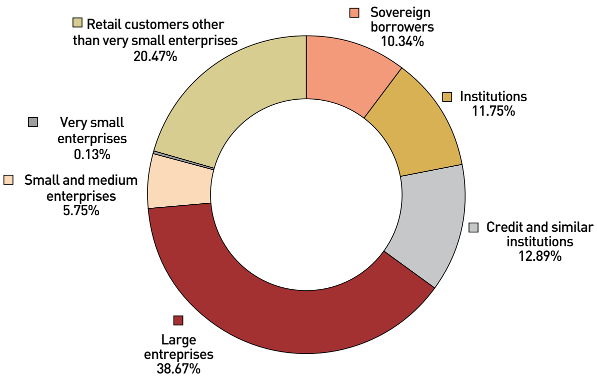
These quantitative sector-based limits are challenged by both the commercial side and GRM prior to authorisation by the relevant bodies. They are applicable to re-evaluation applications as well as new applications. Proposed limit overruns must be submitted to this same body for authorisation and the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

The table below outlines exposure by counterparty:

Breakdown of the bank's commitments by counterparty at 31 December 2012



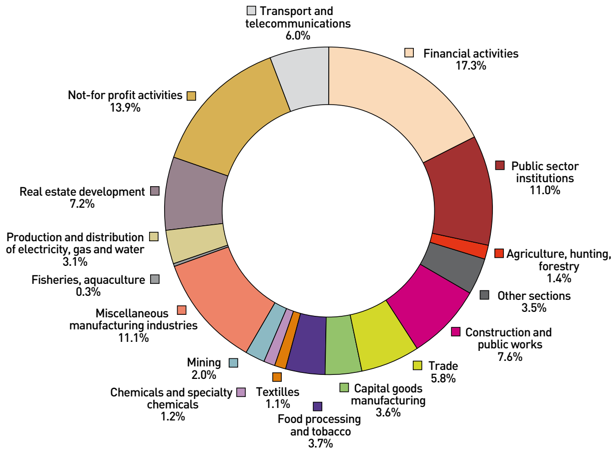
III.2.2 - Diversification by sector

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.

A breakdown of the bank's loan commitments by industry sector as a percentage of total loan commitments at 31 December 2012 was as follows:

- Financial institutions and insurance companies accounted for 17%. Commitments to this sector carry a very low level of risk (96% of commitments to specialised financial institutions are to bank subsidiaries).
- Construction and public works together with building materials accounted for 7%, virtually unchanged on 2011. Loans by signature accounted for more than 50% of total loan commitments to this sector.
- Real estate development accounted for 7%, virtually unchanged on 2011. Since 2006, commitments to this sector have risen strongly as a result of the bank financing a number of large-scale housing projects.

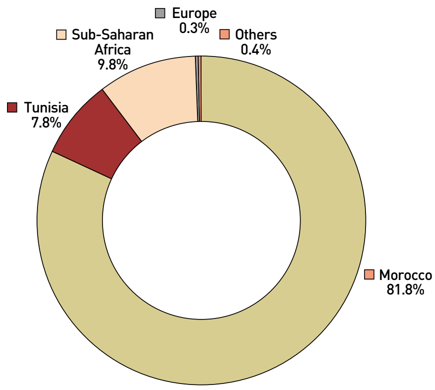
Breakdown of the bank's commitments by industry sector at 31 December 2012



III.2.3 - Geographical distribution

The geographical distribution of the Group's commitments reveals a very high exposure to Morocco, accounting for 81% of total loans, followed by Tunisia at 7.8% with the remaining balance accounted for by sub-Sahara African countries.

Breakdown of the bank's commitments by country at 31 December 2012

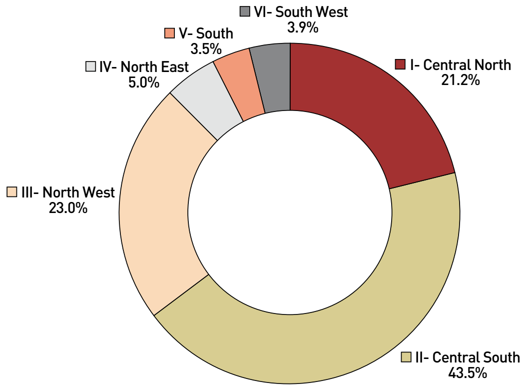


In Morocco, the Greater Casablanca region accounted for 54% of the bank's commitments followed by the North West (23%) and the North East (5%).

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.

Breakdown of the bank's commitments by region at 31 December 2012



B- Procedures

I- Decision-making

I.1 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.

I.2 Processes

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.

I.3 Management of credit applications

Content and management of credit applications

A customer application report comprises:

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

In accordance with the terms of the Bank Al Maghrib directive of 1 April 2005, credit application reports 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.

I.4 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.

II- Monitoring

Within Attijariwafa bank's new organisational structure, the Monitoring and Credit Risk Control unit is primarily responsible 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.

III- 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 indicator 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.

IV- 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.

Reporting to the GRM's risk and loan recovery units, these units have the following responsibilities:

• Monitor the consistency and quality of the Bank's total loan commitments on a regular basis;
• Correct any shortcomings by initially following up with the branch network or directly with the customer concerned;
• Adopt a proactive approach aimed at avoiding deterioration in loan quality.

C- Internal ratings model

Attijariwafa bank's internal ratings model is a tool used to provide assistance in risk assessment, decision-making and monitoring. It is one of the instruments used to detect deterioration or improvement in risk when the loan portfolio is reviewed periodically.

A first-generation internal ratings model was developed by Attijariwafa bank in June 2003 with technical assistance provided by Mercer Oliver Wyman, a global consulting firm. The initial model operated on two parameters: a 6-class risk ratings scale (A, B, C, D, E and F) and estimated probabilities of default (PD). The initial model was limited to five financial factors explaining credit risk.

In 2010, the Group established a new internal ratings model at parent level complying with Basel II requirements. The model, which specialises in corporate risk, takes into consideration qualitative and behavioural aspects in addition to financial criteria. It covers a large portion of the bank's commitments. Analysis of homogeneous classes and statistically-tested analyses form the basis of its design.

The ratings model is primarily based on assigning a counterparty rating reflecting the probability of default within one year. The rating corresponds to a risk class on an 8-class risk ratings scale which includes "Default" (A, B, C, D, E, F, G and H).

Attijariwafa bank 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 local authorities 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.

g) 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).

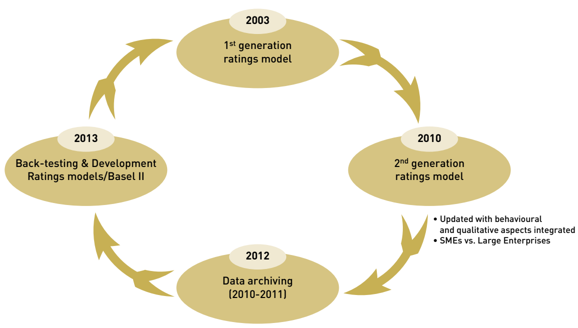
h) Use of internal ratings: the internal ratings model is now an integral part of the assessment and credit approval process. The rating is taken into consideration from the very moment a credit proposal is submitted. The risk rating will also determine the level of authority required in the credit approval process.

i) 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.

The most recent back-tests conducted in 2012 confirmed the model's predictive powers and its stability over time. Small modifications will be made to the model in 2013 to maintain its predictive powers.

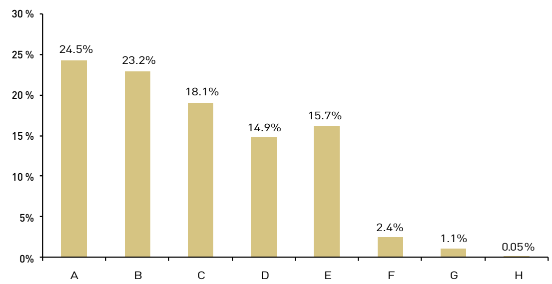


In respect of risk quality monitoring, a risk data warehouse was established in 2012 in order to automate the report generation process for risk-mapping based on different analytical considerations (commitment, business sector, pricing, networks, amounts due etc.) and improve the portfolio's coverage ratio.

The data archiving aspect is still under development and will enable models to be reviewed and back-tested.

The table below provides a breakdown of the bank's commitments by risk class:

Breakdown of the bank's corporate commitments by risk class at 31 December 2012*



(*) Excluding government agencies, real estate development companies and non-performing loans

The bank has created a real estate development ratings model built around two main parameters (customer/project). The model uses qualitative and quantitative variables based on independent assessment. These variables have been validated by the various parties concerned and detailed specifications established. The model is now operational and project files are currently being uploaded. 2013 will be a transition year during which the model will be tested and fine-tuned.

As part of the implementation process for an internal ratings-based approach (IRBA) within the Attijariwafa bank Group in respect of the retail banking customer segment (expected in 2015), Attijariwafa bank, in 2012, in cooperation with an international consulting firm specialising in the design of score-based models, developed eight ratings models, sub-divided into two categories, namely behaviour and loan approval. The models relate to very small enterprises, professional banking customers, the self-employed and personal banking customers.

Towards the end of 2012, the Bank began work on incorporating these models within a leading standardised market software system with the help of an international consulting firm specialising in risk management and decision-making. This project, which has been elevated to the status of a corporate project, has a dual objective:

1. To automate the credit approval process for very small enterprises, the ultimate aim being to boost growth in this customer segment;
2. To comply with Basel II by preparing for the adoption of the advanced approach in respect of the retail banking customer segment.

The implementation of ratings models by Group subsidiaries is also consistent with the overall certification process under the Basel II advanced approach and is intended to pre-empt developments in the regulatory framework in each country in which the Group has a subsidiary.

Four guiding principles underpin the approach to the implementation of ratings systems by international subsidiaries:

(1) Ensure a homogeneous and standardised approach to ratings models and processes within the Group;

(2) Develop ratings models based on each subsidiary's internal data;

(3) Apply each subsidiary's customer segmentation rules when using the ratings model and integrate the model into management processes (credit approval, acceptance of guarantees, pricing, delegation of powers etc.);

(4) Ensure that ratings models are monitored and generate ratings risk-maps to ensure effective risk monitoring.

Attijari bank Tunisie has been the first international subsidiary to implement a ratings model. A prototype ratings model was designed in 2011 and is currently being tested by risk management. This model is expected to be further enhanced in 2013. CBAO will adopt a similar approach by aligning the current model, which is based on expert judgement, with Group models. These two subsidiaries account for more than 50% of the commitments of the Group's international subsidiaries.

A study of existing models used by Group subsidiaries in the CAEMC and WAEMU regions was conducted in 2012. International subsidiaries' ratings models will continue to be updated on a gradual basis through 2013 and 2014.

Regarding the current state of progress of Basel II implementation (cf. table below) and in light of Central Bank recommendations subsequent to on-site monitoring, the Bank has begun the initial certification process for implementing the Basel II advanced approach in respect of the corporate banking segment ("experience" test phase) and is on track for final certification.

Risk-mapping and implementation of ratings models

	Very small enterprises & retail banking customers	SMEs	Large enterprises	Real estate development
Ratings model	Statistical model 2012	Statistical model 2009	Statistical model 2009	Model based on expert judgement 2011
Implemen-tation	Standardised market systems 2013	Operating systems 2010	Operating systems 2010	Operating systems 2013

II- 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 risk

I- 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;
- Currency lending and borrowing;
- 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 28.115 billion at 31 December 2012, the breakdown of which was as follows:

MAD millions	< 3 months	3-6 months	> 6 months
Hedging	19,601	2,328	6,186

At 31 December 2012, the bank's foreign exchange options position amounted to MAD 17.6 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.

II- Monitoring and control measures

Market risk is controlled by comparing the various risk measures with their corresponding limits. Responsibility for complying with these limits lies on a permanent basis with the dealing room's respective product lines.

The following units are primarily responsible for the control functions relating to monitoring market risks:

- Capital Markets' Control and Methods unit;
- GRM's Risks unit;
- Internal Control.

The Control and Methods 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.

Role of the various parties

Control and Methods

The Control and Methods unit 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

Global Risk Management 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 the Control and Methods 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.

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. The committee validates new limit applications and adjustments to proposed limits and reviews overruns.

III- Management of limits

Limits are set by the Market Risk Committee for each type of exposure for a one-year 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 Control and Methods 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:

- The Control and Methods unit;
- GRM.

The Control and Methods 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.

It will immediately signal any limit overrun and will propose measures to regularise the situation.

Counterparty limits are revised:

- Annually, at the renewal date by Global Risk Management;
- On an ad hoc basis, as a function of changes to business activity and counterparty risk.

In the case of an annual adjustment, the Control and Methods unit examines predefined limits and compares them with what actually occurred during the previous year. It will propose adjustments for the following year in conjunction with Capital Markets and other commercial units.

In the case of an ad hoc adjustment, those involved in setting limits may request an adjustment to limits granted to counterparties due to changes in circumstances. The limit may be revised up or down or cancelled.

Applications to adjust limits are centralised with the Control and Methods unit which studies their impact on dealing room operations prior to submitting them to Global Risk Management.

IV- System for managing market risks

To satisfy regulatory reporting requirements, Attijariwafa bank has installed an IT application known as Fermat which meets internal and regulatory requirements for calculating capital adequacy in respect of market risks. The application calculates solvency ratios and measures market risks.

In 2007, the Bank adopted Basel II's standardised method due to the Fermat system.

In addition to the Fermat system, the Bank has developed in-house applications for measuring and quantifying market risks for different dealing room products.

B – Methodology for measuring market risks (internal model)

I- 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 dirham-denominated interest rate risk, foreign exchange risk in the spot and forward markets as well as equity risk. The model is an in-house application which is based on the RiskMetrics method developed by JP Morgan.

This method offers various advantages: (i) It is easy to use; (ii) It takes into account existing correlations between asset prices; (iii) It takes into consideration recent and historical fluctuations in prices.

The RiskMetrics method is based on a matrix of variances and co-variances of returns on portfolio assets as well as portfolio composition. Global Risk Management produces a daily detailed report which calculates the VaR and any changes and controls regulatory and internal limits.

Activity (in MAD)	Position (MAD)	VaR (1 day)	Regulatory VaR (10 days)
Foreign exchange	2,235,827,000	279,000	882,000
Equities	55,544,847	1,778,968	5,625,872
Fixed income (excluding mutual funds)	28,689,692,500	54,956,900	173,797,800

II- 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.

III- Stress-testing

Regulatory stress tests are conducted on a half-yearly basis in accordance with Bank Al Maghrib's technical notice N° 01/DSB/2012.

The first stress test report was published in June 2012 highlighting the impact of market risk on business activity under different scenarii.

III – Country Risk

In 2012, the Risk Steering and Reporting unit reinforced risk monitoring and surveillance at both parent and subsidiary levels as well as enhancing its country risk management policy.

A – Counterparty risk monitoring and surveillance at Group level

Monitoring and surveillance of the bank's overall situation and that of its subsidiaries have been reinforced by more frequent risk reporting, enabling GRM to appraise:

a- Growth in the bank's activities in order to that business development remains healthy, profitable and risk-free in terms of the concentration of the loan portfolio.

b- Performance indicators for each unit, mainly in relation to profitability and loss experience;

c- Regulatory compliance with prudential standards in each country in which the bank has operations.

The reporting procedure takes the form of a quarterly review of banking and finance subsidiaries. It provides an excellent overview of on these units given that its primary concern is to identify well in advance areas of risk and make recommendations to mitigate risk.

B- Country risk management policy

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 it's the international business component assume an ever rising share of the Group's overall exposure.

This policy is based on the following:

a- 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 audit and accounts committee in its role as deliberating body.

b- 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:

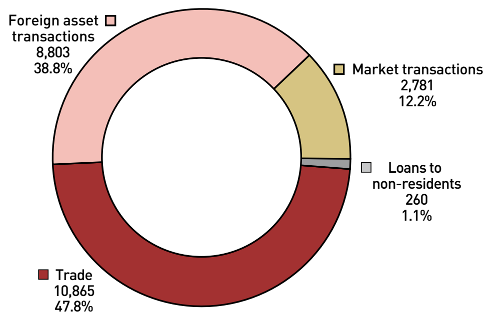
1. Cash advances and loans by signature to non-residents;

2. 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 nostro accounts in credit held with foreign correspondent banks and foreign correspondent banks' nostro accounts in debit held with Attijariwafa bank;

3. 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.

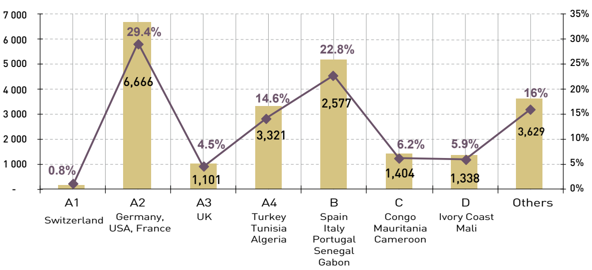
4. Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

A breakdown of country risk exposure by activity at 31 December 2012 reveals the predominance of trade finance, accounting for 48% of the bank's total international risk exposure. This was followed by foreign assets transaction with a 39% share, reflecting the bank's international growth in line with the opening up of Morocco's economy in global terms.



c- 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.

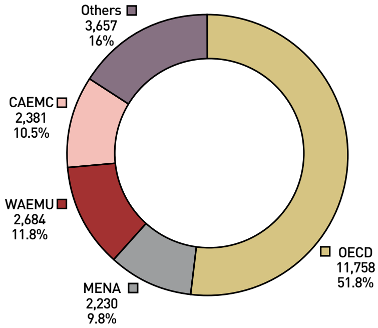
Breakdown of country risk exposure using the Coface scale



At 31 December 2012, 50% of the bank's international risk exposure was concentrated in countries with a risk assessment ranging from A1 (very low risk) to A4 (average risk, Morocco's risk assessment). The remaining countries are mainly those in which the bank has made strategic investments such as the acquisition of African banking subsidiaries

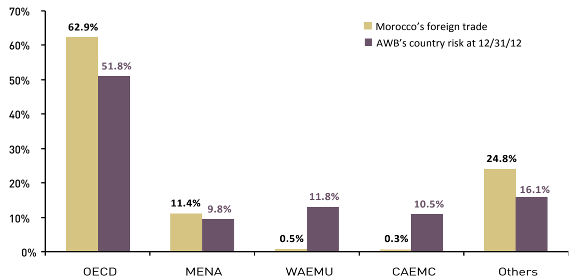
International loans to OECD countries account for more than half of the bank's total exposure which is consistent with these countries' share of Morocco's foreign trade.

Concentration of country exposure by region at 31 December 2012



The bank's exposure to the MENA, WAEMU and CAEMC regions is explained by the acquisition of banking subsidiaries as important growth drivers for the bank's strategic development.

Concentration of AWB's country risk vs. breakdown of Morocco's foreign trade by region



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

e- Development of an internal country scoring system reflecting a country's vulnerability. The overall grade is based on a multi-criteria assessment approach combining:

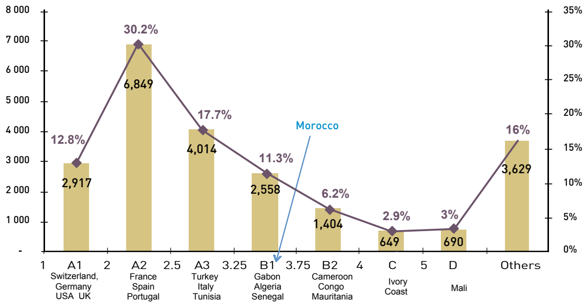
1. An economic risk sub-score based on macroeconomic indicators such as the public budget balance, external debt, foreign exchange reserves and GDP, providing an overview of a country's economic solidity;

2. 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;

3. A market risk sub-score based primarily on credit default swaps as protection against issuer default and therefore as an indicator of a country's default probability;

4. 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.



f- 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;

g- 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.;

h- Monitoring and surveillance to ensure compliance with limits through ad hoc reporting;

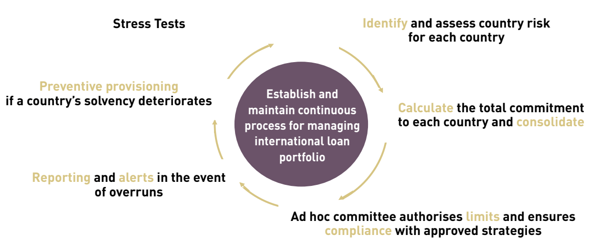
i- Provisioning for country risk as a function of deterioration in any country to which the bank has exposure including the actual occurrence of risk incidents, debt rescheduling, default, recourse to debt relief measures etc.;

j- 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)

A- Operational risks

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.

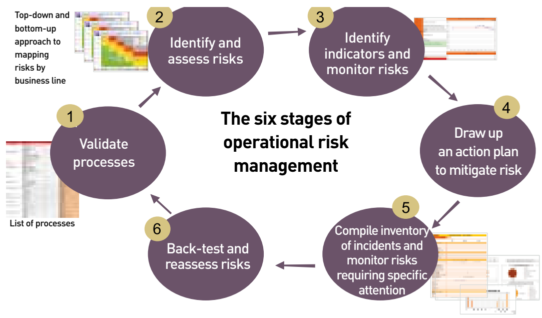
Operational risk management policy is steered by the Operational, Legal, Information Systems and Human Risks unit. This unit, known as ROJIH, was established in 2008 by Global Risk Management.

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

For major mapped risks, action plans are drawn up to mitigate or prevent risks.

The road map is regularly updated on the basis of incidents occurring in each unit and/or due to changes in the bank's products and services.

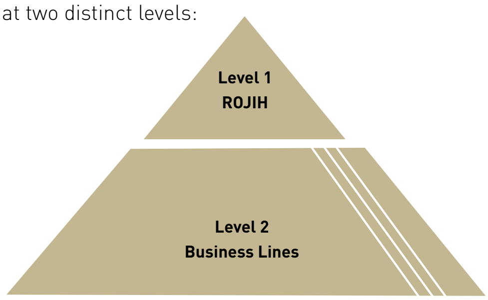
The diagram below explains Attijariwafa bank's 6-step risk-mapping method:



Reminder of how operational risk management is organised

Organisational process

Attijariwafa bank's operational risk management policy is steered by the Operational, Legal, Information Systems and Human Risks unit, known as ROJIH, which reports to Global Risk Management. Operational risk management is conducted at two distinct levels:



- **Level 1 (ROJIH):** responsible for measuring and controlling operational risks. It is also responsible for informing business lines of their current operational risk levels and helping them to take appropriate action.
- **Level 2 (Business lines):** responsible for identifying and compiling an inventory of incidents and implementing measures to hedge against risk.

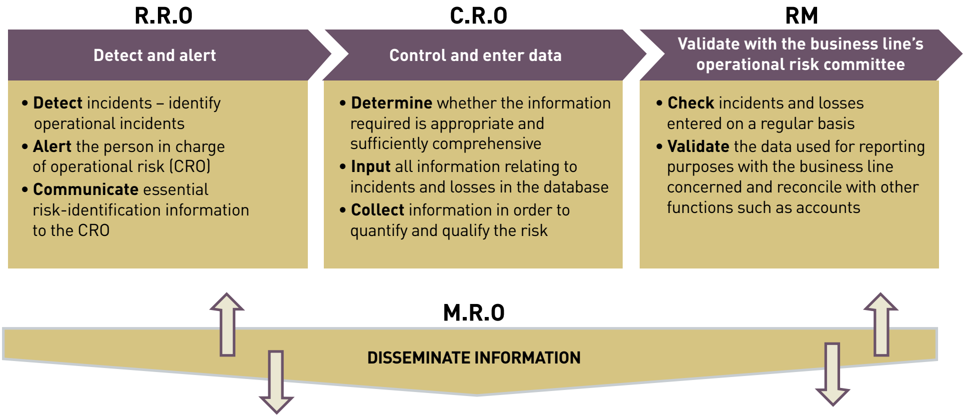
- Within each business line, the main officers responsible for implementing the bank's operational risk management policy are known by the following acronyms:

RRO: Operational risk coordinators (business line)

CRO: Operational risk correspondents (business line)

RM: Business line head

MRO: Operational risk managers (ROJIH unit) also known as **GRO (Operational risk administrators)**



Main committees

A number of committees are involved in operational risk management:

The business line's **Operational Risks Committee**, which meets on a monthly basis, has the following objectives:

- Review operational incidents and losses during the previous period;
- Monitor risks requiring specific attention using indicators and appropriate action plans;
- Assess the impact of changes on operational risks and take appropriate action;
- Validate updated reference documents relating to processes, risk mapping etc.;

ROJIH Committee, which meets on a monthly basis, has the following objectives:

- Ensure that operational risk management policy is implemented within each of the Group's units;
- Identify changes to the risk map (validated by the business line's Operational Risks Committee);
- Examine major risks arising at Group level and propose appropriate action;
- Draw up procedures for reporting to General Management and the bank's various administrative bodies.

Audit and Accounts Committee/General Management, which meets once or twice a year at the request of the directors and/or General Management), has the following objectives:

- To review past achievements and future action.

Achievements

Policy has been implemented across the Bank's entire business lines and subsidiaries as follows (cf. table below):

Bank's business lines (*)	Subsidiaries
1. Corporate banking	1. Wafasalaf
2. CTN Capital market operations	2. Wafacash
3. CTN Foreign currencies	3. Wafa Immobilier
4. CTN Commitments	4. AWB Europe
5. CTN Dirhams	5. Wafabail
6. CTN E-banking	6. Attijari Factoring
7. Customer service	7. Wafa LLD
8. Group Recovery	8. Wafa Bourse
9. CTR	9. Attijari Intermédiation
10. Personal and professional banking	10. Wafa Gestion
11. Group Communications	11. Attijari bank Tunisie
12. Organisation and reengineering	12. CBAO Sénégal
13. Banking for Moroccans living abroad head office	
14. Group Quality	
15. Legal and advisory	
16. Buying, logistics, health and safety	
17. Group Information systems	
18. Financing	
19. Investment banking	
20. Group Human Capital	
21. Custody	
22. Global Risk Management	
23. Group Finance	

(*) Based on the bank's organisational structure 2009-2010

Attijariwafa bank risk map (parent company)

In 2012, the risk map was updated in accordance with the operational risk management charter on the basis of incidents collected during 2011, the updated catalogue of bank products and services and discussions with business line specialists. The risk mapping process resulted in **674 risks** being identified (versus 645 risks the previous year) including **180 risks requiring specific attention** (versus 175 risks requiring specific attention the previous year).

As a result of this review, 86 new risks were identified and 57 cancelled.

The following factors are important in updating risk maps:

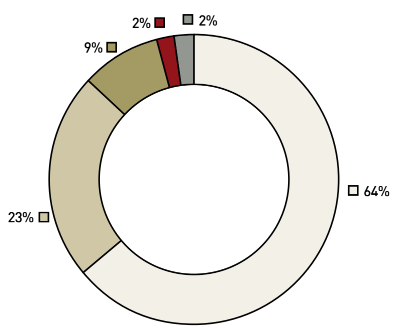
- Process modification (new products, process optimisation, IT implementation etc.)
- Incident reporting by business lines:
  - Reconcile the impact and frequency of risks with reported incidents;
  - "Orphan" incidents – identify new risks for any incident unrelated to a previously identified risk on a business line's risk map;
- Draw up action plans to mitigate or prevent risks.

Risk score: Low, Average, Strong, Critical, unacceptable, Not assessed

Average impact / Frequency

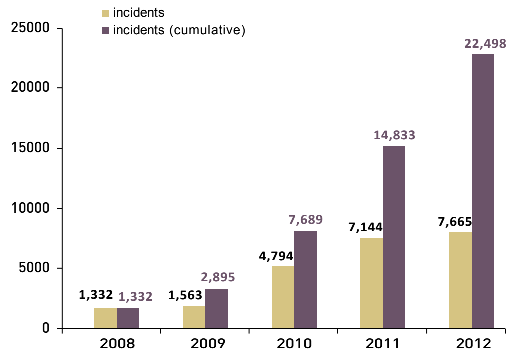
Average impact	Extremely rare	Rare	Uncommon	Frequent	Very frequent	Permanent
Critical More than MAD 100 m	3		2			
Major From MAD 10 m to MAD 100 m	3	2	4	5	1	
Strong From MAD 1 m to MAD 10 m	7	3	12	4	2	2
Average From MAD 100k to MAD 1 m	10	15	29	12	3	4
Moderate From MAD 10k to MAD 100 k	15	13	52	16	11	24
Low Less than MAD 10k	16	43	171	89	47	54

Breakdown of the bank's risk scores



Incident collection at parent level (Attijariwafa bank)

Implementation of the bank's operational risk management policy resulted in **7,665 incidents** being collected in 2012, taking the total to **22,498 incidents** since the policy was first implemented.



Communications and change management

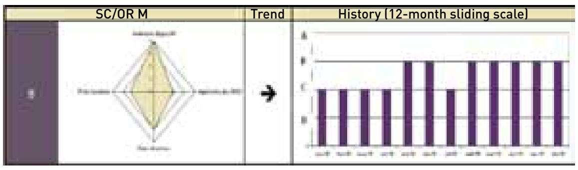
The ROJIH unit employs a variety of media to raise awareness among the bank's operational risk management staff and to help manage change including:

Operational risk management charter

The ROJIH unit updated and released a new version of its operational risk management charter (version 2012).

Application for assessing business lines' compliance with operational risk management charter

The ROJIH unit has developed and implemented an application to assess the extent to which individual business lines are complying with the bank's operational risk policy and the charter. This application is aimed at helping units implement operational risk management policy.



Intranet Portal

The ROJIH unit has developed an intranet portal in collaboration with Group Communications. This portal aims to raise awareness of operational risk among all Group employees.

http://ribatkoum/ROJIH/index.html

Preparations for adopting the Advanced Measurement Approach

Atttijariwafa bank fully intends to adopt the Advanced Measurement Approach for calculating shareholders' equity (standardised approach then advanced measurement approach) although the timescale has not as yet been determined.

B- Business Continuity Plan (BCP)

Background

In December 2009, the international consulting firm Capgemini was selected by Attijariwafa bank following a bidding process to help the bank establish a Business Continuity Plan (BCP) in accordance with the second pillar of Basel II and regulations set by Bank Al Maghrib for credit institutions (Directive 47/G/2007). Capgemini was selected on the basis of:

- A detailed technical proposal;
- A Quality Assurance plan.

GLOBAL RISK MANAGEMENT

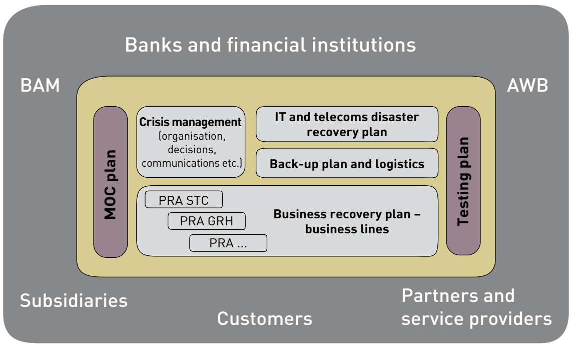
The first steps in the BCP project roll-out were taken by Attijariwafa bank on 2 February 2010. The planning stage lasted for the entire year 2010-2011 and was overseen by an internal project management team assisted by Capgemini.

The BCP, for which the Operational, Legal, Information Systems and Human Risks unit (ROJIH) is responsible, complements the bank's operational risk management policy established in 2009 and culminating with the establishment of a charter and a comprehensive operational risk map.

A Business Continuity Plan ensures that the bank continues to operate and respect its obligations in the event of:

- A crisis or major operational disruption affecting a large urban or geographical area;
- A disruption affecting physical infrastructure;
- A natural catastrophe;
- An external attack;
- A major information systems failure;
- Dysfunction resulting from a high level of absenteeism e.g. a pandemic;
- The failure of a critical service.

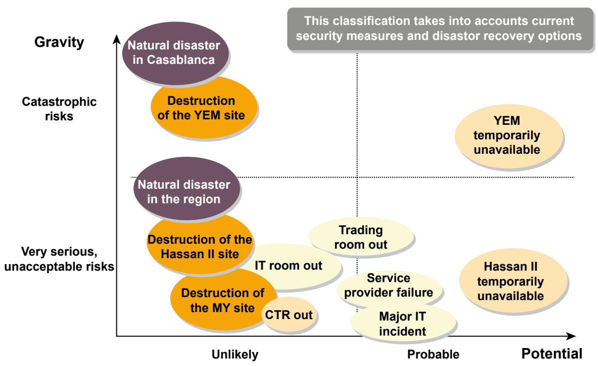
The 6 components of the Business Continuity Plan:



Why has Attijariwafa bank established a BCP?

The BCP must ensure that Attijariwafa bank withstands major risks

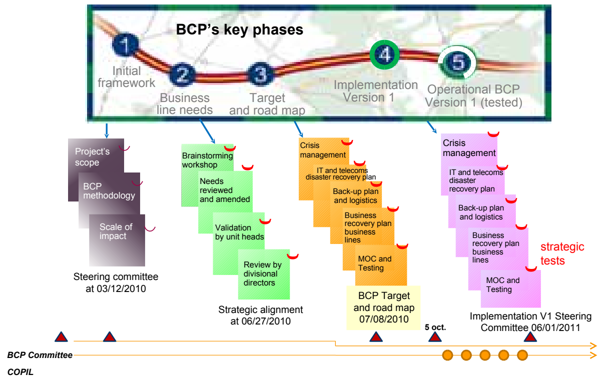
These risks are unlikely to materialise but their consequences would be catastrophic for the bank.



The BCP is a regulatory requirement:

cf. BAM Circular No.47/G/07, regarding the establishment of a business continuity and management plan.

Reminder of the BCP's key phases



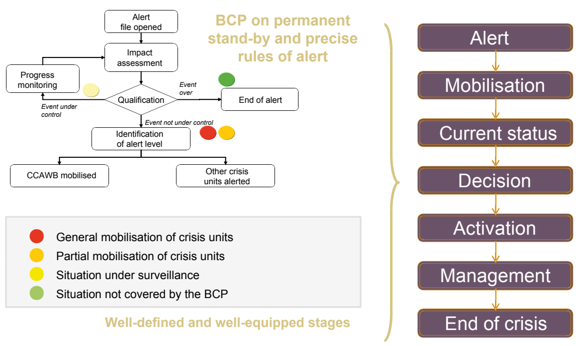
Main achievements of the BCP V1 project

The BCP V1 project has resulted in the following technical and organisational measures being effectively established:

Crisis management procedures and tools

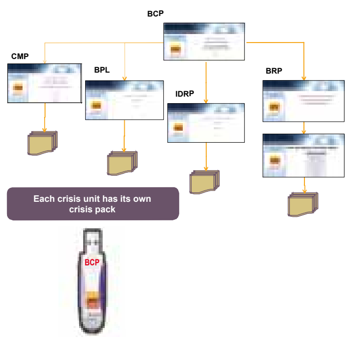
- Alert and mobilisation procedure;
- Crisis unit implementation procedures (from mobilisation to the end of the crisis).

Crisis management procedures:



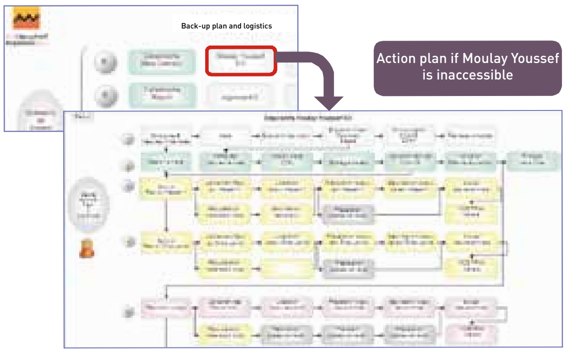
Crisis packs

All necessary information is contained in a USB key. A browser system gives fast access to useful information.



A recovery strategy has been established for each risk scenario.

Each BCP measure is detailed with a schedule of tasks to be carried out.

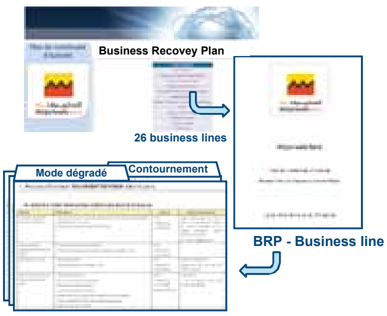


Business Recovery Plan (BRP) for the bank's 26 business lines

Business recovery plans – business lines

Each business has established:

- Its own crisis unit
- Its own business recovery procedures
- The functioning of its critical processes in fail-soft mode
- Its own workaround and recovery solutions
- Cross-functional workaround solutions in agreement with the other business lines concerned.

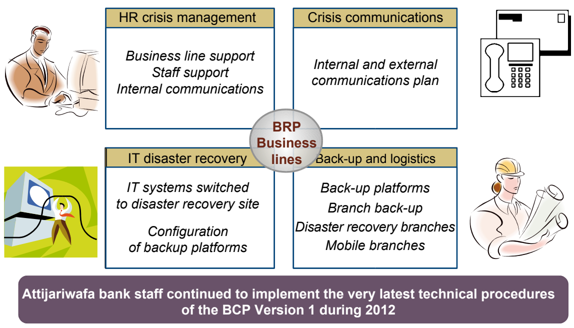


Disaster recovery solutions

- Information systems disaster recovery, Back-up plan and logistics
- HR policies and crisis communication measures

Disaster recovery solutions

Business line recovery relies on technical and organisational procedures, the implementation of which will depend on the type of incident.



BCP main actions in 2012

BCP maintenance

By establishing a Maintenance under Operational Conditions (MOC) Plan, the bank can ensure the continued existence and long-term effectiveness of the BCP because:

- The organisation changes;
- Business activities change;
- People change;
- The scope of the Group changes (mergers, acquisitions, disposals etc.);
- Information systems change.

In 2012, the bank decided to provide annual MOC training to those persons responsible for BCP implementation in each of the bank's 26 business lines. These workshops are aimed at raising awareness about the importance of regularly updating the business recovery plans (BRP).

In-house development of a documentary management application

The BCP unit, in close collaboration with the information systems division, has developed a Lotus-based application which is basically a database enabling members of the BCP unit to communicate with each other via a dedicated interface. The application also makes it possible for business lines' BRPs to be maintained at distance with traceability. The application has been rolled-out throughout 2012 and users have benefited from additional training as well as having access to an application-based user guide.

Scoring system for sensitive suppliers

The bank has established a system enabling the BCP unit to monitor sensitive suppliers by means of a BCP questionnaire and visits to suppliers.

The system consists of assigning a BCP risk score to sensitive suppliers and informing the bank's purchasing department and other business lines concerned of its recommendations, the supplier's score and any action required.

Crisis pack management procedures

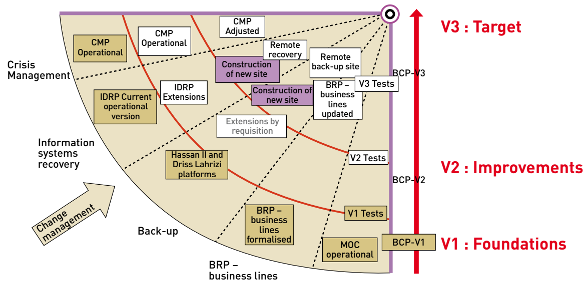
Crisis packs were distributed for the first time to crisis units (CCAWB, CCRH, CCC, CCLASC and CCSIG) in the form of a USB key containing all the information required for crisis management.

BCP/ROJIH assistance to Attijariwafa bank Group subsidiaries

One of the BCP V1 project deliverables is a Subsidiaries Package aimed at helping each subsidiary to develop its own BCP. The BCP unit organised several working sessions with heads of Specialised Finance subsidiaries in 2012 to explain how to go about developing a BCP for the subsidiary. The working session focused on:

- A recommended organisational structure;
- Methodology-related materials provided by the BCP unit enabling the subsidiary to copy best practice at parent level in terms of BCP V1 project implementation;
- Assistance available for designing and implementing the subsidiary's BCP.

Reminder of the BCP roadmap



V. ASSET-LIABILITY MANAGEMENT

ALM-type structural risks relate to the loss of economic value or a decline in future interest income due to interest rate gaps or a mismatch in the bank's asset-liability maturity profile.

ALM provides indicators for monitoring the risk and expected return for various balance sheet products and outlines management rules for reducing the bank's balance sheet risk exposure and managing its positions as efficiently as possible.

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

A- ALM conventions and models

Attijariwafa bank's ALM models and conventions are based on the bank's actual outstandings and take into consideration market and economic factors influencing the behaviour of the bank's balance sheet items.

These financial assumptions are reviewed and revised on a regular basis, at least once a year, in order to reflect actual changes in the bank's loan-deposit structure.

The measurement of liquidity, interest rate and foreign exchange risk effectively requires a detailed understanding of the intrinsic characteristics of contracts, including the maturity, the interest rate type (fixed, adjustable, variable) and the currency denomination of each balance sheet item.

In addition to the contractual characteristics of balance sheet items, the balance sheet's more opaque variables e.g. early repayment options, and customer behaviour, particularly in terms of how long a deposit account is held open, have also been modelled.

The approach adopted is based on both static and dynamic production and projection of balance sheet items over time until assets are run-off and new ones produced as a result of the bank's budget and corporate strategy.

ALM's financial modelling of the balance sheet focuses on:

- The balance sheet's maturity structure:
  - In accordance with contractual terms for those items with a maturity;
  - Based on statistical research for those items without a maturity;
  - Based on budgetary and strategic assumptions for a real-time perspective;
- Customer options and behaviour:
  - Repayment options (credit activity) and deposit withdrawal options (deposit activity);
  - Behaviour relating to extensions, renegotiation etc.

B- Interest rate risk

Adverse fluctuations in the yield curve may have a significantly negative impact on the bank's future interest income e.g. the impact from a rise in interest rates on the bank's cost of short-term financing collateralised by assets having different terms.

Sensitivity to interest rate risk may be explained by the reaction of fixed- or adjustable-rate assets and liabilities to changes in the yield curve, in terms of duration or volume differences (interest rate gaps).

I. Interest rate risk management

Interest rate risk management aims to ensure that adverse movements in interest rates do not negatively impact the bank's projected net interest income and shareholders' equity.

The bank's interest rate policy involves securing a fixed rate for its assets rather than a market variable rate or a rate determined in advance and locked in for a given period. By establishing these positions in advance, the bank is able to calculate its sensitivity to interest rate changes (sensitivity being defined as the change in the net present value of these positions in the event of adverse fluctuations in the yield curve).

The bank's interest rate policy consists of reducing risk exposure in order to reduce the impact on net interest income and asset value by hedging in the case of certain activities and maturities.

Attijariwafa bank manages its interest rate gaps (the difference between fixed rate liabilities and fixed rate assets) by increasing medium-and long-term customer assets in line with interest rates, generally by investing its surpluses in risk-free transferable government securities.

II. Stress-testing and interest rates

Cumulative interest rate gaps at 31 December 2012 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-11.5	+19.3	+25.8	+31.6	+ 27.4

Various interest rate shock scenarios are simulated to determine the likely impact on net banking income and the economic value of shareholders' equity.

At 31 December 2012, the impact of a 200 basis point interest rate shock on net banking income would have been 2.74% while the impact on the economic value of shareholders' equity capital would have been 3.1%.

C- Liquidity risk

Liquidity risk management ensures that the bank, given the extent to which it is able to convert its deposits, will be able to meet its obligations solely by mobilising its assets without difficulty, particularly in the event of massive customer deposit withdrawals, a high level of credit disbursement, a crisis of confidence or a tightening in overall market liquidity.

Liquidity risk is managed within the framework of the bank's ALM policy, established in order to manage the bank's overall liquidity needs on the assumption that a liquidity crisis could arise at any time.

I. Liquidity risk management

Liquidity risk management involves:

- Measuring risk by analysing the contractual or modelled term structure of loans and deposits, highlighting liabilities or liquidity gaps at different maturities;
- A conversion policy consistent with the quality of deposits taken and loans financed;
- Establishing a liquidity reserve consisting of assets that the bank is able to convert into liquidities on a very short-term basis. This liquidity may result from disposing of the asset in question on the open market, using the security as collateral in the repo market or mobilising the security with Bank Al Maghrib. At 31 December 2012, the bank's total liquidity reserves were valued at MAD 34.9 billion.

The Treasury Committee monitors and manages short-term liquidity risk by monitoring market conditions on a regular basis, verifying the bank's inherent ability to meet potential liquidity needs and managing its liquidity ratio.

II. Liquidity stress tests

Liquidity stress tests are conducted to assess the bank's resilience under extreme conditions and to ensure that this resilience is consistent with Attijariwafa bank's predetermined tolerance threshold.

Attijariwafa bank has defined three crisis scenarii:

- An idiosyncratic stress scenario (specific to the bank);
- A systemic stress scenario (due to a market crisis);
- An overall stress scenario (combination of the two previous stress scenarii).

III. Exposure:

Cumulative liquidity gaps at 31 December 2012 (MAD billions)

1 month	6 months	1 year	2 years	5 years
- 12.8	+ 28.7	+ 24.1	+ 26.8	+ 19.7

The bank's 1-month refinancing requirement can be explained by Bank Al Maghrib advances, repos and interbank borrowing. From 6 months, loans began to be repaid in significant proportions and exceeded deposits. Liquidity gaps beyond 6 months were therefore positive.

D- Foreign exchange risk

Foreign exchange risk is the risk of a decline in foreign currency-denominated net interest income, asset impairment (receivables or payables), an increase in a liability (borrowing) or an off-balance sheet commitment denominated in a foreign currency as a result of adverse fluctuations in exchange rates.

The bank has three categories of foreign exchange positions requiring management on a regular basis:

- **Structural foreign exchange risk:** resulting from long-term investment in foreign currency-denominated assets. These primarily concern the bank's foreign investments, totalling about MAD 7 billion at 31 December 2012.
- **Operational foreign exchange risk:** mainly concerns the bank's day-to-day deposit and lending activities denominated in foreign currencies as well as customers' long-term hedging requirements through the use of currency forward contracts.
- **Transactional foreign exchange risk:** concerns foreign currency-denominated transactions originated and managed by the bank's traders for its proprietary account.

Operational and transactional positions are monitored on a regular basis (in terms of limits and sensitivity) by Global Risk Management.

The bank's ALM governance

The bank's ALM policy is managed by the ALM Committee which is responsible for determining the bank's strategy in terms of financial risk management, hedging and overall balance sheet management.

The ALM Committee is responsible for defining ALM policy in respect of liquidity, interest rate and foreign exchange risk, managing the bank's working capital requirements and its financing and investment strategy based on market conditions.

The ALM Committee, which is chaired by the Chairman and CEO, meets on a quarterly basis to deliberate and decide on the following issues:

- Organise and monitor the Group's ALM function;
- Validate asset-liability management methodologies and conventions;
- Set ALM limits and ensure compliance;
- Monitor overall interest rate, foreign exchange and liquidity risk;
- Set internal rules in respect of financial risks and balance sheet management;
- Ensure that prudential rules are applied;
- Define the bank's investment and financing strategy.

PILLAR III: QUANTITATIVE AND QUALITATIVE INFORMATION

The publication of financial information regarding regulatory capital and risk-weighted assets is conducted on consolidated basis in compliance with article 2 of circular 44/G/2007. Other information are published on individual basis for the parent company's perimeter and the significant subsidiaries in compliance with article 8 of the same circular.

The third pillar of the Basel agreement has the aim of promoting market discipline via the publication of a series of data completing the financial communication. The purpose of this communication is to allow market players to assess the items of essential information on regulatory capital, exposure to each risk category, risk assessment approaches and therefore, the capital adequacy of the bank.

1. Equity Risk Management and Capital Adequacy

1-1 Breakdown of regulatory capital

At 31 December 2012, the Attijariwafa bank Group regulatory capital consisted of Tier 1 capital and Tier 2 capital.

Core capital (Tier 1) is determined on the basis of the Group's book capital less 50% of the investment holdings not included within the scope of consolidation and held in the capital of credit institutions and similar in Morocco and overseas and entities carrying out banking-related activities in Morocco and overseas as well as prudential filters.

Tier 2 capital consists primarily of subordinated debt and is also adjusted by deducting 50% of the investment holdings not included within the scope of consolidation and held in the capital of credit institutions and similar in Morocco and overseas and entities carrying out banking-related activities in Morocco and overseas. A discount is also applied to subordinated debt with a maturity of less than 5 years. The sum of subordinated debt and capitalised interest is restricted to the equivalent of 50% of core capital.

(in thousand MAD)

	12/31/2012	12/31/2011
Core capital	**26 388 020**	**22 145 278**
Items to be included in core capital	**33 708 178**	**29 318 740**
Corporate capital or allocation	2 012 430	1 929 960
Reserves	22 595 206	21 400 217
Minority creditor interest	3 319 398	3 222 500
Items to be deducted from core capital	(7 320 157)	(7 173 462)
Regulatory Deduction	(219 068)	(221 981)
Core capital after deduction (Tier 1)	**26 168 952**	**21 923 297**
Supplementary capital	**8 440 260**	**9 456 753**
Including:		
Underlying value added resulting from the holding of investment securities (AFS)	255 010	257 760
Subordinated debt which initial term above or equal to five years (*)	8 020 000	8 840 000
Regulatory Deduction	**(219 068)**	**(221 981)**
Supplementary capital after deduction (Tier 2)	**8 221 191**	**9 234 772**
Total of regulatory capital after deduction of investments in credit institutions and finance companies	**34 390 143**	**31 158 068**

(*) Within the limit of 50% of tier 1 prior to deduction of investments in credit institutions and finance companies.

At the end of December 2012, the Tier 1 of the Group amounted to 26 168 952 thousand MAD. The supplementary capital (Tier 2), amounted to 8 221 191 thousand MAD. The total of regulatory capital amounted to 34 390 143 thousand MAD, i.e. up by 1.5 % vs. June 2012.

1-2 Capital adequacy (ICAAP)[1]

In the framework of Pillar III, Attijariwafa bank has set up a forecasting process for the monitoring and the evaluation of the adequacy of capital so as to make sure that own funds permanently cover risk exposure in compliance with the rules put forth by the regulator.

1-3 Capital requirement

At 31 December 2012, the capital requirement in the framework of Basel II for Attijariwafa bank Group amounted to 23 044 239 thousand MAD. This is calculated by the standardised approach for credit, counterparty and market risks and basic indicator approach for operational risks.

(in thousand MAD)

	12/31/2012	12/31/2011
Credit and Counterparty Risk	**19 907 598**	**19 094 485**
Credit Risk (*)	19 776 939	18 977 803
Counterparty Risk	130 659	116 682
Market Risk	**917 485**	**1 034 315**
Operational Risk	**2 219 156**	**2 009 530**
Total	**23 044 239**	**22 138 330**

(*) including credit risk for other assets (fixed tangible assets, various other assets and equity shares).

	Pilar I	
	Risk Covered	Measurement methodologies
Credit and Counterparty Risk	√	Standardised Approach
Market Risk	√	Standardised Approach
Operational Risk	√	BIA (Basic Indicator Approach)

1- Internal Capital Adequacy Assessment Process

1-4 Capital Adequacy Ratio

At 31 December 2012, the Group's core capital amounted to 9.08% and the Group's capital adequacy ratio stood at 11.94%.

(in thousand MAD)

	12/31/2012	12/31/2011
Core Capital	26 168 952	21 923 297
Total Regulatory Capital	34 390 143	31 158 068
Risk-weighted assets	288 051 122	276 729 126
Tier 1 Ratio	**9.08%**	**7.92%**
Capital Adequacy Ratio	**11.94%**	**11.26%**

2. System established for identification, measurement and management of risks

2-1 Method for assessment of items in the negotiation portfolio

The shares, currency securities, raw materials on the organized market, raw materials on the over-the counter market are assessed at the market price.

The foreign exchange options are assessed using the Garman-Kohlhagen[2] model.

2-2 Net credit risk on derivative instruments

The counterparty credit risk on derivative instruments at 31 December 2012 amounted to 1 494 830 thousand MAD. The breakdown of this exposure per segment is as follows:

(in thousand MAD)

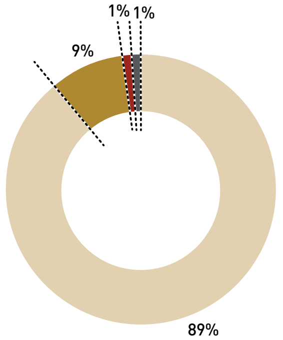
Exposure category	Counterparty Credit Risk
Institutions	19 077
Credit Institutions and equivalent	271 666
Customers	1 204 088
Total	**1 494 830**

2-3 Impact of degradation of external credit quality ratings on the amount of real securities to be provided

In compliance with circular 26/G/2006, Attijariwafa bank opted to risk weight all corporate claims at 100% without regard to external ratings.

2-4 Level of exposure pursuant to counterparty risk

The counterparty risk represents 1% of the total counterparty credit/risk. It concerns repos, reverse repos and OTC derivatives in the banking and transactions in the trading book.



2- Black & Scholes derivative model for application to foreign exchange options

2-5 Counterparty credit risk: exposures covered by collateral

The total amount of eligible collateral on counterparty credit risk is 959 629 thousand MAD.

The cash collateral mainly impacts the repos and reverse repos.

(in thousand MAD)

Exposition at default	Collateral
35 406 185	**959 629**

2-6 Guarantees

(in thousand MAD)

	Guarantees
Sovereign	19 645 192
Customers	2 672 659
Credit institutions and equivalent in Morocco and abroad	797 522
Total	**23 115 373**

2-7 Credit Concentration Risk per Mitigants

(in thousand MAD)

	Exposition At Default	Eligible Guarantee	Eligible Collateral
Sovereign	65 618 110	1 239 579	259 723
Institutions	37 540 064	18 405 614	775
Credit institutions and similar establishments	22 795 470	797 522	118 365
Large Enterprises	186 776 704	2 672 535	1 243 177
Small and Medium sized enterprises	29 043 644	124	129 870
Very small Enterprises	838 013	0	36 251
Retail customers	73 975 413	0	78 841
Total	**416 587 418**	**23 115 375**	**1 867 001**

3. Information in individual basis for significant subsidiaries

The information concerning the solvency ratio of the main subsidiaries of the Group are presented as follows:

Attijariwafa bank

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank	Bank Al Maghrib	10%	21 219 330	188 753 039	11.24%

Attijariwafa bank Europe

(in thousand Euros)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank Europe	CBF	10%	38 602	247 160	15.62%

CBF: Commission Bancaire Française

Attijari bank Tunisie

(in thousand Tunisian dinars)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	8%	360 161	2 865 162	12.57%

BCT : Banque Centrale de Tunisie

Wafasalaf

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafasalaf	Bank Al Maghrib	8%	1 483 448	12 873 281	11.52%

Wafabail

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafabail	Bank Al Maghrib	8%	878 836	7 676 356	11.45%

Wafa Immobilier

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	8%	51 309	269 549	19.01%

Attijari Factoring

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari Factoring	Bank Al Maghrib	8%	119 503	1 438 070	8.31%

Wafa Assurance

(in thousand MAD)	Supervisor	Margin	Minimum of Solvency Margin	Ratio
Wafa Assurance	DAPS	4 669 041	1 304 723	357.86%

DAPS : Direction des Assurances et de la Prévoyance Sociale

CBAO

(in million FCFA)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
CBAO	BCEAO	8%	60 774	414 766	14.65%

BCEAO: Banque Centrale des États de l'Afrique de L'Ouest

4. Enterprise Governance

Governance system established adheres to the general corporate principles. This system consists of six control and management bodies emanating from the Board of directors.

Bord 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.

4-1 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 office	Function	Date of taking
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Managing Director	2003
Mr. Omar BOUNJOU	Managing Director	2003
Mr. Ismail DOUIRI	Managing Director	2008

4-2 General Management and Coordination Committee

The General Management and Coordination Committee is a discussion body to exchange and share information. More particularly, this committee:

- Provides overall coordination between the different programs of the Group and focuses primarily on the review of key performance indicators;
- Acknowledges the major strategic guidelines, the Group's general policy and also the decisions and the priorities defined in ad hoc meetings;
- Takes functional and operational decisions to maintain objectives and optimize results.

Chaired by the Committee's chairman or at least by two senior managers, this committee meets monthly and consists of members of the General Management and also the managers of the main business lines.

Members	Function	Title
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
Mr. Omar BOUNJOU	Co-CEO, Retail Banking Division	Managing Director
Mr. Ismail DOUIRI	Co-CEO, Finance, Technology and Operations Division	Managing Director
Mr. Boubker JAI	Co-CEO, Corporate and Investment Banking, Capital Markets and Financial Subsidiaries	Managing Director
Mr. Saad BENJELLOUN	Head of Center-South region	Assistant Director-General
Mr. Saad BENWAHOUD	Head of North-West region	Assistant Director-General
Mr. Said SEBTI	Head of Center-North region	Assistant Director-General
Mr. Mohamed BOUBRIK	Head of South-West region	Executive Director
Mr. Rachid EL BOUZIDI	Head of North-East region	Executive Director
Mr. Fouad MAGHOUS	Head of South region	Executive Director
Mr. Mouaouia ESSEKELLI	Managing Director, Attijariwafa bank Europe	Executive Director
Mr. Hassan BEDRAOUI	Transaction Banking Group	Assistant Director-General
Mr. Hassan BERTAL	SMEs Banking	Assistant Director-General
Mr. Talal EL BELLAJ	Global Risk Management	Assistant Director-General
Mr. Chakib ERQUIZI	Capital Markets Banking	Assistant Director-General
Mr. Omar GHOMARI	Group Human Resources	Assistant Director-General
Mrs. Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Assistant Director-General
Mr. Mohamed HAITAMI	Specialised Financial Subsidiaries	Assistant Director-General
Mr. Mounir OUDGHIRI	International Retail Banking	Assistant Director-General
Mr. Youssef ROUISSI	Corporate & Investment Banking	Assistant Director-General
Mr. Younes BELABED	Retail Banking Support & Resources	Executive Director
Mrs. Saloua BENMEHREZ	Group Comunication	Executive Director
Mr. Ismail EL FILALI	Group General Audit	Executive Director
Mrs. Malika EL YOUNSI	Group Legal Advisory	Executive Director
Mrs. Noufissa KESSAR	Private Banking	Executive Director
Mr. Rachid KETTANI	Group Finance Division	Executive Director
Mrs. Soumaya LRHEZZIOUI	Group Information Systems	Executive Director
Mr. Driss MAGHRAOUI	Retail, Business & MLA Markets	Executive Director
Mr. Mohamed SOUSSI	Group Services & Processing	Executive Director

4-3 Other Committee emanating from 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. This committee meets every two months.

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. Antonio ESCAMEZ TORRES	Vice-chairman
Mr. José REIG	Director

- **Major Risk Committe :**

The Major Risk Committee meeting upon call from the Chairman and Chief Executive Officer, examines and hands down judgment on the direction to be taken by the commitments and investments beyond a certain threshold.

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director
Guest Members	
Mr. Ismail DOUIRI	Co-CEO, Finance, Technology and Operations Division
Mr. Talal EL BELLAJ	Deputy Managing Director –Global Risk Management

- **Audit and Accounts Committee :**

The audit and accounts committee monitors the Risk, Audit, Internal Control, Accounting and Compliance functions. This committee meets quarterly.

Members	Function
Mr. Abed YACOUBI-SOUSSANE	Director
Mr. Hassan OURIAGLI	Director
Mr. José REIG	Director
Guest Members	
Mrs. Bouchra BOUSSERGHINE	Executive Director – Group Compliance
Mr. Ismail EL FILALI	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance
Mr. Talal EL BELLAJ	Deputy Managing Director - Global Risk Management Group

- **Appointment and Remuneration Committee :**

Meeting annually, the appointment and remuneration committee manages the appointments and remunerations of the group's principal executives.

Members	Function
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director, Representing Grupo Santander

ORDINARY GENERAL MEETING RESOLUTIONS

Ordinary General Meeting Resolutions

of the 2 April 2013

• Resolution I

The General Meeting, having heard the reports of the Board of Directors and of the Statutory Auditors for the financial year ended 31 December 2012, expressly approves the summary financial statements for the financial year then ended as presented to it, as well as the transactions reflected in these financial statements or summarised in these reports, which show earnings of MAD **3,309,697,256.34**.

• Resolution II

The General Meeting, having heard the special report of the Statutory Auditors on the arrangements falling within the scope of Articles 56 et seq. of Act 17/95 on limited liability companies as amended and supplemented by Act 20/05, approves the findings of said report and the arrangements detailed therein.

• Resolution III

The General Meeting approves the allocation of net income proposed by the Board of Directors, namely:

Net income for the financial year	3,309,697,256.34 DH
Allocation to the legal reserve	-
Allocation to the investment reserve	-
Earnings brought forward	6,092,966.49 DH
DISTRIBUTABLE EARNINGS	**3,315,790,222.83 DH**
ALLOCATION:	
Mandatory dividend under the Articles of Association 6%	120,745,851.60 DH
Sum required to raise the dividend per share to MAD 9.0	1,690,441,922.40 DH
REPRESENTING A TOTAL DISTRIBUTION OF	**1,811,187,774.00 DH**
Allocation to extraordinary reserves	1,499,471,370.00 DH
Retained earnings	5,131,078.83 DH

Accordingly, the Ordinary General Meeting resolves, after appropriation, to allocate to each share constituting the company's share capital a dividend of 9 dirhams per share carrying entitlement for one year.

• Resolution IV

Upon the proposal of the Board of Directors of February 19, 2013 and, subject to a favourable decision by the Extraordinary General Meeting to be held concurrently with the present meeting, the Annual General Meeting resolves to propose to each shareholder the option of receiving the dividend in respect of the 2012 financial year in cash and in shares, it being expressly understood that, of the total dividend payment of 9 dirhams per share, only up to a maximum limit of 50%, net of statutory deductions, can be converted into shares, the balance to be received in cash in accordance with the conditions set out hereafter.

The partial conversion of dividends into shares will be based on the cum-rights dividend as of 1January 2012 and on the number of shares held on the ex-dividend date scheduled for May 17, 2013.

In the event that the shareholder exercises the option to receive the dividend payment in shares, up to the maximum limit of 50% as stated above and if the amount of those dividends that are convertible into the company's shares do not correspond to a whole number of shares, the shareholder will receive the number of shares immediately below, in addition to a balancing cash adjustment which will be paid at the same time as the cash portion of the dividend.

The option exercise dates will be fixed by the Board of Directors or if delegated by the latter, by the Chairman and Chief Executive Officer in compliance with the legal and regulatory provisions in force.

Beyond the date for exercising the option, the dividend will be paid exclusively in cash.

The portion of the dividend payable in cash will be paid as of July 3, 2013. For the portion that is convertible into shares, if the shareholder does not opt for conversion, the amounts due to shareholders opting for a payment in cash will also be paid as of July 3, 2013.

The issue price of those shares issued for payment of the dividend has been set at 300 dirhams per share.

The newly issued shares will carry entitlement from January 1st, 2013.

The number of shares issued pursuant to the present resolution will be recorded by the Board of Directors, which will also record the subsequent increase in share capital and will accordingly amend the article relating to the company's share capital in the Articles of Association.

• Resolution V

Further to the aforementioned resolutions, the General Meeting confers to the members of the Board of Directors final discharge without reservations, of management during the fiscal year the accounts of which have been approved here above and to the statutory auditors for the mandate held during the said financial year.

• Resolution VI

The General Meeting sets the amount of directors' fees to be allocated to members of the Board of Directors for financial year 2012 at MAD 4,000,000.

The Board of Directors shall divide this sum amongst its members in whatever manner it sees fit.

• Resolution VII

The General Meeting fully empowers the bearer of an original or a copy here of for the purposes of carrying out all filing or other formalities required by law.

CONSOLIDATED FINANCIAL STATEMENTS

Audit report on consolidated financial statements

Yerd ended December 31st, 2012

Deloitte.

Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

MAZARS

Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

Attijariwafa bank Group
AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2012

We have audited the consolidated financial statements attached of Attijariwafa bank which include the balance sheet as at December 31st, 2012, the income statement, the comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and the notes including a summary of the main accounting policies and other explanatory notes. These financial statements show total consolidated equity of KMAD 35,394,656 and consolidated net income of KMAD 5,309,072.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment the risk that the financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements mentioned in the first paragraph above give, in all their material aspects, a fair view of the financial position of the Attijariwafa bank Group as of December 31st, 2012, as well as of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Casablanca, 5 April 2013

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

CONSOLIDATED FINANCIAL STATEMENTS

1- IFRS accounting standards and principles applied by the Attijariwafa bank Group

1.1 Background

The application of IFRS standards has been mandatory since the reporting period ended 12/31/2008.

The primary goal of regulatory authorities is to establish an accounting and financial reporting framework for banks that complies with the international standards in terms of financial transparency and the quality of disclosures.

The Attijariwafa bank Group acted ahead of plans to adopt the International Financial Reporting Standards for the consolidated financial statements in the first half of 2007 with 2006 for comparative purposes.

The Attijariwafa bank Group applied the new standards, amendments and interpretations approved by the International Accounting Standards Board (IASB) for its financial statements at 31 December 2012.

The key changes in terms of impact notably on system organisation are as follows:

- new financial asset categories based on intent and market parameters: available-for-sale financial assets, held-tomaturity investments, financial assets at fair value through profit or loss, loans and receivables;
- new measurement methodologies introduced for financial instruments based on intent and market parameters;
- various attributes to be managed: rediscounting permitted or not, economic agent, initial maturity, etc;
- the use of fair value to measure all assets and liabilities with impairment testing whenever there is evidence of impairment;
- the application of the principle of economic substance over legal form. Accordingly, assets acquired under finance leases are recognised as assets;
- the elimination of the off-balance sheet concept;
- the elimination of the general contingency reserve to the extent that the provisions recognised must be justified and measured;
- the expansion of the scope of consolidation to encompass special purpose entities and UCITS;
- the enhancing of the notes to provide investors with reliable and comprehensive information.

1.2 Accounting standards applied

1.2.1 Consolidation:

The scope of consolidation encompasses all entities, foreign and domestic, over which the Group exercises exclusive or joint control or where it enjoys significant influence.

The entities over which the bank has significant influence, and which must be consolidated, include the special purpose entities regardless of their legal form or the country in which they operate.

A special purpose entity must be consolidated where in substance it is controlled by the relevant bank even in the absence of a shareholder relationship.

A special purpose entity is a separate legal entity that is specifically established for a clearly-defined limited purpose (for example, leasing or securitisation of financial assets).

An entity is excluded from the scope of consolidation when:

- it is only controlled temporarily; that is to say it is acquired and held solely with a view to its subsequent disposal within 12 months;
- it represents held for trading assets that are recognised at fair value, with changes in fair value being recognised in profit or loss (recognition pursuant to IAS 39).

The nature of the control determines the consolidation method. (Full consolidation; proportional consolidation and equity accounting).

A subsidiary is brought within the scope of consolidation even when its business activities differ from those of other Group entities.

With respect to full consolidation, IAS 27 does not establish a presumption of control for subsidiaries that are between 40% to 50% owned. In such cases, control must be demonstrated.

Furthermore, entities under joint control (joint ventures) are either proportionally consolidated or accounted for under the equity method.

1.2.1.1 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

The consolidation of special purpose entities and more specifically exclusively controlled funds was covered by SIC 12.

Pursuant to this interpretation, dedicated UCITS are consolidated.

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 recognised under held-for-sale assets, and 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 IAS 27, 28 and 31. 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.

Fair value

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

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 and 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. In practice, it is often a non-material amount that does not take into account inflationary effects.

It must be readjusted at the end of each reporting period.

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 recognised as an expense.

1.2.2.1 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 does not require the separate recognition of components 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.

This acquisition cost should not be retrospectively adjusted on the basis of the expensing/capitalisation split of ancillary acquisition costs. On the other hand, for all acquisitions made after 01/01/2006, divergences between the acquisition cost under local GAAP and IAS must be monitored.

To this end, acquisition costs not yet amortised in the form of deferred expenses at 01/01/06 must be restated through equity.

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 owner-occupied property.

When an entity holds a property that is leased to, and occupied by its parent company or another subsidiary, for the purposes of the consolidated financial statements the property does not satisfy the investment property criteria since from the perspective of the Group as a whole, the property is owneroccupied.

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:

In both cases, an estimate of the fair value of investment property is mandatory, for recognition on the balance sheet or disclosure in the notes.

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.

1.2.3.1 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 to be sold within a year.

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 a result, the classification of investment property as non-current assets held for sale should be formally documented on the basis of reliable indicators that show that a sale is highly likely within 12 months.

Other non-operating property, plant and equipment connected with investment property should be treated in the same manner.

All operating properties leased to non-Group companies.

Operating properties that are not directly used for administrative purposes are treated as investment property.

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, and the fair value appraisal should be carried out by means of an internal appraisal.

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.

The fair value appraisal of these separate portions classified as operating property must be done in a reliable manner.

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 amortised 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 amortised over this period.

The residual value, the useful live and the amortisation method are reviewed at the end of each reporting period (IAS 8, change in accounting estimate).

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.

1.2.4.1 Options taken by Attijariwafa bank :

Amortisation :

The Group's policy is not to have multiple amortisation schedules and to have the same amortisation schedule in the consolidated and IAS/IFRS financial statements.

To this end, acquisition costs not yet amortised in the form of deferred expenses at 01/01/06 must be restated through equity.

Leasehold rights :

Leasehold rights recognised in the parent company financial statements are not amortised. In the consolidated financial statements, they are amortised using an appropriate method over their useful life.

Goodwill :

Goodwill must be formally reviewed at the end of each reporting period. When it is not possible to review goodwill, it must be derecognised.

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 amortisation periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortisation 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 fees :

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 IAS these expenses must be capitalised.

Divergences between the amortisation schedules for the Moroccan financial statements and the IAS financial statements must be reviewed when they exceed MAD 1,000 thousand.

1.2.5 Inventories :

Definition :

Inventories are assets :

- held for sale in the ordinary course of business ;
- in the production process for future sale ;
- materials and supplies that are consumed in the production process or in the supply of services.

Measurement:

Inventories must be measured at the most reliable of cost and net realisable value.

The net realisable value is the estimated selling price in the ordinary course of business, less:

- estimated costs to completion;
- selling costs.

The cost of inventory for non-fungible items must be determined by specifically identifying the individual costs.

On the other hand, the cost of inventory for fungible items can be determined using one of two methods:

- the FIFO (First In, First Out) method;
- the weighted average cost method.

The same costing method must be used for all inventory with the same characteristics and similar uses.

1.2.5.1 Options taken by Attijariwafa bank:

Inventories are measured using the weighted average cost method.

1.2.6 Leases:

A lease is an agreement by which the lessor grants the lessee the right to use an asset for a particular period of time in consideration for a payment or a series of payments.

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incident to ownership of an asset.

An operating lease is a lease other than a finance lease.

The finance lease must be recognised, as determined at the inception of the lease, on the asset and liability sides of the lessee's balance sheet for amounts equal to:

- the fair value of the leased asset;
- or, if lower, the present value of the minimum lease payments.

The lessor must, on the other hand, recognise on its balance sheet the assets held under a finance lease and present them as receivables for an amount equal to the net investment in the lease. (IAS 17)

The finance income should be recognised based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease. (IAS 17)

Definition of implicit interest rate (IIR):

The IIR is the discount rate that equates:

- the present value of the minimum payments receivable by the lessor plus the unguaranteed residual value,
- and the historical value of the asset (= initial fair value plus initial direct costs).

Change in the residual value of a finance lease:

Under IAS 17, unguaranteed residual values must be regularly reviewed. A reduction in the unguaranteed estimated residual value must result in a change in the income allocation over the full lease term (calculation of a new amortisation schedule).

The portion of the change relating to prior periods is immediately expensed and the portion of the change for future periods is recognised by means of a change in the implicit interest rate.

Under IAS, the impairment is staggered over the full lease term.

1.2.6.1 Options taken by Attijariwafa bank:

Operating leases entered into by Attijariwafa bank:

Operating leases with fixed terms that are tacitly renewable. No adjustment required.

Leases with indefinite terms:

Property leased for 3, 6 or 9 years. The tacit renewal of the lease term means that the lease has an indefinite term. It was classified as a finance lease.

The lease term used is 50 years.

These assets must be recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial amount of financing.

Leasing agreements:

Leasing agreements are finance leases. Attijariwafa bank is the lessor. The bank only recognises its portion of the lease in its financial statements.

These assets are recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial amount of financing.

1.2.7 Financial assets and liabilities: (loans, borrowings & deposits)

Loans:

The amortised cost of a financial asset or liability represents the amount at which this instrument was measured upon initial recognition less principal repayments, plus or minus cumulative amortisation calculated using the effective interest rate method, any difference between this initial amount and the amount due at maturity and minus any reductions for impairment or any uncollectible amount.

The effective interest rate (EIR) is the rate that exactly discounts future cash outflows or inflows over the expected life of the financial instrument or, as the case may be, over a shorter period to the net carrying amount of the financial asset or liability.

Subsequent measurement of financial assets:

Following their initial recognition, an entity must measure financial assets, including derivatives comprising these assets, at fair value, without any deduction for transaction costs that may be incurred upon sale or other form of disposal, except as regards the following assets:

- loans and receivables, which must be measured at amortised cost using the effective interest rate method;
- held-to-maturity investments, which must be measured at amortised cost using the effective interest rate method;
- and, investments in equity instruments that are not quoted on an active market, the fair value of which cannot be reliably measured, as well as derivatives connected with these unquoted (unlisted) equity instruments that are to be settled by delivering such instruments, which must be measured at cost.

Deposits and borrowings:

When initially recognised, a deposit or borrowing classified under IAS 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 IAS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortised cost using the effective interest rate method (actuarial rate).

Deposits classified under IAS 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 recognised 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.

1.2.7.1 Options taken by Attijariwafa bank :

Loans :

The bank must apply amortised cost for all Loans due in over one year on the basis of their materiality.

Loans due in under a year are kept at historical cost.

Borrowings :

Borrowings and deposits were broken down by nature into a number of categories : "Financial liabilities" / "Trading liabilities" / "Liabilities designated at fair value through profit or loss at inception".

Deposits :

For demand deposits :

For demand deposits, the Attijariwafa bank Group applies IAS 39 §49.

- 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 :

Deposits bearing interest at market rates

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 inter-company 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.

Attijariwafa bank's position :

Savings products must be classified in the "Other liabilities" category.

The Attijariwafa bank Group will not recognise financial liabilities at fair value through profit or loss except when this is exceptionally approved by the (Group) Finance Department.

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.

1.2.8 Securities :

Under IAS 39, securities must be classified in one of four asset categories :

- financial assets at fair value through profit or loss (trading securities) ;
- available-for-sale financial assets ;
- held-to-maturity investments ;
- loans and receivables (category open to securities that are not quoted on an active market directly acquired from the issuer).

Securities are classified on the basis of management intent.

Securities must be initially measured at cost, which is the fair value of the consideration given or received to acquire them.

Subsequent measurement of securities depends on the category in which they have been classified.

An assessment was carried out within the Group with respect to security transactions, by nature and by type of portfolio.

By analysing their characteristics, it was possible to define the applicable principles for classifying securities under IAS, the measurement methodology and the relevant method for calculating impairment.

Trading portfolio securities: financial assets at fair value through profit or loss and financial assets designated at fair value through profit or loss at inception

Pursuant to IAS 39.9, financial assets and liabilities at fair value through profit or loss are assets or liabilities acquired or generated by the company primarily with a view to profiting from short-term price fluctuations or an arbitrage margin.

A financial asset will be classified in the financial assets at fair value through profit or loss category when, regardless of why it was acquired, it is included in a portfolio for which there is a recent pattern of short-term profit taking.

N.B.: All derivatives are financial assets (or liabilities) at fair value through profit or loss, except when they are designated for hedging purposes.

IAS 39 limits the scope of the fair value through profit or loss option when:

- the category in which the securities are classified still exists and the classification in financial assets at fair value through profit or loss reflects true intent on the part of management – classification by nature;
- the "designated at fair value through profit or loss at inception" – designation at inception – category is used for certain financial assets acquired not for trading purposes but when the fair value measurement (with recognition of fair value changes in profit or loss) meets accounting and operating management needs (for example avoiding the separation of embedded derivatives for financial assets that must be recognised separately under IAS 39).

Recognition principles:

Initial measurement:

Securities classified at fair value through profit or loss must be initially recognised at their acquisition price, excluding transaction costs directly attributable to the acquisition and including accrued coupons.

Subsequent measurement:

Securities classified as financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognised in profit or loss.

This category of securities is not subject to impairment.

Available-for-sale securities portfolio

"Available-for-sale financial assets" comprise those fixed income or variable income securities not belonging to any other category.

Recognition principles:

Under IAS 39, the recognition principles for securities classified as "Available-for-sale" are as follows:

Initial measurement:

Available-for-sale securities must initially be recognised at their acquisition price, including transaction costs that are directly attributable to the acquisition (in theory) and accrued coupons (in a related receivables account).

Subsequent measurement:

Changes in the fair value of securities (positive or negative) classified as "available for sale" are recognised outside profit or loss (in equity - may be recycled). The amortisation over time of any premium / discount of fixed-income securities is recognised in profit or loss in accordance with the effective interest rate method (actuarial allocation).

Impairment:

When there is objective evidence of permanent material impairment of equity securities, reflected in the occurrence of credit risk in the case of debt securities, the unrealised loss recognised outside profit or loss (in equity) must be written off and taken to profit or loss for the period.

In the event of subsequent improvement, this impairment may be reversed through profit or loss for fixed income instruments but not for equity instruments. In the latter case, any positive change in fair value will be recognised outside profit or loss (in equity - may be recycled) with any negative change being recognised in profit or loss.

Principles regarding classification in profit or loss:

The fair value measurement of securities in this portfolio is split between the following income statement line items:

- "interest income" for the amount corresponding to the amortised cost for the period;
- "net gains (losses) on available-for-sale assets" for the amount corresponding to dividends, permanent impairment on equity securities, gains (losses) on disposal;
- "cost of risk" for permanent impairment and reassessment of fixed-income securities;
- and the "change in fair value of available-for-sale assets" line item outside profit or loss (in equity) for the amount corresponding to the fair value increase.

Held-to-maturity securities portfolio

The "Held-to-maturity securities" category (available to securities with fixed maturities) is open to securities with fixed or determinable income that the bank intends and is able to hold to maturity. (IAS 39.9) Other than:

a) securities that the company designated as financial assets at fair value through profit or loss at inception;

b) securities that the company designated as available-for-sale assets; or

c) securities that meet the definition for loans and receivables. Accordingly, debt securities not quoted on an active market cannot be classified in the held-to-maturities assets category.

Management intent and the "tainting" rule

Classification in this category means that it is essential to comply with the ban on selling securities prior to maturity (on risk of having the whole portfolio reclassified as availablefor-sale assets and being unable to use this category for a period of 2 years).

Nevertheless, exceptions to this "tainting" rule are allowed when :

- the sale is close to maturity (within 3 months) ;
- the sale takes place after the company has already received substantially all of the principal of the asset (around 90% of the principal of the asset) ;
- the sale is justified by an external, isolated or unforeseeable event ;
- when the entity does not expect to substantially recover its investment as a result of a deterioration in the issuer's position (in which case the asset is classified as available-for-sale) ;
- sales of securities between Group entities (inter-company sales).

Ability to hold :

Upon acquisition, and at the end of each reporting period, the company must assert its intention and ability to hold the securities to maturity.

Prohibition on interest-rate hedging :

Although interest-rate hedging is not permitted for this portfolio, other types of hedging (counterparty risk, foreign currency risk) are allowed.

Recognition principles :

• Initial measurement :

Held-to-maturity securities must be initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and including accrued coupons (in a related receivables account).

• Subsequent measurement :

Subsequently, recognition will be at amortised cost with a premium / discount in accordance with the effective interest rate rule (actuarial allocation).

Impairment :

When there is objective evidence of impairment, a provision must be recognised for the difference between the carrying amount and the estimated recoverable amount (ERA).

The estimated recoverable amount is obtained by discounting expected future cash flows at the initial effective interest rate.

In the event of subsequent improvement, the excess provision may be reversed.

Profit or loss allocation principle :

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

Loans and receivables

The «Loans and receivables category » includes unquoted financial assets which are not intended to be sold and which the institution intends to keep for the long term.

Recognition principles :

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

Impairment :

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value.

On subsequent improvement, a write-back may be booked against the provision for impairment.

NB : The consolidated advances related to non consolidated long-term investments are valued at their nominal value, whatever their method of remuneration or reimbursement.

Profit or loss allocation principle :

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

De-recognition of a financial asset:

An entity must de-recognise a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire; or
- When it transfers the contractual rights to receive the cash flows from the financial asset and such a transfer meets the requirements of de-recognition under IAS 39.

An entity must remove a financial liability (or part of a financial liability) from the balance sheet when, and only when, it has been extinguished – that is, when the obligation specified in the contract is either discharged or cancelled or expires.

1.2.8.1 Options taken by Attijariwafa bank :

Portfolio classification :

Attijariwafa bank and other entities excluding insurance companies			
Portfolio instruments are currently classified in the following categories :			
HFT	**AFS**	**HTM**	**Loans and receivables**
• Trading room trading portfolios	• Negotiable treasury bills classified in the Investment Portfolio • Bonds and other negotiable debt securities • Long-term investments	• None	• CAM debt • CIH debt

Securities lending/borrowing and repurchase agreements:

Securities temporarily sold under repurchase agreements continue to be recognised in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised under the appropriate debt category except in the case of repurchase agreements contracted by the Group for trading purposes where the corresponding liability is recognised under "Financial liabilities at fair value through profit or loss". Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables" except in the case of reverse repurchase agreements contracted by the Group for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in de-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 recognised 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 recognised 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 recognise the present value of the debt by an offsetting entry under equity.

Security allocation options:

- non-use of the HTM class;
- limit on the allocation to the AFS class of 10% of the total consolidated balance sheet.

Impairment criteria for equity securities:

- Continued fall representing over 20% of the average price over a period of 6 consecutive months.

1.2.8.2 Fair value:

The market value is determined:
- either on the basis of quoted prices on an active market; or
- by means of a valuation technique using mathematical techniques based on recognised financial theories and observable market parameters:

• SCENARIO 1: Instruments traded on active markets

When quoted prices are available on an active market, they are used to determine the market value. This is how quoted securities and derivatives on organised markets including futures and options are valued. Most over-the-counter derivatives, swaps and plain vanilla options, are traded on active markets and are valued using generally accepted models (discounted cash flow method, Black and Scholes model, interpolation techniques) with as inputs the quoted market prices for similar instruments or underlyings.

SCENARIO 2: Instruments traded on inactive markets

Products traded on an inactive market valued using an internal model with as inputs parameters that are either directly observable or inferred from observable data.

Certain financial instruments, although not traded on active markets, are valued using methods with observable market parameters as inputs.

The models use market parameters calibrated using observable data such as yield curves, implicit volatility of options, default rates and assumptions of losses derived from consensus data or from active over-the-counter markets.

1.2.9 Derivatives and embedded derivatives:

A derivative is a financial instrument or other contract which satisfies the following three conditions:

- Whose value changes in response to the change in a specified interest rate, the price of a financial instrument, commodity price, foreign exchange rate, price index or rate, credit rating, credit index or any other variable (often known as the "underlying");
- That requires no initial investment, or one that is smaller than would be required for a contract with a similar response to changes in market factors; and
- That is settled at a future date.

The Group does not use, however, hedge accounting.

An embedded derivative is a component of a financial instrument or otherwise, designed to vary some portion of the transaction's cash flows structured in a way similar to a stand-alone derivative.

IAS 39 defines a hybrid contract as a contract consisting of a host contract and an embedded derivative.

The embedded derivative must be recognised separately when the following three conditions are satisfied:

- the hybrid contract is not recognised at fair value (with changes in fair value being taken to profit or loss);
- separated from the host contract, the embedded derivative has the characteristics of a derivative;

- the characteristics of the derivative are not closely linked to those of the host contract.

For example :

- commercial contracts denominated in a currency that differs from the company's currency ;
- inflation-linked lease ;
- special contractual provisions, postponement of the expiry date, repayment options, extension option, interest indexing ;
- option to convert a debt into an equity instrument.

Some of these derivatives must thus be recognised separately from the host contract and to this end it must be possible to identify them.

For the derivatives included in the financial instruments, the latter are recognised independently of the main contract.

IAS 39 recommends that the host contract be measured at inception by calculating the difference between the fair value of the hybrid contract (= cost) and the fair value of the embedded derivative.

If, however, the fair value of the embedded derivative cannot be reliably determined, IAS 39 allows for it to be calculated by subtracting the fair value of the host contract from that of the hybrid contract.

When none of these solutions is feasible, IAS 39 requires that the whole hybrid contract be measured at fair value (with changes in fair value being recognised in profit or loss).

This means recognising the hybrid contract under "Financial assets designated at fair value through profit or loss at inception".

1.2.9.1 Options taken by Attijariwafa bank :

If calculating an embedded derivative at fair value results in a material impact, then the embedded derivative should be recognised under "Financial assets at fair value through profit and loss".

1.2.10 Insurance:

Insurance contracts :

The accounting treatment for contracts meeting the definition of insurance contracts under IFRS 4 as well as investment contracts with discretionary participation features is governed by IFRS 4, the main provisions of which can be summarised as follows :

- an option of continuing to recognise these contracts in accordance with current accounting principles, distinguishing between three types of insurance contracts under IFRS 4 :
  - pure insurance contracts,
  - financial instruments with discretionary participation features,
  - and liabilities relating to other financial instruments that fall within the scope of IAS 39 are recognised under "Customer deposits" ;
- an obligation to separate and recognise at fair value through profit or loss any embedded derivatives not exempted under IFRS 4 ;
- a prohibition on funding provisions for possible claims under insurance contracts that are not in existence at the reporting date (such as catastrophic and equalisation provisions) ;
- an obligation to establish a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets ;
- in addition, the insurer is not required but is permitted to change its accounting policies for insurance contracts to eliminate excessive prudence ; however, if an insurer already measures its insurance contracts with sufficient prudence, it should not introduce additional prudence ;
- reinsurance assets are impaired, by recognising the impairment loss in profit and loss, if and only if :
  - there is objective evidence, as a result of an event occurring after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract,
  - that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer ;
- an obligation on an insurer to keep the insurance liabilities on its balance sheet until they are discharged or cancelled, or expire and the prohibition on offsetting insurance liabilities against related reinsurance assets ;
- an option of using "shadow accounting" for insurance or investment contracts with participation features, meaning that it is possible to recognise the effects on liabilities of amounts that were not recognised as assets under existing accounting standards, and of recognising them symmetrically (case of unrealised gains on securities classified in the "Available-for-sale assets" category with an offsetting provision for deferred participation recognised outside profit or loss (directly in equity)) ;
- an obligation to recognise a new insurance liability under IFRS 4 "shadow accounting" called deferred participation, representing the share accruing to insured parties of unrealised gains on assets allocated to the financial instruments, established by IAS 39.

Note : in terms of presentation, similar items measured differently must be presented separately on the balance sheet.

To the extent possible, the items are then broken down by type of counterparty and by order of liquidity.

1.2.10.1 Options taken by Attijariwafa bank :

Insurance investment :

Classification of the portfolio of investments held by Wafa assurance :

- UCITS not brought within the scope of consolidation of the Attijariwafa bank Group are classified as "Trading" and measured at fair value through profit or loss ;
- Treasury bills, bonds and finance company bills are classed under "Available-for-sale assets" and measured at fair value through equity ;
- financing company bonds and capitalised loans are classified as "loans and receivables" and measured at amortised cost ;
- all other investments are classified as "Available-for-sale" and measured at fair value outside profit or loss (through equity).

Impairment testing depends on the above classification.

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.

Customer provisions:

Under IAS there is no specific accounting category for doubtful receivables.

A provision is funded where there is objective evidence of impairment of loans classified as loans and receivables.

Provisions are funded for the difference between the net carrying amount of the loan (amortised cost impact) and the estimated recoverable amount, namely the present value, calculated using the contract's initial effective interest rate, of the estimated recoverable cash flows.

Individual impairment

In the case of a loan in arrears:

Losses are determined on the basis of the aggregate estimated future cash flows, discounted at the loan's initial effective rate; the future cash flows take account of the measurement of guarantees received and recovery costs.

The observable data used to estimate future cash flows must be sufficient and relevant in order to obtain a reliable estimate thereof. Where the observable data are limited or no longer wholly relevant in light of present circumstances, the company must make a judgement based on its experience.

In the case of a loan that is not in arrears but for which there is objective evidence of impairment pointing to future difficulties:

The Bank will use statistics of historical losses on comparable loans in order to estimate and position the future cash flows.

When the statistics or observable data are limited or no longer wholly relevant in light of present circumstances, the company must make a judgement based on its documented experience.

Once positioned time-wise, the future cash flows will be discounted at the loan's initial effective interest rate.

Collective impairment

When the individual loan impairment test doesn't uncover any objective evidence of impairment, they are grouped together with other loans sharing similar credit risk characteristics, and collectively tested for impairment.

Assessment of objective evidence of impairment:

In the case of a collective assessment, objective evidence of impairment can be reduced to observable events indicating that there is a measurable reduction in estimated future cash flows from a group of loans since these assets were initially recognised, even though this reduction cannot yet be attributed to the various loans within this group.

Such objective evidence may include:

- ability of borrowers within the group to meet payments negatively affected; or
- a national or local economic climate correlated to nonpayments on the assets within the group.

Collective impairment: calculation of impairment:

1. Use of historical losses on assets with credit risk characteristics similar to those of assets within the group in question, in order to reliably estimate the impact on the cash flows from the group of assets in question.

When the company doesn't have access to such historical losses, it shall look at the experience of comparable companies for comparable financial asset groups.

2. Factoring in of current observable events, so as to reflect the impact of conditions that didn't affect the period covered by these historical statistics.

Historical loss statistics used (in particular PD) must be corrected as required, in light of current observable data, so as to factor in the effects of conditions that didn't affect the period covered by these historical statistics.

When these historical losses are no longer valid following changes to the conditions that existed during that period, the company must make adjustments to reflect the new climate on the basis of its documented experience.

3. The future cash flows are estimated on the basis of historical losses (adjusted as required) on assets similar to those collectively tested. The methodology and assumptions used to estimate the future cash flows must be regularly reviewed to reduce any difference between estimated and actual losses.

4. Once the future cash flows have been estimated and positioned time-wise, they are discounted at the effective interest rate.

5. Provisions for impairment recognised within a group represent an intermediate step pending the identification of the impairment of each asset within the group of financial assets that have been collectively tested for impairment. Once there is sufficient information to specifically identify the losses on each of the impaired assets within a group, tested individually, these assets are taken out of the group. Accordingly, it is necessary to assess whether any new information makes it possible to identify whether any loan within the group has been individually impaired:

If not, no loan is taken out of the group;

If yes, the loan that is identified as being individually impaired will be taken out of the group and individually tested.

1.2.11.1 Options taken by Attijariwafa bank :

Provisions for risks:

Analysis of contingency and loss provisions of over MAD 1 million, in order to ensure that IFRS conditions are satisfied.

Customer provisions :

<u>For loan loss provisions</u>

It was decided to :

- value collateral at fair value ;
- determine provisions for non-material individual loans on the basis of a dedicated statistical model based on average recovery rates weighted by age of receivables to estimate future recovery cash flows ;
- determine recovery cash flows to establish recovery schedules by product and customer profile ;
- the loss on default will be determined on the basis of Basel regulations if the Bank doesn't manage to establish a model that will make it possible to measure the fair value of collateral on one hand and discount the estimated future recovery cash flows at the initial contractual rate on the other hand.

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 :
  - in the financial year in which the deductible temporary differences are expected to reverse, or
  - in financial years in which the tax loss resulting from the deferred tax asset could be carried back or forward ;
- 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 ;
- tax planning enables it to post taxable profits over the relevant financial years.

In the case of a business combination, the cost of acquisition is allocated to acquired identified assets and liabilities on the basis of their fair value without changing their tax basis : deferred tax liabilities stem from taxable temporary differences.

This deferred tax liability impacts goodwill.

In the case of a business combination, when the cost of acquisition allocated to a liability is only tax deductible during the tax year or when the fair value of an asset is lower than its tax basis, a deductible temporary difference arises that gives rise to a deferred tax asset.

The latter impacts goodwill.

When a deferred tax asset of the acquiree is not recognised by the acquirer as an identifiable asset on the date of a business combination and is subsequently recognised in the acquirer's consolidated financial statements, the resulting deferred tax benefit is recognised in profit or loss. Moreover, the acquirer adjusts the gross carrying amount of goodwill and the cumulative amortisation by the amounts that should have been recognised, also expensing the reduction in the net carrying amount of goodwill.

There should be no change with respect to negative goodwill.

IAS prohibits the discounting of deferred tax.

In the event of changes to tax rates or regulations, the deferred tax impact is recognised on the basis of the symmetry principle : when the deferred tax was initially recognised outside profit or loss (in equity), the adjustment should also be recognised outside profit or loss, with the impact otherwise being recognised in profit or loss.

1.2.12.1 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 Goodwill :

Cost of a business combination :

Business combinations are accounted for using the acquisition method. 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 assets acquired, liabilities incurred or assumed, and equity instruments issued by the acquirer, in consideration for control of the acquiree ;
- The other costs directly attributable to the business combination are recognised through profit or loss in the financial period in which they were incurred.

The date of acquisition 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 :

The acquirer must, at the date of acquisition, allocate the cost of a business combination by recognising 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 recognised under goodwill.

The acquirer must only recognise separately the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition (i.e. those that already existed at the date of acquisition) when, at that date, they satisfy the following criteria :

- in the case of an asset other than an intangible asset, it is likely that any related future economic benefit will flow to the acquirer and that its fair value is reliably measured ;
- in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation, and its fair value can be reliably measured ;
- in the case of an intangible asset or a contingent liability, its fair value may be reliably measured.

Recognition of Goodwill:

The acquirer must, at the date of acquisition, recognise the goodwill acquired in a business combination.

- Initial measurement : this goodwill must be initially measured at cost, namely the excess of the cost of the business combination over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.
- Subsequent measurement: following initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost less cumulative impairment subsequent to annual impairment tests or when there is any indication of impairment to its carrying value.

If the share of the fair value of the assets, liabilities and contingent liabilities of the acquired entities exceeds the acquisition cost, negative goodwill is recognised 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 takes place, the acquirer must account for the business combination using provisional values. The acquirer must recognise adjustments to provisional values relating to finalising the recognition within that financial period, beyond which time no adjustments are possible.

1.2.13.1 Options taken by Attijariwafa bank :

- Option taken not to restate the existing goodwill at 31/12/05, in accordance with the provisions of IFRS 1 "First-Time Adoption" ;
- Goodwill amortisation is discontinued when the asset has an indefinite life in accordance with amended IFRS 3 "Business combinations";
- Regular impairment tests must be carried out to ensure that the carrying amount of goodwill is below the recoverable amount. If not, an impairment loss must be recognised;
- the Cash Generating Units mirror the segment reporting to be presented at Group level ; these are the banking business and the insurance business ;
- the recoverable amount is the higher of the Bank's market value and the value in use (based on the discounted cash flows).

1.2.14 Employee benefits :

General principle :

The entity must not only recognise the legal obligation stemming from the formal terms of the defined benefit plan but also any constructive obligation stemming from its practices. These practices give rise to a constructive obligation when the entity has no other realistic option but to pay out the benefits to employees. There would, for example, be a constructive obligation when a change in the entity's practices would give rise to an unacceptable deterioration in relations with its employees.

Types of employee benefits :

Employee benefits are split into five categories, depending on the type and form of payment of benefits :

<u>Short-term benefits :</u>

Examples : paid leave, sick leave, wages, bonuses, social security contributions, benefits in kind, incentive plans, personal risk…

Short-term benefits are wholly due within twelve months of the end of the financial year in which employees provided the corresponding services in the case of leave, bonuses and incentive plans. There is no particular difficulty as regards their recognition. They are expensed as incurred.

These benefits should be distinguished from termination benefits and equity compensation.

Post-employment benefits:

This heading encompasses guaranteed post-employment benefits: pensions, post-employment health care, benefits in kind, personal risk, retirement payments,....

Personal risk covers the risk of death, medical leave for current employees and medical expenses by means of a capital payment, an annuity (disability, invalidity) or the repayment of health expenses.

Commitments with respect to personal risk and benefits in kind for retirees are accounted for in the same way as pensions.

Post-employment benefit plans are classified as defined contribution plans or defined benefit plans depending on the economic substance of the plan as per its key terms and conditions:

- Defined contribution plans:

Under defined contribution plans, the company's legal or constructive obligation is limited to the amount it undertakes to pay into the fund, with actuarial risk and investment risk being borne by employees.

- Defined benefit plans:

Under defined benefit plans, the company commits itself as regards the amount of benefits payable to current and former employees and thereby bears the actuarial and financial risk.

Long-term benefits:

This heading notably encompasses long-service leave, longservice benefits (such as "wissam schorl"), long-term incapacity payments, when they are payable 12 months or more after the reporting date, bonuses and deferred compensation...

These benefits should be distinguished from termination benefits, equity compensation and post-employment benefits.

Termination benefits:

This heading mainly encompasses the benefits payable following a decision by the company to terminate employment prior to the retirement age permissible under the collective bargaining agreement or company-wide agreement (redundancy payments...) or the decision by the employee to agree to redundancy in return for these payments (voluntary redundancy).

Equity compensation:

Equity compensation may take the form of equity instruments (shares, stock options...) or cash payments linked to the share price performance.

Post-employment benefits: defined benefit plans

Actuarial gains (losses):

Actuarial gains (losses) could result from increases or reductions in the present value of a defined benefit obligation or of the fair value of the corresponding plan assets. The possible causes of such actuarial gains (losses) may include:

- exceptionally high or low rates of staff turnover, early retirement, mortality or salary increases, employee benefits or medical costs;
- the impact of a change in estimates in future rates of employee turnover, early retirement, mortality or salary increases, benefit rights (when the formal or constructive terms of a plan provide for benefit rights to be inflation-linked) or medical costs;
- the impact of changes in discount rates; and
- differences between the expected return on plan assets and the actual return.

Corridor approach:

The entity must recognise a portion of its actuarial gains (losses) in profit or loss when the cumulative unrecognised actuarial gains (losses) at the end of the prior reporting period exceed the higher of the following two values:

- 10% of the present value of the defined benefit obligation at the end of the reporting period (prior to the deduction of plan assets); and
- 10% of the fair value of plan assets at the end of the reporting period.

These thresholds must be calculated and applied separately for each defined benefit plan.

The portion of actuarial gains (losses) to be recognised for each defined benefit plan is the surplus divided by the expected average remaining working life of plan members.

Past service cost:

Past service cost is generated when the entity adopts a defined benefit plan or changes the benefits payable under an existing plan. These changes are made in consideration for the services that these employees will provide over a period up to the vesting of the relevant benefit rights. Accordingly, the past service cost is staggered over this period regardless of the fact that it relates to service in prior financial years. The past service cost is measured by means of the change in the liability resulting from the amendment.

The entity must expense the past service cost on a straightline basis, over the average remaining period up to the vesting of the corresponding employee rights. To the extent that the benefit rights have already vested upon introduction of the defined benefit plan or of the change thereto, the entity must immediately recognise the past service cost.

Curtailments and settlements:

A curtailment occurs when an entity:

- can show that it has materially reduced the number of plan beneficiaries; or
- changes the terms and conditions of a defined benefit plan such that a material portion of the future service of current employees will not give entitlement to benefit rights or will provide entitlement to reduced rights.

Curtailment:

This can stem from an isolated event such as the closure of a plant, the discontinuation of an operation, the termination or suspension of a plan. An event is sufficiently material to be deemed a curtailment when recognising a gain or loss on curtailment would have a material impact on the financial statements. Curtailments are often linked to restructuring.

Accordingly, an entity recognises a curtailment at the same time as the corresponding restructuring.

Settlement:

When an entity makes a deal eliminating any subsequent legal or constructive obligation for all or part of the benefits provided under a defined benefit plan, for example when it makes an agreement with plan beneficiaries or on their behalf involving a lump sum payment in exchange for their rights to receive the specified post-employment benefits.

An entity must recognise the gains or losses booked as a result of the curtailment or settlement of a defined benefit plan when the curtailment or settlement takes place. The gain (or loss) stemming from a curtailment or settlement must include:

- any resulting change in the present value of the defined benefit obligation;
- any resulting change in the fair value of plan assets;
- any corresponding actuarial gains (losses) and past service cost that had not been previously recognised.

Before determining the effect of a curtailment or a settlement, an entity must remeasure the obligation (and when necessary the plan assets) on the basis of current actuarial assumptions (in particular current market interest rates and other current market prices).

Long-term benefits:

IAS 19 requires a simplified recognition method for other long term benefits. This method differs in the following respects from that required for post-employment benefits:

- actuarial gains (losses) are immediately recognised and the corridor approach is not required; and
- all past service cost is immediately recognised.

Termination benefits:

An entity is demonstrably committed to terminating an employment contract when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

This plan shall include, at least:

- the location, function and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented. Implementation shall begin as soon as possible and the period of time to complete implementation shall be such that material changes to the plan are not likely.

An entity shall recognise termination benefits as a liability and as an expense when, and only when, the entity is demonstrably committed to either:

- terminating the employment of an employee or group of employees before the normal retirement date; or
- providing termination benefits as a result of an offer made in order to encourage voluntary redundancy.

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):

- the legal entity holding these assets must be legally separate from the company;
- the assets must be wholly set aside to fund the benefits payable under the plan in question;
- 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.

1.2.14.1 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 recognise as such this defined benefit multi-employer plan.

1.2.14.2 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.

1.2.15 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.

1.2.16 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.

Consolidated IFRS Balance Sheet at 31 December 2012 **(thousand MAD)**

ASSETS (under IFRS)	Notes	12/31/2012	12/31/2011
Cash and balances with central banks, the Treasury and post office accounts		10 697 230	13 817 615
Financial assets at fair value through income	2.1	47 428 881	36 111 566
Derivative hedging instruments		-	-
Available-for-sale financial assets	2.2	27 191 660	25 965 979
Loans and advances to credit institutions and similar establishments	2.3	14 005 154	15 164 488
Loans and advances to customers	2.4	247 628 093	230 681 667
Interest rate hedging reserve		-	-
Held-to-maturity investments		-	-
Current tax assets	2.5	87 099	72 623
Deferred tax assets	2.5	467 125	381 699
Other assets	2.6	6 632 060	6 301 601
Participations of insured parties in differed profits	2.2	-	501 467
Non-current assets held for sale		27 698	150 209
Investments in companies accounted for under the equity method	2.7	110 396	110 980
Investment property	2.8	1 246 494	1 158 463
Property, plant and equipment	2.9	4 953 658	5 077 373
Intangible assets	2.9	1 208 857	1 339 331
Goodwill	2.10	6 620 472	6 616 988
TOTAL ASSETS		**368 304 877**	**343 452 049**

LIABILITIES (under IFRS)	Notes	12/31/2012	12/31/2011
Amounts owing to central banks, the Treasury and post office accounts		262 444	227 490
Financial liabilities at fair value through income	2.11	972 159	2 591 760
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	45 084 894	34 655 547
Customer deposits	2.13	227 019 046	218 815 270
Debt securities issued	2.14	17 726 877	15 613 534
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	227 455	636 759
Deferred tax liabilities	2.5	1 496 691	1 384 100
Other liabilities	2.6	9 248 179	8 763 194
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		19 088 075	18 602 128
General provisions	2.15	1 150 289	1 171 295
Subsidies, public funds and special guarantee funds		164 829	187 587
Subordinated debt	2.14	10 469 283	10 523 289
Share capital and related reserves		9 466 523	7 366 523
Consolidated reserves		20 500 262	17 132 734
- Group share		*16 726 955*	*13 759 424*
- Minority interests		*3 773 307*	*3 373 310*
Unrealised deferred capital gains or losses		118 799	478 677
Net income for the financial year		5 309 072	5 302 162
- Group share		*4 500 769*	*4 458 745*
- Minority interests		*808 302*	*843 417*
TOTAL LIABILITIES		**368 304 877**	**343 452 049**

Consolidated income statement under IFRS at 31 December 2012 (thousand MAD)

	Notes	12/31/2012	12/31/2011
Interest and similar income	3.1	16 318 750	15 479 302
Interest and similar expenses	3.1	6 283 180	5 713 876
NET INTEREST MARGIN		**10 035 570**	**9 765 427**
Fees received	3.2	3 926 827	3 473 516
Fees paid	3.2	363 283	314 261
NET FEE INCOME		**3 563 544**	**3 159 255**
Net gains or losses on financial instruments at fair value through income	3.3	2 191 512	1 459 016
Net gains or losses on available-for-sale financial assets	3.4	508 748	927 739
INCOME FROM MARKET ACTIVITIES		**2 700 260**	**2 386 755**
Income from other activities	3.5	5 838 200	5 467 924
Expenses on other activities	3.5	5 088 633	4 897 287
NET BANKING INCOME		**17 048 941**	**15 882 074**
General operating expenses		6 921 521	6 404 286
Depreciation, amortisation and provisions		762 225	798 012
GROSS OPERATING INCOME		**9 365 195**	**8 679 776**
Cost of risk	3.7	-1 221 748	-749 701
OPERATING INCOME		**8 143 447**	**7 930 075**
Net income from companies accounted for under the equity method		14 575	16 099
Net gains or losses on other assets	3.8	15 109	687
Changes in value of goodwill		-	-
PRE-TAX INCOME		**8 173 131**	**7 946 861**
Income tax		2 864 059	2 644 699
NET INCOME		**5 309 072**	**5 302 162**
Minority interests		808 302	843 417
NET INCOME GROUP SHARE		**4 500 769**	**4 458 745**
Earnings per share (in dirhams)		22,36	23,10
Dividend per share (in dirhams)		22,36	23,10

Statement of net income and gains and losses directly recorded in shareholders equity at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Net income	**5 309 072**	**5 302 162**
Asset and liability variations directly recorded in shareholders equity	**-561 906**	**-642 215**
Translation gains or losses	-83 151	-56 680
Variation in value of financial assets available for sale	-463 595	-571 482
Revaluation of fixed assets	-	-
Variations in differed value of derivative coverage instruments	-	-
Items regarding enterprises by equity method	-15 159	-14 054
Grand total	**4 747 166**	**4 659 947**
Group share	4 081 699	3 965 660
Minority interest share	665 467	694 287

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Table of shareholders equity variation at 31 December 2012 **(thousand MAD)**

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolidated income (4)	Total assets and liabilities entered directly in capital (5)	Shareholders' equity Group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2010		1 929 960	5 436 564	-2 186 574	17 886 287	902 175	23 968 411	4 056 871	**28 025 282**
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2010		1 929 960	5 436 564	-2 186 574	17 886 287	902 175	23 968 411	4 056 871	**28 025 282**
Transactions related to share capital					-758 308		-758 308	-229 568	-987 876
Share-based payments							-		-
Transactions related to Treasury stock				181 208			181 208		181 208
Dividends					-1 489 576		-1 489 576	-319 899	-1 809 475
Net income					**4 458 745**		**4 458 745**	**843 417**	**5 302 162**
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					-456 733	-456 733	-128 803	-585 536
Translation gains and losses	(B)					-34 334	-34 334	-19 575	-53 909
Total assets and liabilities entered directly in capital	**(A)+(B)**	**-**	**-**	**-**	**-**	**-491 067**	**-491 067**	**-148 378**	**-639 444**
Other variations					**163 222**		**163 222**	**-299 423**	**-136 201**
Perimeter variation					**32 754**	**-2 019**	**30 736**	**313 705**	**344 441**
Shareholders' equity at 31 December 2011		**1 929 960**	**5 436 564**	**-2 005 366**	**20 293 124**	**409 089**	**26 063 370**	**4 216 726**	**30 280 097**
Effect of changes to accounting policies									
Shareholders' equity restated at 31 December 2011		**1 929 960**	**5 436 564**	**-2 005 366**	**20 293 124**	**409 089**	**26 063 370**	**4 216 726**	**30 280 097**
Transactions related to share capital		82 471	2 017 529		625 590		2 725 590	317 554	3 043 144
Share-based payments							-		-
Transactions related to Treasury stock				14 699			14 699		14 699
Dividends					-1 591 951		-1 591 951	-374 324	-1 966 276
Net income for the period					**4 500 769**		**4 500 769**	**808 302**	**5 309 072**
Total assets and liabilities entered directly in capital	(C)					-375 037	-375 037	-103 717	-478 754
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-44 034	-44 034	-39 118	-83 151
Latent or differed gains or losses	**(C)+(D)**	**-**	**-**	**-**	**-**	**-419 070**	**-419 070**	**-142 835**	**-561 906**
Other variations					**-480 361**		**-480 361**	**-243 813**	**-724 174**
Changes in scope of consolidation							-		-
Shareholders' equity at 31 December 2012		**2 012 431**	**7 454 092**	**-1 990 667**	**23 347 171**	**-9 981**	**30 813 046**	**4 581 609**	**35 394 656**

Consolidated cash flow statement at 31 December 2012 **(thousand MAD)**

	12/31/2012	12/31/2011
Pre-tax income	**8 173 131**	**7 946 861**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	868 847	961 168
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	-11 689	-5 349
+/- Net provisions	1 401 191	838 243
+/- Net income from companies accounted for under the equity method	-14 575	-16 099
+/- Net gain/loss from investment activities	-356 715	-818 873
+/- Net gain/loss from financing activities		
+/- Other movements	-797 032	-445 970
Total non-cash items included in pre-tax income and other adjustments	**1 090 027**	**513 120**
+/- Flows relating to transactions with credit institutions and similar establishments	22 327 290	5 340 917
+/- Flows relating to transactions with customers	-8 605 116	-12 749 320
+/- Flows relating to other transactions affecting financial assets or liabilities	-14 134 322	-7 449 274
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-1 808 260	-1 736 370
Net increase/decrease in operating assets and liabilities	**-2 220 408**	**-16 594 047**
Net cash flow from operating activities	**7 042 750**	**-8 134 066**
+/- Flows relating to financial assets and investments	-1 455 750	-1 268 166
+/- Flows relating to investment property	-79 165	-41 398
+/- Flows relating to plant, property and equipment and intangible assets	-492 327	-746 248
Net cash flow from investment activities	**-2 027 242**	**-2 055 813**
+/- Cash flows from or to shareholders	133 724	-1 809 475
+/- Other net cash flows from financing activities	2 188 174	4 550 462
Net cash flow from financing activities	**2 321 898**	**2 740 987**
Effect of changes in foreign exchange rates on cash and cash equivalents	**30 036**	**61 896**
Net increase (decrease) in cash and cash equivalents	**7 367 443**	**-7 386 996**
	12/31/2012	**12/31/2011**
Cash and cash equivalents at the beginning of the period	**2 290 598**	**9 677 594**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	13 590 125	13 209 333
Inter-bank balances with credit institutions and similar establishments	-11 299 527	-3 531 740
Cash and cash equivalents at the end of the period	**9 658 041**	**2 290 598**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	10 434 787	13 590 125
Inter-bank balances with credit institutions and similar establishments	-776 746	-11 299 527
Net change in cash and cash equivalents	**7 367 443**	**-7 386 996**

2. Notes related to the balance sheet

2.1 Financial assets at fair value through income at 31 December 2012

(thousand MAD)

	Financial assets held for trading	Financial assets at fair value through income
Loans and advances to credit institutions and similar establishments		
Loans and advances to customers		
Financial assets held as guarantee for unit-linked policies		
Securities received under repo agreements		
Treasury notes and similar securities	29 771 214	
Bonds and other fixed income securities	**2 556 595**	
- Listed securities	13 313	
- Unlisted securities	2 543 282	
Shares and other equity securities	**14 087 499**	**64 696**
- Listed securities	14 087 499	64 696
- Unlisted securities	-	
Derivative instruments	**821 644**	
Related loans	**127 232**	
Fair value on the balance sheet	**47 364 185**	**64 696**

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Securities valued at fair value		
• Treasury notes and similar securities	**8 255 316**	**7 832 206**
• Bonds and other fixed income securities	**11 155 905**	**10 526 912**
- Listed securities	7 999 277	8 643 909
- Unlisted securities	3 156 628	1 883 003
• Shares and other equity securities	**3 301 855**	**2 837 752**
- Listed securities	2 801 247	2 309 906
- Unlisted securities	500 608	527 846
• Securities in non-consolidated affiliates	**4 478 584**	**5 270 577**
Total available-for-sale securities	**27 191 660**	**26 467 446**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 10 756 million at the end december 2012 vs. MAD 11 312 million at the end of december 2011.

2.2.2 Underlying gains and losses on financial assets available for sale at 31 December 2012

(thousand MAD)

	12/31/2012			12/31/2011		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	8 255 316	122 852	-19 285	7 832 206	154 383	-53 444
Bonds and other fixed income securities	11 155 905	97 222	-142 219	10 526 912	69 418	-43 093
Share and other variable income securities	3 301 855	305 950	-427 862	2 837 752	963 672	-512 702
Non consolidated equity interest securities	4 478 584	588 058	-389 001	5 270 577	745 904	-428 253
Balance sheet value of assets available for sale	**27 191 660**			**26 467 447**		
Total underlying gains and losses		1 114 084	-978 367	-	1 933 378	-1 037 493
Differed taxes		-567 200	671 307	-	-324 504	133 552
Underlying gins and losses on net financial assets available for sale		546 883	-307 060	-	1 608 874	-903 940
Underlying gains and losses on net financial assets available for sale Group share		**385 479**	**-266 679**	**-**	**690 560**	**-211 882**

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions and similar establishments at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Credit institutions		
Accounts and loans	13 430 594	14 939 503
Securities received under repo agreements	260 397	-
Subordinated loans	20 386	20 353
Other loans and advances	204 678	173 561
Total	**13 916 056**	**15 133 416**
Related loans	157 495	101 083
Provisions	68 397	70 011
Net value	**14 005 154**	**15 164 488**
Internal operations		
Regular accounts	8 417 167	4 953 427
Accounts and long-term advances	22 241 433	25 718 196
Subordinated loans	-	407 726
Related loans	185 453	187 764

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2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Morocco	4 695 402	6 155 409
Tunisia	942 908	976 554
Sub-Saharan Africa	2 442 540	3 316 813
Europe	5 453 218	4 515 381
Others	381 988	169 259
Total	**13 916 056**	**15 133 416**
Related loans	157 495	101 083
Provisions	68 397	70 011
Net loans on the balance sheet	**14 005 154**	**15 164 488**

2.3.3 Breakdown of loans and advances to credit institutions per remaining term at 31 December 2012 (thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	7 234 322	4 024 751	2 161 260	427 326	**13 847 659**

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Transactions with customers		
Commercial loans	33 951 641	38 309 070
Other loans and advances to customers	174 500 397	159 797 591
Securities received under repo agreements	1 210 659	490 228
Current accounts in debit	30 948 002	26 010 399
Total	**240 610 698**	**224 607 288**
Related loans	1 807 531	1 750 564
Provisions	8 408 277	7 789 700
Net value	**234 009 952**	**218 568 152**
Leasing activities		
Property leasing	2 713 092	2 383 534
Leasing of movable property, long-term rental and similar activities	11 255 905	10 018 793
Total	**13 968 997**	**12 402 327**
Related loans	1 239	1 174
Provisions	352 096	289 986
Net value	**13 618 141**	**12 113 514**
Total	**247 628 093**	**230 681 667**

2.4.2 Loans and advances to customers by geographical area at 31 December 2012 (thousand MAD)

Country	12/31/2012				12/31/2011			
	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions
Morocco	199 706 565	8 516 428	4 858 609	774 511	184 808 207	7 731 153	4 672 061	527 836
Tunisia	18 327 325	1 535 829	1 014 804	70 325	18 258 749	1 390 916	934 085	64 318
Sub-Saharan Africa	21 955 888	2 899 683	2 006 976	34 218	20 315 029	2 506 908	1 869 116	11 756
Europe	706 493	1 815	928	-	302 320	1 168	513	-
Others	929 670	-	-	-	1 695 165	-	-	-
Total	**241 625 941**	**12 953 755**	**7 881 318**	**879 055**	**225 379 470**	**11 630 144**	**7 475 775**	**603 910**
Related loans	1 808 770	-	-	-	1 751 738	-	-	-
Net loans on the balance sheet	**243 434 711**	**12 953 755**	**7 881 318**	**879 055**	**227 131 208**	**11 630 144**	**7 475 775**	**603 910**

2.4.3 Loans and advances to customer per economic operator at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Corporate entities	162 566 894	163 721 162
Including Large Enterprises	99 484 395	101 816 219
Private individuals	83 252 429	65 208 767
Total	**245 819 323**	**228 929 929**
Related loans	1 808 770	1 751 738
Net value on balance sheet	**247 628 093**	**230 681 667**

2.4.4 Breakdown of loans and advances per remaining term at 31 December 2012 (thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to customers	70 330 542	50 444 751	66 760 924	54 089 724	241 625 941

The fair value of healthy outstanding loans to customers and credit institutions is estimated at MAD 257,732 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Current taxes	87 099	72 623
Deffered taxes	467 125	381 699
Current and differed tax assets	**554 224**	**454 322**
Current taxes	227 455	636 759
Deffered taxes	1 496 691	1 384 100
Current and differed tax liabilities	**1 724 146**	**2 020 859**

2.5.2 Net income tax at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Current taxes	-2 792 431	-2 716 750
Net FY differed taxes	-71 629	72 051
Net income tax	**-2 864 059**	**-2 644 699**

2.5.3 Actual tax rate at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Net income	5 309 072	5 302 162
Income tax	2 864 059	2 644 699
Average actual income tax	**35,0%**	**33,3%**

Analysis of actual income tax at 31 December 2012

	12/31/2012	12/31/2011
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-0,8%	-1,0%
Permanent differences	-0,5%	-0,2%
Other items	-0,7%	-2,5%
Average actual tax rate	**35,0%**	**33,3%**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Other Assets	**4 260 328**	**4 106 759**
Sundry debtors	2 142 212	2 029 994
Various securites & uses	216 858	160 797
Other insurance assets	1 599 789	1 615 003
Other	301 470	300 965
Equalization accounts	**2 371 731**	**2 194 842**
Receivables	962 099	1 308 514
Expenses identified in advance	596 927	179 105
Other equalization accounts	812 706	707 224
Total	**6 632 060**	**6 301 601**

2.6.2 Equalization accounts and other liabilities at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Other Liabilities	**6 323 549**	**6 107 886**
Miscellaneous securities operations	181 484	172 005
Miscellaneous creditors	5 858 052	5 646 983
Other insurance liabilities	284 013	288 898
Equalization accounts	**2 924 629**	**2 655 308**
Payables	1 228 511	1 664 405
Income identified in advance	177 671	141 306
Other equalization accounts	1 518 448	849 596
Total	**9 248 179**	**8 763 194**

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 interests in enterprises by equity method at 31 December 2012

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	110 396	43 716	663 995	100 811	14 575
Net value on balance sheet in MEE companies	**110 396**	**43 716**	**663 995**	**100 811**	**14 575**

Participation of the group in equity method companies concerns only Moussafir Hotels.

2.8 Investment property at 31 December 2012

(thousand MAD)

	12/31/2011	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2012
Gross value	1 476 653	-	79 221	6 870	-5 158	**1 543 846**
Depreciation and provisions	318 191	-	42 645	-	-63 484	297 352
Net value on balance sheet	**1 158 463**	**-**	**36 575**	**6 870**	**58 327**	**1 246 494**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms corresponding to the service life per the following components:

Components	Annual duration of depreciation
MAIN STRUCTURE	50
PROOFING	20
FITTINGS AND INSTALLATION	15
TECHNICAL FACILITIES	20
INTERNAL AND EXTERNAL JOINERY	15

The market value of the land and structures classified as investment property in 2012 is estimated at MAD 1 605 million.

2.9 Plant, property and equipment and intangible assets

2.9.1 Plant, property and equipment and intangible assets at 31 December 2012 (thousand MAD)

	12/31/2012			12/31/2011		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 607 977	927 787	1 680 190	2 585 664	840 606	1 745 058
Movable property and equipment	2 797 278	2 402 835	394 442	2 795 525	2 165 751	629 774
Leased movable property	536 233	226 109	310 124	538 808	210 046	328 762
Other property, plant and equipment	4 756 934	2 188 032	2 568 902	4 367 080	1 993 300	2 373 780
Total property, plant and equipment	**10 698 422**	**5 744 763**	**4 953 658**	**10 287 077**	**5 209 704**	**5 077 373**
IT software acquired	1 662 670	1 098 437	564 233	1 648 040	804 390	843 650
Other intangible assets	1 100 220	455 597	644 623	1 059 659	563 978	495 681
Total intangible assets	**2 762 891**	**1 554 034**	**1 208 857**	**2 707 699**	**1 368 368**	**1 339 331**

Tangible fixed assets:

Attijariwafa bank opted for an assessment of the cost of all fixed assets.
Depreciation in linear and spread out over the following service life:

Components	Annual duration of depreciation
Buildings per component	15-50 years
Equipment, furnishings, installations	4-10 years
Rented movable property	N/A
Other fixed assets	15-20 years

Elsewhere the building components were amortized as follows:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

Intangible fixed assets apart from goodwill:

The Attijariwafa bank group did not internally generate any intangible fixed assets. The service life thereof is as follows:

Components	Annual duration of depreciation
Software packages acquired	5 years
Company-produced software packages	N/A
Other intangible fixed assets	15-20 years

2.9.2 Outright rentals: additional information (thousand MAD)

Residual term	For the lessor: Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	40 015
> 1 year ≤ 5 years	276 400
> 5 years	-
Total	**316 415**

2.10 Goodwill at 31 December 2012

(thousand MAD)

	12/31/2011	Perimeter variation	Translation gains and losses	Other movements	12/31/2012
Gross value	6 616 988	-	3 484	-	6 620 472
Accumulated amortisation and impairment	-	-	-	-	-
Net value on the balance sheet	**6 616 988**	**-**	**3 484**	**-**	**6 620 472**

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 2012, no impairment has been recognized.

2.11 Financial liabilities at fair value through income

2.11.1 Financial liabilities at fair value through income at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Securities pledged under repo agreements	323 905	361 911
Derivative instruments	648 254	2 229 849
Fair value on balance sheet	**972 159**	**2 591 760**

2.11.2 Derivative instruments per type of risk at 31 December 2012

(thousand MAD)

	Book value		Notional Amount
Per type of risk	**Assets**	**Liabilities**	
Exchange rate derivative instruments	490 352	185 679	44 473 791
Interest rate derivative instruments	153 166	9 429	29 290 250
Raw materials derivatives	81 312	81 312	1 658 740
Other derivative instruments	96 814	371 834	1 336 272
Total	**821 644**	**648 254**	**76 759 053**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Credit institutions		
Accounts and borrowings	13 679 079	15 327 089
Securities pledged under repo agreements	31 267 497	19 215 394
Total	**44 946 576**	**34 542 484**
Related debt	138 318	113 063
Value on the balance sheet	**45 084 894**	**34 655 547**
Internal Group operations		
Current accounts in credit	7 305 439	3 787 810
Accounts and long-term advances	23 078 517	26 189 929
Related debt	51 603	94 067

2.12.2 Breakdown of debts per remaining term at 31 December 2012

(thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Amounts owing to credit institutions	38 247 750	4 633 746	1 745 174	319 906	**44 946 576**

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Ordinary creditor accounts	158 208 749	151 402 617
Savings accounts	56 785 896	54 240 447
Other amounts owing to customers	10 887 507	10 063 248
Securities pledged under repo agreements	-	2 194 183
Total	**225 882 152**	**217 900 496**
Related debt	1 136 894	914 774
Value on balance sheet	**227 019 046**	**218 815 270**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Morocco	133 075 836	127 953 195
Tunisia	18 624 173	18 891 199
Sub-Saharan Africa	32 058 207	31 073 414
Europe	41 816 622	39 422 012
Other	307 315	560 676
Total	**225 882 152**	**217 900 496**
Related debt	1 136 894	914 774
Value on the balance sheet	**227 019 046**	**218 815 270**

2.13.3 Breakdown of debts to customers per economic operator at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Corporate entities	81 933 311	80 126 421
Including large enterprises	47 268 122	54 999 316
Private individuals	143 948 841	137 774 075
Total	**225 882 152**	**217 900 496**
Relevant debts	1 136 894	914 774
Net values on balance sheet	**227 019 046**	**218 815 270**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 December 2012 (thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	167 428 489	41 716 995	11 588 289	5 148 380	**225 882 152**

2.14 Debts represented by security and subordinated debts at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Other debts represented by a security	**17 726 877**	**15 613 534**
Negotiable debt securities	17 393 883	15 233 013
Bond loans	332 994	380 521
Subordinated debts	**10 469 283**	**10 523 289**
Subordinated loan	10 469 283	10 523 289
with defined term	10 469 283	10 523 289
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**28 196 160**	**26 136 823**

2.15 General provisions at 31 December 2012 (thousand MAD)

	Stock at 12/31/2011	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2012
Provisions for risks in executing signature loans	87 965	-	5 893	-	2 467	-1 074	90 317
Provisions for social benefit liabilities	370 957	-	65 830	28 277	41 205	7 804	375 109
Other general provisions	712 373	-	181 731	4 574	239 558	34 891	684 863
General provisions	**1 171 295**	**-**	**253 454**	**32 850**	**283 230**	**41 621**	**1 150 289**

3- Notes pursuant to operating account

3.1 Net interest margin at 31 December 2012 (thousand MAD)

	12/31/2012			12/31/2011		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**14 551 812**	**3 187 120**	11 364 691	13 449 594	3 047 335	10 402 259
Accounts and loans/borrowings	13 751 315	3 136 747	10 614 568	12 640 891	2 903 567	9 737 324
Repurchase agreements	26 092	50 374	-24 282	765	143 768	-143 003
Leasing activities	774 405	-	774 405	807 938	-	807 938
Inter-bank transactions	**817 010**	**1 856 015**	**-1 039 005**	**918 889**	**1 344 080**	**-425 191**
Accounts and loans/borrowings	808 389	1 784 635	-976 246	916 127	1 245 858	-329 731
Repurchase agreements	8 621	71 380	-62 759	2 762	98 222	-95 460
Debt issued by the Group	**-**	**1 240 045**	**-1 240 045**	**-**	**1 322 460**	**-1 322 460**
Available-for-sale assets	**949 928**	**-**	**949 928**	**1 110 819**	**-**	**1 110 819**
Total net interest income	**16 318 750**	**6 283 180**	**10 035 570**	**15 479 302**	**5 713 876**	**9 765 427**

3.2 Net fee income at 31 December 2012 (thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**1 926 193**	**46 441**	**1 879 752**
with credit institutions	81 306	31 455	49 851
with customers	1 320 385	-	1 320 385
on securities	91 728	14 986	76 742
on foreign exchange	98 627	-	98 627
on forward financial instruments and other off-balance sheet transactions	334 147	-	334 147
Banking and financial services	**2 000 634**	**316 842**	**1 683 792**
Net income from mutual fund management (OPCVM)	310 256	21 071	289 185
Net income from payment services	1 026 500	226 399	800 101
Insurance products	91 390	-	91 390
Other services	572 488	69 372	503 116
Net fee income	**3 926 827**	**363 283**	**3 563 544**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Fixed income securities	1 263 636	980 753
Variable income securities	-42 474	7 304
Derivative financial instruments	859 902	400 762
Reassessment of over the counter foreign currency cash positions	110 448	70 198
Total	**2 191 512**	**1 459 016**

3.4 Net gains or losses on financial assets available for sale at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Income from variable income securities	-205 506	288 359
Income from transfers	715 758	618 114
Value added	715 758	618 114
Loss in value	-	-
Gains and losses in value of variable income securities	-1 504	21 265
Total	**508 748**	**927 739**

3.5 Income and expenses from other activities at 31 December 2012

(thousand MAD)

	12/31/2012			12/31/2011		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	5 154 519	4 648 230	506 288	4 833 660	4 483 417	350 243
Net income from investment property	41 677	-	41 677	37 220	-	37 220
Net income from fixed assets rented outright	20 537	-	20 537	3 631	27	3 604
Other income	621 467	440 402	181 064	593 414	413 843	179 570
Total of interest income and expenses or equivalent	**5 838 200**	**5 088 633**	**749 567**	**5 467 924**	**4 897 287**	**570 638**

3.6 Net income from insurance activity at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Gross premiums acquired	5 699 065	5 292 951
Variation in technical provisions	-995 691	-1 140 728
Contract service expenses	-3 654 601	-3 686 773
Net expenses or income from reassurance transfers	-542 486	-115 206
Total	**506 288**	**350 243**

3.7 Cost of risk at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Allocations to provisions	**-1 533 748**	**-1 172 288**
Provisions for depreciation of loans and debts	-1 346 124	-978 012
Provisions for commitments by signature	-5 893	-15 761
Other provisions for risks and expenses	-181 731	-178 515
Provision write downs	**737 450**	**1 545 110**
Provision write downs for depreciation of loans and debts	495 425	1 366 054
Provision write downs for commitments by signature	2 467	11 209
Write downs from other provisions for risks and expenses	239 558	167 847
Provision variation	**-425 450**	**-1 122 523**
Losses on non provisioned unrecoverable loans and debts	-47 788	-215 540
Losses on provisioned unrecoverable loans and debts	-459 494	-968 223
Recovery on amortized loans and debts	114 682	94 730
Other losses	-32 850	-33 490
Cost of risk	**-1 221 748**	**-749 701**

3.8 Net gains or losses on other activities at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Operating tangible and intangible fixed assets		
Value added from transfers	15 508	65 634
Loss in value transfers	-399	-64 947
Net gains or losses on other activities	**15 109**	**687**

4. Information per center of activity

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** activities comprising Attijari bank Tunisie and the banks of the Sub-Saharan area ;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET DECEMBER 2012	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	TOTAL
Balance sheet	**248 792 554**	**28 135 240**	**23 945 583**	**67 431 500**	**368 304 877**
Including					
Assets					
Financial assets at fair value through income	40 567 454	-	6 658 290	203 137	**47 428 881**
Available-for-sale financial assets	7 996 266	28 666	10 756 417	8 410 310	**27 191 660**
Loans and advances to credit institutions and similar establishments	9 133 067	166 521	47 158	4 658 408	**14 005 154**
Loans and advances to customers	178 004 136	25 399 418	2 601 983	41 622 555	**247 628 093**
Property, plant and equipment	2 201 447	531 154	143 866	2 077 191	**4 953 658**
Liabilities					
Amounts owing to credit institutions and similar establishments	40 834 071	1 756 474	-	2 494 349	**45 084 894**
Customer deposits	172 975 532	2 160 302	2 119	51 881 093	**227 019 046**
Technical reserves for insurance contracts	-	-	19 088 075	-	**19 088 075**
Subordinated debt	10 369 269	100 014	-	-	**10 469 283**
Shareholders' equity	24 671 373	2 545 123	3 839 041	4 339 119	**35 394 656**

INCOME STATEMENT DECEMBER 2012	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	6 344 665	972 227	258 063	2 460 615	-	**10 035 570**
Net fee income	1 769 665	674 176	-34 456	1 585 746	-431 587	**3 563 544**
Net banking income	9 453 673	2 119 107	1 348 366	4 307 178	-179 382	**17 048 941**
Operating expenses	3 741 368	744 435	393 403	2 221 698	-179 382	**6 921 521**
Operating income	4 678 402	1 021 956	883 319	1 559 769	-	**8 143 447**
Net income	2 836 675	639 848	727 347	1 105 202	-	**5 309 072**
Net income Group share	2 811 249	462 086	576 703	650 731	-	**4 500 769**

5. Financing commitments and guarantees

5.1 Financing commitments at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Financing commitments given	**19 623 107**	**16 108 841**
To credit institutions and similar establishments	420 338	51 234
To customers	19 202 769	16 057 607
Financing commitments received	**5 707 362**	**5 151 180**
From credit institutions and similar establishments	2 322 373	3 538 159
From the State and other organisations providing guarantees	3 384 989	1 613 021

5.2 Guarantee commitments at 31 December 2012

(thousand MAD)

	12/31/2012	12/31/2011
Guarantees given	**43 856 397**	**44 630 790**
To credit institutions and similar establishments	5 611 372	7 262 943
To customers	38 245 025	37 367 847
Guarantees received	**28 221 639**	**26 438 404**
From credit institutions and similar establishments	17 226 964	16 067 386
From the State and other organisations providing guarantees	10 994 675	10 371 018

6. Other 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 at 31 December 2012 (thousand MAD)

	Entities consolidated through global integration
Assets	
Loans, advances and securities	**31 978 438**
Ordinary accounts	8 510 398
Loans	23 236 082
Securities	231 958
Miscellaneous assets	-
Other assets	**516 738**
Total	**32 495 177**
Liabilities	
Deposits	**31 815 867**
Ordinary accounts	8 559 480
Other loans	23 256 387
Debts represented by security	**162 571**
Miscellaneous liabilities	**516 738**
Total	**32 495 177**
Financing and guarantee commitments	
Commitments given	14 321 988
Commitments received	14 321 988

6.1.2 Income items regarding operations conducted with associated parties (thousand MAD)

	Entities consolidated through global integration
Interest and equivalent income	589 605
Interest and equivalent expenses	589 605
Commissions (income)	500 458
Commissions (expenses)	68 872
Income from other activities	241 723
Expenses from other activities	493 927
Other expenses	179 382

Relationships with members of administrative and management bodies :

In 2012, 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 2012 came to MAD 84.6 million. Loans to these members came to MAD 146.4 million at the end of 2012.

6.2 Wafa Assurance at 31 December 2012

(thousand MAD)

Balance sheet	12/31/2012	12/31/2011
Assets		
Assets available for sale	10 756 417	11 312 249
Loans and debts to credit institutions and equivalent	41 250	18 178
Loans and debts to customers	2 601 983	2 757 526
Tangible fixed assets	118 098	176 865
Liabilities		
Debts to credit institutions and equivalent	-	-
Insurance contract technical provisions	19 088 075	18 602 128
Shareholders equity	3 347 863	2 271 896

Income and expenses account	12/31/2012	12/31/2011
Interest margin	253 717	296 917
Margin on commissions	-25 634	-21 415
Net income from other activities	569 908	395 728
Net banking income	1 084 419	1 334 452
Operating expenses	-450 464	-386 977
Operating income	564 375	951 470
Net income	417 088	620 746
Net income group share	330 703	492 181

7. Other complementary information:

7.1 Certificates of deposit and finance company bonds:

- The outstanding certificates of deposit issued by Attijariwafa bank as of 31 December 2012 amounted to MAD 10.02 billion.

During the year 2012, MAD 7.76 billion of certificates whose maturity is comprised between 20 days and 7 years and rates between 3.55% and 7.15% were issued.

- The outstanding of finance company bonds issued by Attijariwafa bank as of 31 December 2012 amounted to MAD 7.1 billion.

During the year 2012, MAD 5.02 billion of finance company bonds whose maturity is comprised between 24 months and 6 years and rates between 4.15% and 4.90% were issued.

7.2 Capital and income per share:

7.2.1 Number of shares and per values:

During 2012, Attijariwafa bank's capital rose from MAD 1 929 959 600 in 2011 to MAD 2 012 430 860 following a capital increase dedicated to employees. This increase in capital concerned 8 247 126 shares.

Attijariwafa bank's capital is made up of 201 243 086 shares at par value of MAD 10.

7.2.2 Attijariwafa bank shares held by the Group:

At the end of December 2012, the Attijariwafa bank held 13 338 706 Attijariwafa bank shares representing a global amount of MAD 1 991 million deducted from the consolidated shareholders equity.

7.2.3 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)

	31 December 2012	31 December 2011
Earnings per share	22.36	23.10
Diluted earnings per share	22.36	23.10

7.3 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 :

	31 December 2012	31 December 2012
Start of period	01 January 2012	01 January 2011
End of period	31 December 2012	31 December 2011
Discount rate	4.37%	3.98%
Rate of salary increase	4.00%	4.00%
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows :

(thousand MAD)

Change in actuarial liability	31 December 2012	31 December 2012
Actuarial liability N-1	370 957	303 671
Current service cost	68 362	35 895
Discounting effect	- 24 666	- 4 551
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	-	57 832
Termination benefits	- 48 886	- 24 652
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	9 341	2 762
Actuarial liability N	375 109	370 957

Expense recognised	31 December 2012	31 December 2012
Current service cost	- 68 362	- 35 895
Discounting effect	24 666	4 551
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	19 072	- 16 677
Net expense recognized in profit or loss	**- 24 625**	**- 48 021**

7.4 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	100.00%	100.00%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	51.93%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51.00%	51.00%
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	51.00%	51.00%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank	(1)				Cameroon	IG	51.00%	51.00%
ATTIJARIBANK MAURITANIE	Bank		(3)			Mauritania	IG	80.00%	53.60%
WAFA SALAF	Consumer Credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Financial leasing					Morocco	IG	97.83%	97.83%
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	75.00%	75.00%
WAFA CASH	Cash activities					Morocco	IG	99.85%	99.85%
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 intermediation					Morocco	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
WAFA ASSURANCE	Insurance					Morocco	IG	79.29%	79.29%
BCM CORPORATION	Holding Company					Morocco	IG	100.00%	100.00%
WAFA CORP	Holding Company					Morocco	IG	100.00%	100.00%
OGM	Holding Company					Morocco	IG	100.00%	100.00%
ANDALUCARTHAGE	Holding Company					Morocco	IG	100.00%	100.00%
KASOVI	Holding Company					British Virgin Islands	IG	50.00%	50.00%
SAF	Holding Company					France	IG	99.82%	49.98%
FILAF	Holding Company					Senegal	IG	100.00%	50.00%
CAFIN	Holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	Holding Company		(3)			France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	Holding Company		(3)			France	IG	67.00%	67.00%
MOUSSAFIR	Hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	Risk capital					Tunisia	IG	67.23%	39.65%
PANORAMA	Real estate company					Morocco	IG	79.29%	79.29%

(A) Movements occurring in first half of 2011
(B) Movements occurring in second half of 2011
(C) Movements occurring in first half of 2012
(D) Movements occurring in second half of 2012

1 - Acquisition
2 - Creation, crossing threshold
3 - Entry into IFRS perimeter
4 - Disposal
5 - Deconsolidation
6 - Merger between consolidated entities
7 - Change in method - Proportional integration to global integration
8 - Change in method - Global integration equity method
9 - Change in method - Equity method upon global integration
10 - Change in method - Global integration per propotional integration
11 - Change in method - Proportional integration equity method
12 - Reconsolidation

PARENT COMPANY FINANCIAL STATEMENTS

GENERAL REPORT OF THE STATUTORY AUDITORS

Year ended December 31st, 2012

Deloitte.
Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

MAZARS
Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

Attijariwafa bank

GENERAL REPORT OF THE STATUTORY AUDITORS PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2012

In accordance with our engagement as statutory auditors by your general meeting, we have audited the financial statements attached of the company Attijariwafa bank which include the balance sheet, the profit and loss statement, the statement of management incomes, the cash flow statement and the notes to the financial statements for the year ended December 31st, 2012. These financial statements show stockholders' equity of KMAD 35,583,037 including a net profit of KMAD 3,309,697.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Moroccan accounting principles. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan auditing standards. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the financial statements contain material misstatements. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph above are regular and sincere and give, in all their material aspects, a fair view of the result of the year's operations and of the financial position and assets of the company Attijariwafa bank as of December 31st, 2012, in accordance with Moroccan accounting principles.

Specific procedures and disclosures

We have also performed the specific procedures required by Moroccan law and we have verified the correspondence of the information provided in the management report to the shareholders with the company's financial statements.

Furthermore, in accordance with Article 172 of Law 17-95, as completed and amended by Law 20-05, we inform you that the bank has made during the year 2012:

- The creation of ATTIJARI OPERATIONS, wholly owned by the bank.
- The creation of ATTIJARI AFRICA, wholly owned by the bank.
- The creation of ATTIJARI CIB AFRICA, wholly owned by the bank.
- The creation of ATTIJARI IT AFRICA, wholly owned by the bank.

Casablanca, March 1st, 2013

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

FINANCIAL STATEMENTS

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 and overseas, including the branch offices in Brussels. Material intra-group transactions and balances between Moroccan entities and overseas branches have been eliminated.

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 advances and signed commitments

General presentation of loans and advances

- Loans and advances to banks and customers are broken down on the basis of their initial maturity or their economic purpose :
  - demand and term loans in the case of banks ;
  - cash advances, fixed-asset loans, consumer finance, mortgages and other customer lending.
- Signed commitments recognized off-balance sheet consist of binding commitments to provide credit facilities and guarantee commitments that have not led to the disbursement of funds.
- Repurchase agreements, involving securities, are recognised on the various relevant "loans and advances" line item (banks, customers).
- Accrued interest on loans and advances is recognised in the associated "loans and advances" line item through profit or loss.

Non-performing customer loans and advances

- Non-performing customer loans and advances are recognised and measured in accordance with applicable banking regulations.

The main applicable provisions can be summarised as follows :

- non-performing loans and advances are, depending on the level of risk, classified as past due, doubtful or bad debts.
- Provisions are funded for non-performing loans and advances, net of the proportion of collateral required under applicable regulations, as follows :
- 20% in the case of past due debts ;
- 50% in the case of doubtful debts ;
- 100% in the case of bad debts ;

The provisions funded for credit risks are deducted from the relevant asset line items.

- Upon reclassification of loans and advances as non-performing debts, interest thereon is no longer calculated and recognised. It is recognized as income when received.
- Losses on bad debts are recognised when the collection of non-performing debts no longer seems possible.
- Provisions for non-performing debts may be reversed where the non-performing debts undergo an improvement : effective repayment (in full or in part) of the loan or a restructuring thereof with a partial repayment of the loan.

4. Demand and term liabilities

Amounts owing to banks and customer deposits are presented in the summary financial statements on the basis of their initial maturity or the nature of these liabilities :

- demand and term liabilities in the case of banks ;
- demand accounts in credit, savings accounts, term deposits and other customer accounts in credit.

They are included in these various headings on the basis of the nature of the counterparty, the repurchase agreements, involving securities.

Accrued interest on these liabilities is recognised in the associated liability line items through profit or loss.

5. Securities portfolio

5.1. General presentation

Securities transactions are recognised and measured in accordance with the provisions of the Chart of Accounts for Banks.

The securities are firstly classified on the basis of the legal form of the security (debt security or title deed) and secondly on the basis of the intention (held for trading securities, available-for-sale financial securities, held-to-maturity securities, long-term investments).

5.2. Held for trading securities (financial assets at fair value through profit or loss

This portfolio contains highly liquid securities that are acquired with the intention of selling them in the short-term.

These securities are recognised at their purchase value (including coupon). At the end of each reporting period, the difference between this value and the market value is recognised in profit or loss.

5.3. Available-for-sale financial assets

This portfolio contains securities that are acquired with a view to being held for over six months except for fixed-income securities that are intended to be held to maturity. This category of securities notably includes the securities that fail to satisfy the criteria for recognition in another category of securities.

Debt securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

Title deeds are recognised at fair value less acquisition costs.

At the end of each reporting period a provision for impairment is funded for the negative difference between the market value and the historical cost of the securities. Potential gains are not recognised.

5.4. Held-to-maturity securities

Held-to-maturity securities consist of debt securities that are acquired or reclassified from another category of securities with the intention of holding them to maturity so as to generate regular income over a long period.

At their acquisition date, these securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

At the end of each reporting period, the securities are kept at their acquisition value regardless of the market value of the security. Accordingly, no unrealised gains or losses are recognised.

5.5. Long-term securities

This category consists of securities the long-term holding of which is felt to be beneficial to the bank.

At the end of each reporting period, their value is estimated on the basis of generally accepted items : value in use, share of net assets, earnings outlook and share price. Provisions for impairment may be funded, on a case-by-case basis, for any unrealised losses.

5.6. Repurchase agreements

Securities sold under repurchase agreements are kept on the balance sheet and the amount received, representing the liability to the assignee, is recognised as a balance sheet liability.

Securities bought under repurchase agreements are not recognised on the balance sheet but the amount paid out, representing the receivable vis-à-vis the assignor, is recognised as a balance sheet asset.

Securities transferred under repurchase agreements are subject to the accounting treatment corresponding to the portfolio category in which they were classified.

6. Foreign currency denominated transactions

Receivables and payables plus signed commitments denominated in foreign currencies are translated into MAD at the average exchange rate on the reporting date.

Any foreign exchange gains (losses) recognised on the provisions funded by foreign operations and on foreign-currency denominated borrowings hedged against currency risk are recognised on the balance sheet on the "other assets" or "other liabilities" line item as the case may be. Foreign exchange gains (losses) resulting from the translation of long-term investments acquired in foreign currencies are recognised as translation adjustments on the relevant security line items.

Foreign exchange gains (losses) on other foreign-currency accounts are recognised in profit or loss.

Foreign-currency denominated revenue and expenses are translated at the exchange rate on the date of their recognition.

7. Translation of foreign-currency denominated financial statements

The "closing rate" method is used to translate foreign-currency denominated financial statements.

<u>**Translation of on- and off- balance sheet items**</u>

All assets, liabilities and off-balance sheet items of foreign entities are translated on the basis of the exchange rate on the reporting date.

Equity (excluding net income for the financial year) is measured at the various historic exchange rates. Any adjustments resulting from this correction (closing rate – historic rate) are recognised outside profit or loss under "translation adjustments".

<u>**Translation of income statement items**</u>

Aside from amortisation, depreciation and provisions translated at the closing rate, all income statement items are translated at the average exchange rate over the financial year.

8. General contingency reserve

This reserve is funded, as and when management sees fit, in order to cover future banking contingencies that are currently not identified or accurately measurable.

Such reserves are subject to tax add-backs.

9. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried on the balance sheet at the acquisition value less cumulative amortisation and depreciation, calculated on a straight-line basis over the estimated useful lives.

Intangible assets are split into operating and non-operating assets and are amortised over the following periods :

Nature	**Amortisation period**
- Leasehold rights	Not amortised
- Patents and trademarks	N/A
- Research and development assets	N/A
- Software	6.67
- Other intangible items	5

Property, plant and equipment is split into operating and non-operating assets and depreciated over the following periods :

Nature	**Amortisation period**
- Land	Not depreciated
- Premises	25
- Office equipment	6.67
- Computer hardware	6.67
- Vehicles	5
- Fixtures, fittings and installations	6.67

10. Deferred expenses

Deferred expenses are expenses that by virtue of their materiality and nature may relate to more than one financial year.

The depreciation periods applied are as follows :

Nature	**Amortisation period**
- Start-up costs	3
- Non-current asset acquisition costs	5
- Borrowing issuance costs	N/A
- Issue or redemption premiums on debt securities	N/A
- Other deferred expenses	Between 3 and 5 years depending on the case

11. Recognition of interest and fees in the income statement

<u>**Interest**</u>

Interest is deemed to be any income or expense calculated on effectively borrowed or lent capital.

Also classified as interest equivalents are any income or expense calculated pro-rata temporis in consideration for a risk. This category notably includes fees on guarantee and financing commitments (surety, documentary credit…).

Interest accruing on effectively lent or borrowed capital is recognised in the underlying receivable and payable line items through profit or loss.

Interest equivalents are recognised as revenue or expenses upon invoicing.

<u>**Fees**</u>

Income and expenses, determined on a lump-sum basis and in consideration for the provision of services, are recognised as fees upon invoicing.

12. Non-current income and expenses

These wholly relate to extraordinary income and expenses and are in principle both unusual and infrequent in nature.

Balance sheet at 31 December 2012 (thousand MAD)

ASSETS	12/31/2012	12/31/2011
Cash and balances with central banks, the Treasury and post office accounts	**5 806 876**	**8 883 843**
Loans and advances to credit institutions and similar establishments	**28 835 051**	**29 439 482**
. Sight	7 382 447	5 726 467
. Term	21 452 604	23 713 015
Loans and advances to customers	**167 656 801**	**157 605 524**
. Short-term loans and consumer loans	55 833 656	54 250 125
. Equipment loans	53 314 599	49 681 787
. Mortgage loans	54 357 429	50 256 714
. Other loans	4 151 117	3 416 898
Receivables acquired through factoring	**2 400 812**	**609 141**
Trading securities and available-for-sale securities	**52 216 361**	**37 540 273**
. Treasury bills and similar securities	36 395 703	25 773 986
. Other debt securities	3 873 126	1 428 155
. Fixed Income Funds	11 947 532	10 338 132
Other assets	**2 259 048**	**2 165 642**
Investment securities	**-**	**-**
. Treasury bills and similar securities	-	-
. Other debt securities	-	-
Investments in affiliates and other long-term investments	**12 214 528**	**12 190 156**
Subordinated loans	**-**	**-**
Leased and rented assets	**812 977**	**695 773**
Intangible assets	**1 735 941**	**1 858 483**
Property, plant and equipment	**2 228 128**	**2 340 178**
TOTAL ASSETS	**276 166 523**	**253 328 494**

LIABILITIES	12/31/2012	12/31/2011
Amounts owing to central banks, the Treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**46 972 640**	**35 638 653**
. Sight	5 638 961	7 588 676
. Term	41 333 679	28 049 978
Customer deposits	**171 916 418**	**165 590 451**
. Current accounts in credit	102 630 602	99 859 627
. Savings accounts	22 108 436	20 717 644
. Term deposits	40 671 312	38 715 162
. Other accounts in credit	6 506 068	6 298 019
Debt securities issued	**9 211 756**	**10 189 227**
. Negociable debt securities	9 211 756	10 189 227
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	**11 205 467**	**9 214 395**
General provisions	**1 277 205**	**880 241**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**10 369 269**	**10 370 972**
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**19 890 529**	**16 358 000**
Share capital	**2 012 431**	**1 929 960**
Shareholders, unpaid share capital (-)		
Retained earnings (+/-)	**691**	**1 497**
Net income to be allocated (+/-)		
Net income for the financial year (+/-)	**3 309 697**	**3 154 677**
TOTAL LIABILITIES	**276 166 523**	**253 328 494**

Off-balance sheet items at 31 December 2012 (thousand MAD)

OFF-BALANCE	12/31/2012	12/31/2011
COMMITMENTS GIVEN	**49 140 698**	**47 596 983**
Financing commitments given to credit institutions and similar establishments	532	1 183
Financing commitments given to customers	14 149 816	12 176 841
Guarantees given to credit institutions and similar establishments	6 025 258	7 360 666
Guarantees given to customers	28 965 092	28 058 293
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	-	-
COMMITMENTS RECEIVED	**16 445 088**	**15 157 614**
Financing commitments received from credit institutions and similar establishments	-	266 628
Guarantees received from credit institutions and similar establishments	16 404 756	14 831 908
Guarantees received from the State and other organisations providing guarantees	40 332	59 078
Securities sold with repurchase agreement	-	-
Other securities to be received	-	-

Income statement at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
OPERATING INCOME FROM BANKING ACTIVITIES	**15 914 465**	**14 069 736**
Interest and similar income from transactions with credit institutions	1 036 167	1 112 246
Interest and similar income from transactions with customers	9 425 291	8 432 809
Interest and similar income from debt securities	260 065	397 555
Income from equity securities	1 272 505	886 480
Income from lease-financed fixed assets	151 931	146 308
Fee income	1 252 387	1 132 225
Other banking income	2 516 119	1 962 113
OPERATING EXPENSES ON BANKING ACTIVITIES	**6 249 168**	**5 096 674**
Interest and similar expenses on transactions with credit institutions	1 264 630	711 245
Interest and similar expenses on transactions with customers	2 648 203	2 488 750
Interest and similar expenses on debt securities issued	394 061	420 663
Expenses on lease-financed fixed assets	102 038	135 418
Other banking expenses	1 840 236	1 340 599
NET BANKING INCOME	**9 665 297**	**8 973 062**
Non-banking operating income	72 100	31 413
Non-banking operating expenses	-	1
OPERATING EXPENSES	**3 561 793**	**3 345 908**
Staff costs	1 610 608	1 540 770
Taxes other than on income	101 681	101 056
External expenses	1 437 987	1 278 854
Other general operating expenses	4 627	7 098
Depreciation, amortisation and provisions	406 890	418 130
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**1 744 661**	**2 223 157**
Provisions for non-performing loans and signature loans	1 014 095	1 058 640
Losses on irrecoverable loans	266 178	783 859
Other provisions	464 387	380 658
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**574 451**	**1 193 840**
Provision write-backs for non-performing loans and signature loans	427 927	831 081
Amounts recovered on impaired loans	87 341	74 056
Other provision write-backs	59 183	288 703
INCOME FROM ORDINARY ACTIVITIES	**5 005 394**	**4 629 248**
Non-recurring income	1 367	297
Non-recurring expenses	187 049	25 031
PRE-TAX INCOME	**4 819 712**	**4 604 514**
Income tax	1 510 015	1 449 837
NET INCOME FOR THE FINANCIAL YEAR	**3 309 697**	**3 154 677**

Management accounting statement at 31 December 2012 **(thousand MAD)**

I - RESULTS ANALYSIS	12/31/2012	12/31/2011
+ Interest and similar income	10 721 523	9 942 610
- Interest and similar expenses	4 306 894	3 620 657
NET INTEREST MARGIN	**6 414 629**	**6 321 953**
+ Income from lease-financed fixed assets	151 931	146 308
- Expenses on lease-financed fixed assets	102 038	135 418
NET INCOME FROM LEASING ACTIVITIES	**49 893**	**10 890**
+ Fees received	1 252 387	1 132 225
- Fees paid	-	-
NET FEE INCOME	**1 252 387**	**1 132 225**
+ Income from trading securities	1 016 014	694 124
+ Income from available-for-sale securities	-5 689	3 469
+ Income from foreign exchange activities	269 989	422 505
+ Income from derivatives activities	159 225	170 434
INCOME FROM MARKET ACTIVITIES	**1 439 539**	**1 290 533**
+ Other banking income	1 285 179	886 480
- Other banking expenses	776 330	669 019
NET BANKING INCOME	**9 665 297**	**8 973 062**
+ Income from long-term investments	-20 886	-12 765
+ Other non-banking operating income	72 100	26 457
- Other non-banking operating expenses	-	1
- General operating expenses	3 561 793	3 345 908
GROSS OPERATING INCOME	**6 154 718**	**5 640 845**
+ Net provisions for non-performing loans and signature loans	-765 007	-937 362
+ Other net provisions	-384 317	-74 234
NET OPERATING INCOME	**5 005 394**	**4 629 248**
NON OPERATING INCOME	**-185 682**	**-24 734**
- Income tax	1 510 015	1 449 837
NET INCOME FOR THE FINANCIAL YEAR	**3 309 697**	**3 154 677**

II - TOTAL CASH FLOW	12/31/2012	12/31/2011
NET INCOME FOR THE FINANCIAL YEAR	**3 309 697**	**3 154 677**
+ Depreciation, amortisation and provisions for fixed asset impairment	406 890	418 130
+ Provisions for impairment of long-term investments	27 297	18 910
+ General provisions	337 500	314 400
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	6 412	1 189
- Capital gains on disposal of fixed assets	-	298
+ Losses on disposal of fixed assets	-	1
- Capital gains on disposal of long-term investments	-	4 955
+ Losses on disposal of long-term investments	-	-
- Write-backs of investment subsidies received	-	-
TOTAL CASH FLOW	**4 074 972**	**3 899 676**
- Profits distributed	1 640 466	1 543 968
SELF-FINANCING	**2 434 506**	**2 355 708**

Non-performing customer loans at 31 December 2012

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Amount
dec-12	5 870 411	531 112	**6 401 523**	4 924 953	73 239	**4 998 192**

Sales at 31 December 2012

2 012	2 011	2 010
15 914 465	**14 069 736**	**13 301 271**

Cash flow statement at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
1. (+) Operating income from banking activities	14 641 960	13 183 256
2. (+) Amounts recovered on impaired loans	87 340	74 056
3. (+) Non-banking operating income	73 467	31 710
4. (-) Operating expenses on banking activities (*)	-6 829 065	-5 750 650
5. (-) Non-banking operating expenses	0	-1
6. (-) General operating expenses	-3 154 903	-2 927 778
7. (-) Income tax	-1 510 015	-1 449 837
I. NET CASH FLOW FROM INCOME STATEMENT	**3 308 784**	**3 160 756**
Change in : 8. (±) Loans and advances to credit institutions and similar establishments	604 431	141 137
9. (±) Loans and advances to customers	-11 842 948	-19 411 611
10. (±) Trading securities and available-for-sale securities	-14 676 088	-7 631 731
11. (±) Other assets	-93 406	1 559 467
12. (±) Lease-financed fixed assets	-117 204	-145 369
13. (±) Amounts owing to credit institutions and similar establishments	11 333 987	13 716 853
14. (±) Customer deposits	6 325 967	8 542 489
15. (±) Debt securities issued	-977 471	1 854 968
16. (±) Other liabilities	1 991 072	-910 367
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-7 451 660**	**-2 284 164**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I+ II)	**-4 142 876**	**876 592**
17. (+) Income from the disposal of long-term investments		
18. (+) Income from the disposal of fixed assets	295 990	174 104
19. (-) Acquisition of long-term investments	-29 906	-1 301 275
20. (-) Acquisition of fixed assets	-469 861	-467 914
21. (+) Interest received	0	0
22. (+) Dividends received	1 272 505	886 480
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**1 068 728**	**-708 605**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance		1 000 000
25. (+) Equity issuance	2 099 999	
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-462 352	-444 675
28. (-) Dividends paid	-1 640 466	-1 543 968
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-2 819**	**-988 643**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS (III+IV+V)	**-3 076 967**	**-820 656**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**8 883 843**	**9 704 499**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5 806 876**	**8 883 843**

(*) including net provisions

Statement of departures from standard accounting treatment at 31 December 2012

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 2012

NATURE OF CHANGES	REASONS FOR CHANGES	IMPACT OF CHANGES 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 2012 (thousand MAD)

LOANS AND ADVANCES	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions or equivalent in Morocco	Credit institutions abroad	Total 12/31/2012	Total 12/31/2011
CURRENT ACCOUNTS IN DEBIT	3 345 140		1 882 302	5 347 262	**10 574 704**	12 093 036
NOTES RECEIVED AS SECURITY						
. overnight						
. term						
CASH LOANS		60 000	10 885 648	250 049	**11 195 697**	11 356 178
. overnight						
. term		60 000	10 885 648	250 049	11 195 697	11 356 178
FINANCIAL LOANS		2 815 647	7 311 610		**10 127 257**	12 419 244
OTHER LOANS		118 342	5 511	308	**124 161**	88 674
INTEREST ACCRUED AWAITING RECEIPT			147 750	11 527	**159 277**	163 819
NON-PERFORMING LOANS						
TOTAL	3 345 140	2 993 989	20 232 821	5 609 146	**32 181 096**	36 120 951

Loans and advances to customers at 31 December 2012 (thousand MAD)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2012	Total 12/31/2011
		Financial companies	Non-financial companies	Other customers		
SHORT-TERM LOANS	2 446 562	125 741	42 031 748	2 424 873	**47 028 924**	46 432 670
. Current accounts in debit	755 413	125 741	22 752 958	1 856 659	25 490 771	20 644 608
. Commercial loans within Morocco			5 018 581		5 018 581	5 282 574
. Export loans			437 395		437 395	535 691
. Other cash loans	1 691 149		13 822 814	568 214	16 082 177	19 969 797
CONSUMER LOANS			568 617	7 508 689	**8 077 306**	7 165 702
EQUIPMENT LOANS	23 654 468		24 790 168	4 051 109	**52 495 745**	49 213 935
MORTGAGE LOANS	13 077		14 214 577	40 121 679	**54 349 333**	50 254 035
OTHER LOANS		1 201 259	529 889	1 474 250	**3 205 398**	2 422 983
RECEIVABLES ACQUIRED THROUGH FACTORING			2 400 812		**2 400 812**	608 335
INTEREST ACCRUED AWAITING RECEIPT			1 490 367	64 270	**1 554 637**	1 123 269
NON-PERFORMING LOANS	1 349	316	335 419	608 374	**945 458**	993 735
. Sub-standard loans						
. Doubtful loans						
. Impaired loans	1 349	316	335 419	608 374	945 458	993 735
TOTAL	26 115 456	1 327 316	86 361 597	56 253 244	**170 057 613**	158 214 664

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 31 December 2012 (thousand MAD)

SECURITIES	Other credit institutions and similar establishments	Public issuers	Private issuers		TOTAL 12/31/2012	TOTAL 12/31/2011
			Financial companies	Non-financial companies		
LISTED SECURITIES	1 213 560	-	11 689 945	1 772 720	**14 676 225**	10 417 464
. Treasury bills and similar instruments					-	
. Bonds	-			-	-	
. Other debt securities	1 207 373			1 557 373	2 764 746	138 007
. Fixed Income Funds	6 187		11 689 945	215 347	11 911 479	10 279 457
UNLISTED SECURITIES	382 562	34 967 039	20 991	2 169 544	**37 540 136**	27 122 809
. Treasury bills and similar instruments		34 506 884		1 888 819	36 395 703	25 773 986
. Bonds	375 876	460 155		272 349	1 108 380	1 290 148
. Other debt securities					-	-
. Fixed Income Funds	6 686		20 991	8 376	36 053	58 675
TOTAL GENERAL	1 596 122	34 967 039	11 710 936	3 942 264	**52 216 361**	37 540 273

Value of trading securities, available-for-sale securities and investment securities at 31 December 2012 **(thousand MAD)**

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**46 495 118**	**46 495 118**	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	31 835 858	31 835 858		-	-	-
. Bonds	1 400 179	1 400 179		-	-	-
. Other debt securities	1 364 567	1 364 567		-	-	-
. Fixed Income Funds	11 894 514	11 894 514		-	-	-
AVAILABLE-FOR-SALE SECURITIES	**5 754 507**	**5 721 243**	**-**	**95 350**	**33 263**	**33 263**
. Treasury bills and similar instruments	4 567 437	4 559 845		76 162	7 592	7 592
. Bonds	1 114 940	1 108 380		19 188	6 560	6 560
. Other debt securities					-	-
. Fixed Income Funds	72 130	53 018			19 111	19 111
INVESTMENT SECURITIES	**-**	**-**	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	-	-		-	-	-
. Bonds				-	-	-
. Other debt securities	-	-		-	-	-

Details of other assets at 31 December 2012 **(thousand MAD)**

ASSETS	AMOUNT AT 12/31/2012	AMOUNT AT 12/31/2011
OPTIONS PURCHASED	**48 040**	**52 275**
SUNDRY SECURITIES TRANSACTIONS (1)		
SUNDRY DEBTORS	**297 275**	**410 287**
Amounts due from the State	175 047	149 570
Amounts due from mutual societies		
Sundry amounts due from staff		
Amounts due from customers for non-banking services	437	16 438
Other sundry debtors	121 791	244 279
OTHER SUNDRY ASSETS	**2 612**	**37 285**
ACCRUALS AND SIMILAR	**1 795 596**	**1 559 160**
Adjustment accounts for off-balance sheet transactions	515 768	75 403
Translation differences for foreign currencies and securities	75	75
Income from derivative products and hedging		
Deferred expenses	16 159	16 899
Inter-company accounts between head office, branch offices and branches in Morocco	4 718	3 871
Accounts receivable and prepaid expenses	1 005 149	1 165 392
Other accruals and similar	253 727	297 520
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**115 525**	**106 634**
TOTAL	**2 259 048**	**2 165 642**

(1) PCEC 341, 3463 and 3469 if in debit

Subordinated loans at 31 December 2012 **(thousand MAD)**

LOANS	Amount				including affiliates and related companies	
	12/31/2012			12/31/2011	12/31/2012	12/31/2011
	Gross	Prov.	Net	Net	Net	Net
	1	2	3	4	5	6
Subordinated loans to credit institutions and similar establishments	NOT APPLICABLE					
Subordinated loans to customers						
TOTAL						

Leased and rented assets at 31 December 2012 (thousand MAD)

CATEGORY	Gross amount at beginning of FY	Amount of acqui-sitions during FY	Amount of transfers or with-drawals during FY	Gross amount at end of FY	Depreciation		Provisions			Net amount at end of FY
					Allocation during FY	Aggre-gate depre-ciate	Allocation in FY	Provision write downs	Aggre-gate provi-sions	
LEASED AND RENTED ASSETS	**1 251 751**	**142 145**	**72 460**	**1 321 436**	**102 038**	**508 459**				**812 977**
LEASED INTANGIBLE ASSETS										
EQUIPMENT LEASING	**1 221 431**	**140 223**	**68 652**	**1 293 002**	**102 038**	**486 523**				**806 479**
- Movable assets under lease										
- Leased movable assets	1 221 431	140 223	68 652	1 293 002	102 038	486 523				806 479
- 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	4 673	1 922	3 808	2 787						2 787
NON-PERFORMING LOANS										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**1 251 751**	**142 145**	**72 460**	**1 321 436**	**102 038**	**508 459**				**812 977**

Gains and losses on fixed asset transfers or withdrawals at 31 December 2012 (thousand MAD)

Date of transfer or withdrawal	Type	Gross amount	Aggregate depreciation	Net book value	Transfer income	Value-added transfers	Loss in value transfers
	OFFICE EQUIPMENT AND FURNITURE	**117 918**	**14 021**	**103 897**	**103 897**		
apr-12	OFFICE FURNITURE	21 846	1 725	20 121			
apr-12	OFFICE EQUIPMENT	28 480	5 191	23 290			
apr-12	INTERBANK EQUIPMENT	26 205	2 714	23 491			
apr-12	SAFE DEPOSIT	2 869	204	2 665			
apr-12	IT EQUIPMENT	38 518	4 188	34 330			
	OFFICE EQUIPMENT AND FURNITURE	**63 991**	**2 399**	**61 592**	**61 592**		
sept-12	OFFICE FURNITURE	15 018	819	14 199			
sept-12	OFFICE EQUIPMENT	20 177	606	19 571			
sept-12	INTERBANK EQUIPMENT	7 941	348	7 593			
sept-12	IT EQUIPMENT	20 855	626	20 229			
	SOFTWARE	**143 945**	**13 444**	**130 501**	**130 501**		
	TOTAL GENERAL	**325 854**	**29 864**	**295 990**	**295 990**		

Intangible assets and property, plant and equipment at 31 December 2012 (thousand MAD)

TYPE	Gross value at the beginning of the exercise	Acquisitions	Disposals	Gross value at the end of the exercise	Depreciation and/or provisions: Amortisation and provisions at the beginning of the exercise	Depreciation and/or provisions: Additional amortisation	Depreciation and/or provisions: Amortisation on disposed assets	Depreciation and/or provisions: Accumulated amortisation and depreciation	Net value at the end of the exercise
INTANGIBLE ASSETS	**2 549 091**	**137 921**	**143 946**	**2 543 066**	**690 607**	**129 962**	**13 444**	**807 125**	**1 735 941**
. Lease rights	303 705	4 117	-	307 822	-	-	-		307 822
. Research and development									
. Intangible assets used in operations	2 245 386	133 804	143 946	2 235 244	690 607	129 962	13 444	807 125	1 428 119
. Non-operating intangible assets									
PROPERTY, PLANT AND EQUIPMENT	**5 552 253**	**331 940**	**183 481**	**5 700 712**	**3 212 076**	**276 928**	**16 420**	**3 472 584**	**2 228 128**
Immovable property used in operations	**1 753 014**	**15 656**	**-**	**1 768 670**	**617 225**	**55 008**	**-**	**672 233**	**1 096 437**
. Land	296 986	674	-	297 660	-	-	-		297 660
. Office buildings	1 380 217	14 982	-	1 395 199	559 823	52 531	-	612 354	782 845
. Staff accommodation	75 811			75 811	57 402	2 477	-	59 879	15 932
Movable property and equipment used in operations	**1 889 723**	**129 695**	**181 909**	**1 837 509**	**1 599 688**	**87 703**	**16 420**	**1 670 971**	**166 538**
. Office property	396 534	22 459	36 864	382 129	330 215	21 241	2 544	348 912	33 217
. Office equipment	877 182	69 124	85 672	860 634	757 721	35 410	9 062	784 069	76 565
. IT equipment	607 899	38 033	59 373	586 559	503 926	31 034	4 814	530 146	56 413
. Vehicles	8 108	79	-	8 187	7 826	18	-	7 844	343
. Other equipment									
Other property, plant and equipment used in operations	**1 196 649**	**117 731**		**1 314 380**	**801 947**	**114 960**	**-**	**916 907**	**397 473**
Property, plant and equipment not used in operations	**712 867**	**68 858**	**1 572**	**780 153**	**193 216**	**19 257**		**212 473**	**567 680**
. Land	222 306	6 994	1 572	227 728	-	-	-		227 728
. Buildings	324 306	53 624	-	377 930	112 276	12 384	-	124 660	253 270
. Movable property and equipment	42 287	616	-	42 903	39 812	1 833	-	41 645	1 258
. Other property, plant and equipment not used in operations	123 968	7 624	-	131 592	41 128	5 040	-	46 168	85 424
TOTAL	**8 101 344**	**469 861**	**327 427**	**8 243 778**	**3 902 683**	**406 890**	**29 864**	**4 279 709**	**3 964 069**

Investments in affiliates and other long-term investments at 31 December 2012 **(thousand MAD)**

NAME OF THE ISSUING COMPANY	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements			Contribution to current year's income
						Year-end	Net assets	Net income	
A. INVESTMENTS IN AFFILIATE COMPANIES				**11 291 021**	**11 142 292**	**-**	**45 970 179**	**2 434 067**	**1 217 820**
ATTIJARI FINANCES CORPORATE	INVESTMENT BANKING	10 000	100.00%	10 000	10 000	06/30/12	49 442	30 362	35 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	HOLDING COMPANY	885 000	100.00%	2 047 900	2 047 900	09/30/12	2 042 891	521 932	570 000
SOMACOVAM	ASSET MANAGEMENT	5 000	100.00%	30 000	6 108				-
WAFA GESTION	ASSET MANAGEMENT	4 900	66.00%	236 369	236 369				47 184
ATTIJARI INVEST.		5 000	100.00%	5 000	5 000	06/30/12	49 808	4 765	-
WAFA BOURSE	SECURITIES BROKERAGE	20 000	100.00%	40 223	39 601	06/30/12	39 601	-1 542	-
WAFA PATRIMOINE	PRIVATE PORTFOLIO MANAGEMENT	10 000	66.00%	1 700	1 700				-
ATTIJARI OPERATIONS	SERVICE COMPANY	1 000	100.00%	1 000	1 000				-
ATTIJARI AFRICA	SERVICE COMPANY	2 000	100.00%	2 000	2 000				-
ATTIJARI CIB AFRICA	SERVICE COMPANY	2 000	100.00%	2 000	2 000				-
ATTIJARI IT AFRICA	SERVICE COMPANY	1 000	100.00%	1 000	1 000				-
ATTIJARIWAFA BANK MIDDLE EAST LIMITED		1 000	100.00%	8 194	8 194				-
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	COMPUTER TECHNOLOGY	300	100.00%	100	100	12/31/11	585	-18	-
AGENA MAGHREB	SALE OF IT EQUIPMENT	11 000	74.96%	33	-	12/31/11	-6 692	-20	-
ATTIJARI CAPITAL DEVELOPEMENT	RISK CAPITAL	10 000	100.00%	10 000	10 000	12/31/11	24 698	2 543	20 000
ATTIJARI PROTECTION	SECURITY	4 000	83.75%	3 350	3 350				-
BCM CORPORATION	HOLDING COMPANY	200 000	100.00%	200 000	200 000	12/31/11	239 165	34 709	30 000
CASA MADRID DEVELOPPEMENT	DEVELOPMENT CAPITAL	10 000	50.00%	5 000	4 999	12/31/11	9 997	121	-
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	1 500	100.00%	1 675	-	12/31/11	1 209	-55	-
MEDI TRADE	TRADING	1 200	20.00%	240	134	06/30/12	674	-	-
AL MIFTAH	PROPERTY	100	100.00%	243	59	06/30/12	60	-1	-
WAFA COURTAGE	BROKERAGE	1 000	100.00%	2 397	2 397	06/30/12	6 006	1 667	10 000
WAFA COMMUNICATION		3 000	86.67%	2 600	336	12/31/11	388	-85	-
WAFA FONCIERE	PROPERTY MANAGEMENT	2 000	100.00%	3 700	2 299	06/30/12	2 300	-60	-
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	55 000	100.00%	55 046	15 010				-
WAFA SYSTEMES CONSULTING	IT CONSULTING	5 000	99.88%	4 994	4 994	12/31/11	5 881	389	-
WAFA SYSTEMES DATA	IT	1 500	100.00%	1 500	1 500	12/31/11	1 717	21	-
WAFA SYSTEMES FINANCES	IT SOLUTIONS	2 000	100.00%	2 066	2 066	12/31/11	2 851	96	-
WAFA TRUST	FINANCIAL SERVICES		100.00%	1 500	1 500	06/30/12	1 616	-55	-
WAFATRADE		1 000	100.00%	-	-	06/30/12	-2 300	-4	-
ATTIJARIA AL AAKARIA AL MAGHRIBIA	PROPERTY	10 000	100.00%	9 999	7 173	12/31/11	7 173	151	-
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	PROPERTY	50 000	100.00%	51 449	51 449	12/31/11	101 265	40 093	-
STE IMMOB.BOULEVARD PASTEUR " SIBP"	PROPERTY	300	50.00%	25	25				-
SOCIETE IMMOBILIERE RANOUIL	PROPERTY	3 350	100.00%	11 863	4 504	12/31/11	4 504	49	-
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	PROPERTY	15 000	100.00%	15 531	1 679				-
SOCIETE IMMOBILIERE MAIMOUNA	PROPERTY	300	100.00%	5 266	3 663	12/31/11	3 663	-223	-
STE IMMOBILIERE MARRAKECH EXPANSION	PROPERTY	300	100.00%	299	299	12/31/11	784	7	-
SOCIETE IMMOBILIERE ZAKAT	PROPERTY	300	100.00%	2 685	311	12/31/11	311	19	-
AYK	PROPERTY	100	100.00%	100	-	06/30/12	-1 110	-3	-
CAPRI	PROPERTY	124 000	99.76%	187 400	137 000				-
ATTIJARI IMMOBILIER	PROPERTY	50 000	99.99%	71 686	71 686	06/30/12	64 507	1 841	-
ATTIJARI INTERNATIONAL BANK "AIB"	OFFSHORE BANK	2081 KEURO	100.00%	92 442	92 442				30 313
WAFACASH	MONEY TRANSFERS	35 050	99.74%	323 518	323 518	06/30/12	257 290	32 847	44 932
WAFA IMMOBILIER	PROPERTY	50 000	100.00%	164 364	164 364	06/30/12	88 651	33 152	58 000
WAFASALAF	CONSUMER FINANCE	113 180	50.91%	634 783	634 783	06/30/12	1 410 237	165 394	152 727
WAFA LLD	LEASING	20 000	100.00%	20 000	20 000	06/30/12	25 411	3 749	7 800
WAFABAIL	LEASE-FINANCING	150 000	57.83%	86 983	86 983	06/30/12	656 596	63 226	28 916
DAR ASSAFAA LITAMWIL		50 000	100.00%	50 510	50 510				-
ANDALUMAGHREB	HOLDING COMPANY	1 000 KEURO	100.00%	10 950	10 950				-
ANDALUCARTAGE	HOLDING COMPANY	126 390 KEURO	100.00%	1 964 504	1 964 504				-
ATTIJARIWAFA EURO FINANCES	HOLDING COMPANY	39 557 KEURO	100.00%	295 301	295 301				-
CAFIN	HOLDING COMPANY	1 122 000 KFCFA	100.00%	257 508	257 508				-
KASOVI	HOLDING COMPANY	50 KUSD	50.00%	731 264	731 264				34 508
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	BANKING	11 450 000 KFCFA	4.90%	35 979	35 979				4 948
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	BANKING	5 002 870 KFCFA	51.00%	689 599	689 599	06/30/12	14 451 000	1 499 000	3 829
SOCIETE IVOIRIENNE DE BANQUE " SIB "	BANKING	10 000 000 KFCFA	51.00%	648 084	648 084	06/30/12	26 430 000		20 387
CREDIT DU SENEGAL	BANKING	5 000 000 KFCFA	95.00%	292 488	292 488				-
CREDIT DU CONGO	BANKING	7 743 670 KFCFA	91.00%	608 734	608 734				60 470
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	10 000 000 KFCFA	58.71%	848 842	848 842				41 580
ATTIJARI AFRIQUE PARTICIPATION	HOLDING COMPANY	10 010 KEURO	100.00%	113 120	113 120				-
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	BANKING	10 000 000 KFCFA	51.00%	379 110	379 110				17 226
WAFACAMBIO				963	963				
WAFABANK OFFSHORE DE TANGER			100.00%	5 842	5 842				

Investments in affiliates and other long-term investments at 31 December 2012 **(thousand MAD)**

NAME OF THE ISSUING COMPANY	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements			Contribution to current year's income
						Year-end	Net assets	Net income	
B - OTHER INVESTMENTS				**495 265**	**434 893**	**369 082**	**2 675 170**	**95 569**	**36 932**
NOUVELLES SIDERURGIES INDUSTRIELLES	METALS AND MINING	3 415 000	2.72%	92 809	92 809				-
SONASID	METALS AND MINING			28 391	10 098				-
ATTIJARIWAFA BANK	BANKING			623	595				16
SINCOMAR		300	47.50%						-
AGRAM INVEST		40 060	27.82%	10 938	7 492		26 934	-11	-
AM INVESTISSEMENT MOROCCO	INVESTMENT HOLDING COMPANY	400 000	3.25%	13 000	13 000				-
BOUZNIKA MARINA	PROPERTY DEVELOPMENT			500	500				-
EUROCHEQUES MAROC				363	364				-
FONDS D'INVESTISSEMENT IGRANE		70 000	18.26%	12 782	3 219	06/30/12	17 630	-6 559	-
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	PROFESSIONAL BAN-KER'S ASSOCIATION	19 005	20.00%	3 801	3 801				-
IMPRESSION PRESSE EDITION (IPE)	PUBLISHING			400	400				-
MOUSSAFIR HOTELS	HOTEL MANAGEMENT	193 000	33.34%	64 342	64 343	12/31/11	299 081	47 525	15 050
SALIMA HOLDING	HOLDING COMPANY	150 000	13.33%	16 600	16 600	12/31/11	257 807	3 068	-
S.E.D. FES		10 000	10.00%						-
SOUK AL MOUHAJIR		6 500	15.25%	991	991				-
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	PROPERTY DEVELOPMENT	60 429	22.69%	13 714	13 714	06/30/12	225 678	3 221	4 046
TANGER FREE ZONE	PROPERTY DEVELOPMENT	105 000	25.71%	28 306	28 306				3 240
TECHNOLOPARK COMPANY "MITC"	SERVICES PROVIDER			8 150	7 784				-
WORLD TRADE CENTER									-
MAROCLEAR	SECURITIES CUSTODIAN	20 000	6.58%	1 342	1 342	12/31/11	215 907	24 686	-
HAWAZIN	PROPERTY	960	12.50%	704	-				-
INTAJ	PROPERTY	576	12.50%	1 041	549				-
EXP SERVICES MAROC S.A.	RISK CENTRALISATION SERVICES	20 000	3.00%	600	600				-
H PARTNERS		1 400 010	7.14%	100 000	72 962	06/30/12	1 021 479	-6 231	-
MOROCCAN FINANCIAL BOARD				20 000	20 000				-
MAROC NUMERIQUE FUND		157 643	6.34%	10 000	9 556	06/30/12	150 647	3 239	-
FONCIERE EMERGENCE		120 017	8.06%	9 670	9 670				-
ALTERMED MAGHREB EUR				5 247	5 247				-
INTER MUTUELLES ASSISTANCE				894	894				-
WAFA IMA ASSISTANCE				15 356	15 356				-
3 P FUND		80 020	5.00%	4 000	4 000				-
BANQUE D'AFFAIRE TUNISIENNE	BANKING	198 741		2 583	2 583	06/30/12	373 643	27 686	-
VISA									-
CENTRE MONETIQUE INTERBANCAIRE	ELECTRONIC BANKING	98 200	22.40%	22 000	22 000				13 200
SOCIETE INTERBANK	MANAGEMENT OF BANK CARDS	11 500	16.00%	1 840	1 840				1 380
SMAEX		37 450	11.42%	4 278	4 278	12/31/11	86 364	-1 055	-
C - SIMILAR INVESTMENTS				**638 630**	**637 343**				**-**
C/C ASSOCIES				622 795	621 508				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
TOTAL				**12 424 916**	**12 214 528**		**48 645 349**	**2 529 636**	**1 254 752**

Amounts owing to credit institutions and similar establishments at 31 December 2012 (thousand MAD)

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2012	Total 12/31/2011
	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		203	205 030	735 580	**940 813**	5 797 592
NOTES GIVEN AS SECURITY	32 557 483				**32 557 483**	19 215 394
- overnight	800 764				800 764	400 095
- term	31 756 719				31 756 719	18 815 299
CASH BORROWINGS	1 114 650	3 098 937	2 996 817	6 169 862	**13 380 266**	10 510 818
- overnight		2 419 000	659 156	791 226	3 869 382	1 054 161
- term	1 114 650	679 937	2 337 661	5 378 636	9 510 884	9 456 657
FINANCIAL BORROWINGS	2 608			82	**2 690**	4 597
OTHER DEBTS	48 093	5 886			**53 979**	60 117
INTEREST PAYABLE			32 098	5 311	**37 409**	50 135
TOTAL	33 722 834	3 105 026	3 233 945	6 910 835	**46 972 640**	35 638 653

Customer deposits at 31 December 2012 (thousand MAD)

DEPOSITS	Public sector	Private sector			Total 12/31/2012	Total 12/31/2011
		Financial companies	Non-financial companies	Other customers		
CURRENT ACCOUNTS IN CREDIT	1 333 076	2 466 447	20 237 233	78 577 743	**102 614 499**	99 840 613
SAVINGS ACCOUNTS				21 944 341	**21 944 341**	20 567 962
TERM DEPOSITS	6 525 843	3 064 100	12 422 933	17 839 845	**39 852 721**	38 112 544
OTHER ACCOUNTS IN CREDIT	13 760	29 501	5 408 160	1 054 647	**6 506 068**	6 298 019
ACCRUED INTEREST PAYABLE			998 441	348	**998 789**	771 312
TOTAL	7 872 679	5 560 048	39 066 767	119 416 924	**171 916 418**	165 590 450

Debt securities issued at 31 December 2012 (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	
CERTIFICATES OF DEPOSIT	10/06/10	10/06/17	100 000	1.20%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	12/28/12	03/29/13	400 000	3.65%	IN FINE	400 000			
CERTIFICATES OF DEPOSIT	05/03/12	05/03/13	400 000	3.90%	IN FINE	400 000			
CERTIFICATES OF DEPOSIT	06/04/12	06/03/13	621 000	3.90%	IN FINE	621 000			
CERTIFICATES OF DEPOSIT	08/27/12	08/26/13	200 000	3.95%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	02/09/12	02/09/13	100 000	4.05%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	02/27/12	02/25/13	314 000	4.05%	IN FINE	314 000			
CERTIFICATES OF DEPOSIT	09/16/11	09/16/13	100 000	4.08%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	02/11/11	02/11/13	202 100	4.10%	IN FINE	202 100			
CERTIFICATES OF DEPOSIT	12/28/12	12/27/13	997 100	4.20%	IN FINE	997 100			
CERTIFICATES OF DEPOSIT	06/01/12	06/02/14	540 000	4.23%	IN FINE	540 000			
CERTIFICATES OF DEPOSIT	10/21/09	10/21/14	200 000	4.30%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	11/22/11	11/22/13	920 000	4.30%	IN FINE	920 000			
CERTIFICATES OF DEPOSIT	02/28/12	02/28/14	415 000	4.30%	IN FINE	415 000			
CERTIFICATES OF DEPOSIT	06/26/12	06/26/14	512 500	4.30%	IN FINE	512 500			
CERTIFICATES OF DEPOSIT	04/09/10	04/09/13	250 000	4.31%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	08/13/12	08/13/14	200 000	4.33%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	05/03/11	05/03/15	627 000	4.35%	IN FINE	627 000			
CERTIFICATES OF DEPOSIT	01/17/12	01/17/14	200 000	4.35%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	01/20/12	01/20/14	592 000	4.35%	IN FINE	592 000			
CERTIFICATES OF DEPOSIT	03/21/12	03/21/14	221 000	4.35%	IN FINE	221 000			
CERTIFICATES OF DEPOSIT	01/27/12	01/27/14	365 000	4.36%	IN FINE	365 000			
CERTIFICATES OF DEPOSIT	12/16/10	12/16/14	100 000	4.37%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	03/21/12	03/20/15	100 000	4.50%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	10/13/11	10/13/16	100 000	4.56%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	03/21/12	03/21/18	240 000	4.90%	IN FINE	240 000			
TOTAL						**9 016 700**			

Details of other liabilities at 31 December 2012 (thousand MAD)

LIABILITIES	12/31/2012	31/12/2011
OPTIONS SOLD	**28 498**	**34 525**
SUNDRY SECURITIES TRANSACTIONS (1)	**6 780 572**	**4 105 650**
SUNDRY CREDITORS	**3 402 078**	**3 228 780**
Amounts due to the State	532 993	476 125
Amounts due to mutual societies	64 979	60 031
Sundry amounts due to staff	254 981	248 741
Sundry amounts due to shareholders and associates	3 333	2 548
Amounts due to suppliers of goods and services	2 458 697	2 358 143
Other sundry creditors	87 095	83 192
DEFERRED INCOME AND ACCRUED EXPENSES	**994 319**	**1 845 440**
Adjustment accounts for off-balance sheet transactions	1 171	161 197
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	641 961	1 101 493
Other deferred income	351 187	582 750
TOTAL	**11 205 467**	**9 214 395**

(1) PCEC 341, 343, 344, 3462 and 3464 if in credit

Provisions at 31 December 2012 (thousand MAD)

PROVISIONS	Outstanding 12/31/2011	Additional provisions	Write-backs	Other changes	Outstanding 12/31/2012
PROVISIONS, DEDUCTED FROM ASSETS, FOR :	**4 583 437**	**1 030 788**	**429 035**	**-209**	**5 184 981**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	4 333 533	993 126	401 496	-209	4 924 953
Available-for-sale securities	26 052	10 364	3 154		33 263
Investments in affiliates and other long-term investments	207 475	27 297	24 385		210 388
Leased and rented assets					-
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**880 241**	**458 060**	**61 230**	**134**	**1 277 205**
Provisions for risks in executing signature loans	78 590	20 970	26 430	109	73 239
Provisions for foreign exchange risks					-
General provisions	485 849	337 500			823 349
Provisions for pension fund and similar obligations	93 247	52 968	28 277		117 938
Other provisions	222 555	46 622	6 523	25	262 680
Regulated provisions					
TOTAL	**5 463 678**	**1 488 847**	**490 265**	**-75**	**6 462 186**

Subsidies, public funds and special guarantee funds at 31 December 2012 (thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT END OF 2011	UTILISATION 12/31/2012	VALUE AT END OF 2012
SUBSIDIES	NOT APPLICABLE				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 31 December 2012 (thousand MAD)

Currency of issue	Value of loan in currency of issue	Price (1)	Interest Rate	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in thousand MAD	Including related businesses		Including other related businesses	
							Value in thousand MAD 2011	Value in thousand MAD 2012	Value in thousand MAD 2011	Value in thousand MAD 2012
MAD			3.85%	7 YEARS		2 000 000				
MAD			4.10%	7 YEARS		950 000				
MAD			4.30%	10 YEARS		879 600				
MAD			4.35%	7 YEARS		476 800				
MAD			4.35%	7 YEARS		798 300				
MAD			4.53%	10 YEARS		290 000				
MAD			4.60%	5 YEARS		1 000 000				
MAD			4.76%	7 YEARS		50 000				
MAD			4.77%	7 YEARS		201 700				
MAD			4.78%	7 YEARS		723 200				
MAD			5.00%	10 YEARS		710 000				
MAD			5.10%	10 YEARS		1 000 000				
MAD			5.60%	10 YEARS		1 120 400				
TOTAL						**10 200 000**				

(1) BAM price at 12/31/2012 - (2) Possibly for an unspecified period - (3) Refer to the subordinated debt contract note

Shareholders equity at 31 December 2012 (thousand MAD)

SHAREHOLDERS' EQUITY	Outstanding 12/31/2011	Allocation to income	Other changes	Outstanding 12/31/2012
Revaluation reserve	420			420
Reserves and premiums related to share capital	16 358 000	1 515 000	2 017 528	19 890 528
Legal reserve	192 996			192 996
Other reserves	10 728 440	1 515 000		12 243 440
Issue, merger and transfer premiums	5 436 564		2 017 528	7 454 092
Share capital	1 929 960	-	82 471	2 012 431
Called-up share capital	1 929 960		82 471	2 012 431
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	1 497	-789	-17	691
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	3 154 677	-3 154 677		3 309 697
TOTAL	21 444 555	-1 640 466	2 099 982	25 213 767

Financing commitments and guarantees at 31 December 2012 (thousand MAD)

COMMITMENTS	12/31/2012	12/31/2011
FINANCING COMMITMENTS AND GUARANTEES GIVEN	49 671 811	48 116 830
Financing commitments given to credit institutions and similar establishments	532	1 183
Import documentary credits		
Acceptances or commitments to be paid	532	1 183
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Financing commitments given to customers	14 149 817	12 176 841
Import documentary credits	10 770 486	9 142 405
Acceptances or commitments to be paid	2 411 742	2 937 120
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments	967 589	97 315
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	6 025 257	7 360 666
Confirmed export documentary credits		
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	6 025 257	7 360 666
Non-performing commitments		
Guarantees given to customers	29 496 204	28 578 140
Credit guarantees given	605 165	887 908
Guarantees given to government bodies	15 788 069	14 881 267
Other guarantees and pledges given	12 571 858	12 289 118
Non-performing commitments	531 112	519 847
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	16 445 087	15 157 614
Financing commitments received from credit institutions and similar establishments		266 628
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received		266 628
Guarantees received from credit institutions and similar establishments	16 404 755	14 831 908
Credit guarantees received		
Other guarantees received	16 404 755	14 831 908
Guarantees received from the State and other organisations providing guarantees	40 332	59 078
Credit guarantees received	40 332	59 078
Other guarantees received		

Commitments on securities at 31 December 2012 (thousand MAD)

	Value
Commitments given	
Securities purchased with redemption rights	NOT APPLICABLE
Other securities to be provided	
Commitments received	
Securities sold with redemption rights	NOT APPLICABLE
Other securities receivable	

Forward foreign exchange transactions and commitments on derivative products at 31 December 2012 (thousand MAD)

	Hedging activities		Other activities	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Forward foreign exchange transactions	**58 498 962**	**66 274 735**		
Foreign currencies to be received	23 996 081	27 332 812		
Dirhams to be delivered	7 622 343	8 868 263		
Foreign currencies to be delivered	21 656 040	24 127 875		
Dirhams to be received including cross currency swap	5 224 498	5 945 784		
Commitments on derivative products	**17 178 568**	**19 238 998**		
Commitments on regulated fixed income markets	23 190			
Commitments on OTC fixed income markets	12 283 484	11 854 364		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	53 334	50 096		
Commitments on regulated markets in other instruments	18 407			
Commitments on OTC markets in other instruments	4 800 153	7 334 538		

Securities received and given as guarantee at 31 December 2012 (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			
Other securities		N/D	
Mortgages			
Other physical assets			
TOTAL			

Securities given 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	24 506 241		
Other securities			
Mortgages			
Other physical assets	909 633	Other assets received and pledged	
TOTAL	**25 415 874**		

Breakdown of assets and liabilities by residual maturity at 31 December 2012 (thousand MAD)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	17 560 361	6 118 038	3 227 245	1 413 442	356 688	28 675 774
Loans and advances to customers	49 305 254	9 685 047	27 965 275	35 392 727	46 154 673	168 502 976
Debt securities	11 894 513	901 463	6 437 420	28 390 601	4 448 746	52 072 743
Subordinated loans						
Leased and rented assets						
TOTAL	**78 760 128**	**16 704 548**	**37 629 940**	**65 196 770**	**50 960 107**	**249 251 493**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	41 826 483	2 862 429	1 382 233	864 085		46 935 230
Amounts owing to customers	134 454 920	7 880 975	25 348 889	3 232 845		170 917 629
Debt securities issued		1 016 100	3 488 100	4 272 500	240 000	9 016 700
Subordinated debt			3 000 000	7 200 000		10 200 000
TOTAL	**176 281 403**	**11 759 504**	**33 219 222**	**15 569 430**	**240 000**	**237 069 559**

Remarks:
- Loans and advances of less than 1 month comprise current accounts for credit institutions and other customers
- Amounts owing of less than 1 month comprise amounts owing to credit institutions and other customers

Breakdown of foreign currency-denominated assets, liabilities and off-balance sheet items at 31 December 2012 (thousand MAD)

BALANCE SHEET	12/31/2012	12/31/2011
ASSETS	**26 005 580**	**28 800 088**
Cash and balances with central banks, the Treasury and post office accounts	106 712	90 176
Loans and advances to credit institutions and similar establishments	11 306 470	11 753 763
Loans and advances to customers	4 962 987	7 361 035
Trading securities and available-for-sale securities	2 411 326	2 369 302
Other assets	138 433	146 237
Investments in affiliates and other long-term investments	7 056 103	7 056 104
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 549	23 471
LIABILITIES	**14 374 308**	**14 943 507**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	11 603 463	12 703 948
Customer deposits	2 523 546	1 924 805
Debt securities issued		
Other liabilities	245 032	312 494
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Provisions	7 669	7 644
Retained earnings	-5 402	-5 384
Net income		
OFF-BALANCE SHEET ITEMS	**36 207 475**	**37 380 029**
Commitments given	22 792 271	24 488 877
Commitments received	13 415 204	12 891 152

Risk concentration with the same counterparty at 31 December 2012 (thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
8	31 785 273

Net interest margin at 31 December 2012 (thousand MAD)

	12/31/2012	12/31/2011
Interest and similar income from activities with customers	9 425 291	8 432 809
of which interest and similar income	9 205 029	8 216 294
of which fee income on commitments	220 262	216 515
Interest and similar income from activities with credit institutions	1 036 167	1 112 246
of which interest and similar income	1 007 151	1 091 452
of which fee income on commitments	29 017	20 794
Interest and similar income from debt securities	260 065	397 555
TOTAL INTEREST AND SIMILAR INCOME	10 721 523	9 942 610
Interest and similar expenses on activities with customers	2 648 203	2 488 750
Interest and similar expenses on activities with credit institutions	1 264 630	711 245
Interest and similar expenses on debt securities issued	394 061	420 663
TOTAL INTEREST AND SIMILAR EXPENSES	4 306 894	3 620 657
NET INTEREST MARGIN	6 414 629	6 321 953

Fee income provided from services at 31 December 2012 (thousand MAD)

FEES	12/31/2012	12/31/2011
Account management	243 400	229 253
Payment services	470 579	417 801
Securities transactions	37 335	48 295
Asset management and custody	63 922	61 187
Credit services	115 601	103 234
Corporate finance	-	-
Sale of insurance products	87 772	94 825
Other services provided	233 778	177 630
TOTAL	1 252 387	1 132 225

General operating expenses at 31 December 2012 (thousand MAD)

EXPENSES	12/31/2012	12/31/2011
Staff costs	1 610 608	1 540 770
Taxes	101 681	101 056
External expenses	1 437 987	1 278 854
Other general operating expenses	4 627	7 098
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	406 890	418 130
TOTAL	3 561 793	3 345 908

Income from market activities at 31 December 2012 (thousand MAD)

INCOME AND EXPENDITURES	12/31/2012	12/31/2011
+ Gains on trading securities	1 089 831	807 036
- Losses on trading securities	73 817	112 913
Income from activities in trading securities	1 016 014	694 124
+ Capital gains on disposal of available-for-sale securities	1 521	39 408
+ Write-back of provisions for impairment of available-for-sale securities	3 154	2 079
- Losses on disposal of available-for-sale securities	-	29 354
- Provisions for impairment of available-for-sale securities	10 364	8 663
Income from activities in available-for-sale securities	-5 689	3 469
+ Gains on foreign exchange transactions - transfers	608 269	324 480
+ Gains on foreign exchange transactions - notes	101 519	100 470
- Losses on foreign exchange transactions - transfers	416 594	-
- Losses on foreign exchange transactions - notes	23 205	2 444
Income from foreign exchange activities	269 989	422 505
+ Gains on fixed income derivative products	438 273	342 887
+ Gains on foreign exchange derivative products	187 390	268 229
+ Gains on other derivative products	73 487	77 524
- Losses on fixed income derivative products	468 166	412 851
- Losses on foreign exchange derivative products	56 304	42 611
- Losses on other derivative products	15 454	62 744
Income from activities in derivatives products	159 225	170 434

Income from equity securities at 31 December 2012 (thousand MAD)

CATEGORY	12/31/2012	12/31/2011
Available-for-sale securities	1 297	1 292
Investments in affiliates and other long-term investments	1 271 208	885 188
TOTAL	**1 272 505**	**886 480**

Other income and expenses at 31 December 2012 (thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2012	12/31/2011
Other banking income	2 516 119	1 962 113
Other banking expenses	1 840 236	1 340 599
TOTAL	**675 883**	**621 514**
OTHER NON-BANKING INCOME AND EXPENSES	**12/31/2012**	**12/31/2011**
Non-banking operating income	72 100	31 413
Non-banking operating expenses	-	1
TOTAL	**72 100**	**31 412**
Provisions and losses on irrecoverable loans	1 744 661	2 223 157
Provision write-backs and amounts recovered on impaired loans	574 451	1 193 840
NON-RECURRING INCOME AND EXPENSES	**12/31/2012**	**12/31/2011**
Non-recurring income	1 367	297
Non-recurring expenses	187 049	25 031

Determining income after tax from ordinary activities at 31 December 2012 (thousand MAD)

I - DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	5 005 395
Tax write-backs on ordinary activities (+)	545 735
Tax deductions on ordinary activities (-)	1 284 325
Theoretical taxable income from ordinary activities (=)	4 266 805
Theoretical tax on income from ordinary activities (-)	1 578 718
Income after tax from ordinary activities (=)	3 426 677
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

Detailed information on value added tax at 31 December 2012 (thousand MAD)

TYPE	Balance at beginning of FY 1	Accounting transactions during the period 2	VAT declarations during the period 3	Balance at end of FY (1+2-3=4)
A. VAT collected	80 672	1 283 357	1 286 545	**77 484**
B. Recoverable VAT	**116 192**	**556 116**	**517 307**	**155 001**
On expenses	64 480	439 114	407 806	95 788
On fixed assets	51 712	117 002	109 501	59 213
C. VAT payable or VAT credit = (A-B)	**-35 520**	**727 241**	**769 238**	**-77 517**

Reconciliation of net income for accounting and tax purposes at 31 December 2012 (thousand MAD)

RECONCILIATION STATEMENT	Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES	**3 309 697**	
Net profit	3 309 697	
Net loss		
II- TAX WRITE-BACKS	**2 055 750**	
1 – Recurring	2 055 750	
- Income tax	1 510 015	
- Losses on irrecoverable loans not provisioned	14 411	
- General provisions	337 500	
- Provisions for pension funds and similar obligation	52 968	
- Non deductible exceptional charges	60 759	
- Social cohesion contribution	78 867	
- Personal gifts	1 230	
2- Non-recurring		
III- TAX DEDUCTIONS		**1 284 325**
1- Recurring		1 284 325
100% allowance on income from investments in affiliates		1 256 048
Write-back of investment		
Write-back of provisions used		28 277
Write-back of general contingency reserve		
2- Non recurring		-
TOTAL	**(T1) 5 365 447**	**(T2) 1 284 325**
IV - GROSS INCOME FOR TAX PURPOSES		**4 081 122**
- Gross profit for tax purposes if T1 > T2 (A)		4 081 122
- 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 PURPOSES		**4 081 122**
Net profit for tax purposes (A-C)		4 081 122
Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION ALLOWANCES		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED FORWARD		
- 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 2012 (thousand MAD)

	Amount		Amount
A- Origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	1 497	To legal reserve	-
Net income awaiting appropriation		Dividends	1 640 466
Net income for the financial year	3 154 677	Other items for appropriation	1 515 017
Deduction from income		Earnings carried forward	691
Other deductions			
TOTAL A	**3 156 174**	**TOTAL B**	**3 156 174**

Shareholding structure at 31 December 2012

Name of main shareholders or associates	Adress	Number of shares held		% of share capital
		Previous period	Current period	
A- DOMESTIC SHAREHOLDERS				
* S.N.I	ANGLE RUES D'ALGER ET DUHAUME CASA	93 972 002	94 272 485	46.85%
* WAFACORP	42 BD ABDELKRIM AL KHATTABI CASA	57 602	57 602	0.03%
* AL WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1.33%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 390 604	13 257 604	6.59%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	16 379 156	16 379 156	8.14%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	2 778 517	2 778 517	1.38%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	140 PLACE MY EL HASSAN RABAT	7 839 293	7 839 293	3.90%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	4 616 769	4 616 769	2.29%
* CIMR	BD ABDELMOUMEN CASA	4 697 256	4 697 256	2.33%
* CAISSE DE DÉPÔT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	4 694 810	4 694 810	2.33%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	31 170 395	39 250 038	19.50%
B- FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID (SPAIN)	10 715 614	10 715 614	5.32%
TOTAL		**192 995 960**	**201 243 086**	**100.00%**

Branch network at 31 December 2012

BRANCH NETWORK	12/31/2012	12/31/2011
Permanent counters	1 010	944
Occasional counters	2	2
Cash dispensers and ATMs	1 007	933
Overseas branches	50	50
Overseas representative offices	19	17

Staff at 31 December 2012

STAFF	12/31/2012	12/31/2011
Salaried staff	7 090	6 826
Staff in employment	7 090	6 826
Full-time staff	7 090	6 826
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	3 633	3 444
Other staff (full-time)	3 416	3 343
Including Overseas staff	41	39

Customer accounts at 31 December 2012

	12/31/2012	12/31/2011
Current accounts	128 265	120 716
Cheque accounts of Moroccans living abroad	690 632	658 415
Other current accounts	1 381 391	1 255 048
Factoring liabilities		
Savings accounts	661 295	601 952
Term accounts	18 922	18 137
Certificates of deposit	3 170	3 671
Other deposit accounts	582 398	440 433
TOTAL	**3 466 073**	**3 098 372**

Summary of key items over the last three periods at 31 December 2012 (thousand MAD)

ITEM	DECEMBER 2012	DECEMBER 2011	DECEMBER 2010
SHAREHOLDERS' EQUITY AND EQUIVALENT	**25 213 767**	**21 444 555**	**19 833 814**
OPERATIONS AND INCOME IN FY			
Net banking income	9 665 297	8 973 062	8 238 233
Pre-tax income	4 819 712	4 604 514	4 345 210
Income tax	1 510 015	1 449 837	1 338 685
Dividend distribution	1 640 466	1 543 968	1 157 976
PER SHARE INFORMATION (IN MAD)			
Earning per share			
Dividend per share	8.50	8.00	6.00
STAFF			
Total staff costs	**1 610 608**	**1 540 770**	**1 377 972**
Average number of employees during the period			

Key dates and post-balance sheet events at 31 December 2012

I- KEY DATES	
. Balance sheet date [1]	**31 DECEMBER 2012**
. Date for drawing up the financial statements [2]	**FEBRUARY 2013**

(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 event
. Favorable	**NOT APPLICABLE**
. Unfavourable	**NOT APPLICABLE**

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