Annual Report 2007

التجاري وفا بنك
Attijariwafa bank

In just a few years, Attijariwafa bank has performed the remarkable feat of meeting one challenge after another.

Attijariwafa bank, which is market leader in all its business lines, is today considered as one of the key players in Morocco's banking and financial services industry and in providing finance for the country's keystone projects.

Attijariwafa bank, with a healthy financial position and a risk management system meeting the highest international standards, has embarked on an ambitious yet well-planned international growth strategy.

Given its ability to innovate and identify new niche growth opportunities, Attijariwafa bank is in the process of repeating overseas what it has achieved domestically and is fast becoming one of the most successful banks in the North and West African regions.

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Chairman's message

At the end of 2007, Attijariwafa bank was once again market leader across all business lines.

> "Attijariwafa bank has significantly outperformed the objectives set out in its business 2005 plan. Its performance in 2007 was noteworthy both in terms of its commercial performance and its financial results."

By significantly outperforming the objectives set out in its 2005 business plan, Attijariwafa bank's performance was noteworthy in terms of both its commercial performance and its financial results.

Attijariwafa bank has made considerable efforts throughout the entire year in launching new products and financial services and in gaining market share by taking full advantage of the many synergies existing between its different business divisions.

Attijariwafa bank has done particularly well in non-interest bearing deposit-taking, lending and in developing its bancassurance business. This was due to its status as market leader, a well-targeted policy of customer proximity and a genuine involvement of staff at a local level.

The branch network was expanded by an additional 84 branches and more than a dozen new products for personal, professional and corporate banking customers were launched. This aggressive commercial strategy has not hindered the Group's efforts at embracing comprehensive reforms due to the mobilisation of both human and financial resources.

Attijariwafa bank's financial communication can now be considered as meeting the highest international standards after adopting International Financial Reporting Standards (IFRS) one year before the deadline set by Bank Al Maghrib.

Attijariwafa bank's new information systems policy is being progressively implemented with success. This will enable the Group to integrate and monitor the performance of all its domestic and overseas subsidiaries.

Enjoying a strong reputation in the domestic market, Attijariwafa bank has pursued pursue a well-planned and sound international growth strategy in 2007.

We have further strengthened our presence in North Africa, West Africa and Europe since we are convinced of the need to participate in the process of developing regional trade and to adopt best banking practices.

In North Africa, Attijari bank Tunisie has embarked on a process of overhauling its sales organisation and information systems as part of its new Intilaq plan.

The Group has also opened representative offices in Libya and the United Arab Emirates and has obtained a licence for conducting business in Mauritania.

Attijari bank Sénégal, formed from the merger between Banque Sénégalo-Tunisienne (BST) and Attijariwafa bank Sénégal, provides the Group with a unique opportunity to gain market share in Senegal, thanks to a network of 19 branches and a staff of 189.

Attijariwafa bank is also in the process of acquiring 79.15% of CBAO, which will be finalised in the first half of 2008. This will strengthen even more our presence in Senegal. The deal will result in the Group bieng ranked amongst the leading banks in the UEMOA region.

In Europe, Attijariwafa bank has not lost sight of new niche growth markets. We have decided to delegate management of our European activities to Attijariwafa bank Europe, our French subsidiary, to do business more effectively in a highly competitive market.

Attijariwafa bank Europe has continued to expand its network in a confident manner by opening of two branches in Germany and the Netherlands and branches in Marseilles and Toulouse.

To attract new customers and build customer loyalty amongst its target customer base of Moroccans living abroad, Attijariwafa bank is particularly well-armed to offer innovative products meeting the needs of a young and well-informed population in a highly competitive market.

None of these challenges could have been met without a flexible yet highly-disciplined organisational structure, which is based on individual initiative and effective strategic management.

In December 2007, the Group modified its organisational structure without changing in any way its tried-and-tested system of governance which has proved successful. The aim is to give greater cohesion to our businesses and markets by encouraging synergies between the Bank's different entities and improving organisation and procedures relating to global risk management and internal control.

Staff commitment is unquestionably the quality which forms the bedrock of our institution. Attijariwafa bank will do its utmost to enhance its human capital by developing skills and fostering new talent. Our success depends not only on our customers and shareholders but our employees

Mohamed EL KETTANI
Chairman and Chief
Executive Officer

Governing bodies

Board of Directors

Mr. Abdelaziz ALAMI
Honorary Chairman

Mr. Mohamed EL KETTANI
Chairman and Chief Executive Officer

Mr. El Mouatassim BELGHAZI
Vice Chairman

Mr. Antonio ESCAMEZ TORRES
Vice Chairman

Mr. Mounir EL MAJIDI
Representing SIGER

Mr. Hassan BOUHEMOU
Representing SNI

Mr. José REIG
Director

Mr. Abed YACOUBI SOUSSANE
Director

Mr. Javier Hidalgo BLAZQUEZ
Director

Mr. Manuel VARELA
Representing Grupo Santander

Mr. Hassan OURIAGLI
Representing F3I

Mr. Matias AMAT ROCA
Representing Corporacion Financiera Caja de Madrid

Mrs. Wafaâ GUESSOUS
Secretary

Audit and Accounts Committee

Mr. Hassan OURIAGLI
Mr. José REIG
Mr. Abed YACOUBI SOUSSANE

Guest members
The Audit & Accounts Committee may invite any person to its meetings whom it considers useful for its work, in particular the heads of General Audit, Group Compliance, Global Risk Management, Group Recovery and Group Finance.

Major Risks Committee

Mr. Hassan BOUHEMOU
Mr. Mohamed EL KETTANI
Mr. José REIG

Non-standing members
Include divisional heads or any other persons with responsibility for those issues which are being discussed.

Strategy Committee

Mr. Hassan BOUHEMOU
Mr. El Mouatassim BELGHAZI
Mr. Mohamed EL KETTANI
Mr. Antonio ESCAMEZ TORRES
Mr. José REIG

Associate members
Include the Bank's divisional heads.

Guest members
Include divisional heads or any other persons with responsibility for those issues which are being discussed.

General Management Committee

Mr. Mohamed EL KETTANI
Mr. Omar BOUNJOU
Mr. Boubker JAÏ
Mr. Ismaïl DOUIRI

Non-standing members
Include those persons with responsibility for those issues which are being discussed.

Executive Committee

Mr. Mohamed EL KETTANI
Chairman and Chief Executive Officer

Mr. Omar BOUNJOU
Managing Director, Retailing Banking Division

Mr. Boubker JAÏ
Managing Director, Financing, Investment Banking & Capital Markets and Financial Subsidiaries Division

Mr. Ismaïl DOUIRI
Deputy Managing Director, Finance, Transformation and Operations Division

Mr. Hassan BEDRAOUI
Group Information Systems

Mr. Amin BENJELLOUN TOUIMI
Specialised Financial Services

Mr. Saâd BENJELLOUN TOUIMI
Corporate Banking

Mr. Abdeljaouad DOSS BENNANI
Group Finance

Mr. Talal EL BELLAJ
Global Risk Management

Mr. Chakib ERQUIZI
Capital Markets

Mr. Mouawia ESSEKELLI
Banking for Moroccans Living Abroad

Mr. Omar GHOMARI
Group Human Capital

Mrs. Wafaâ GUESSOUS
Buying, Logistics and Secretary to the Board

Mr. Ali KADIRI
Group Compliance

Miss. Mouna KADIRI
Group Communication

Mr. Mounir OUDGHIRI
Transformation des Systèmes d'Information

Mr. Abdelkrim RAGHNI
International Retail Banking

Mr. Youssef ROUISSI
Personal and Professional Banking

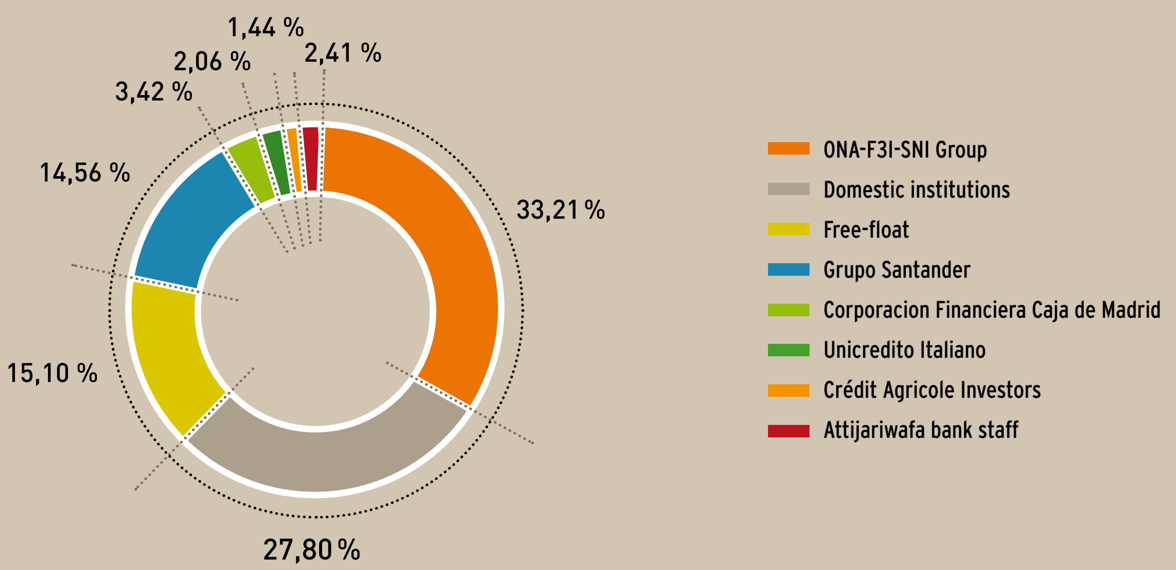
Mr. Brahim SAÏD
General Audit

Mr. Abdellatif SEDDIQI
Rationalisation of Structures

Mr. Hicham SEFFA
Services and Customer Processing

Mr. Karim TAJMOUATI
Financing

Shareholders
at 31 December 2007



Prestigious partners

Attijariwafa bank's shareholders include major international groups which generate a large number of synergies for the Group such as skills transfer and value creation..

ONA Group

- ONA Group is the Bank's largest shareholder and Morocco's leading private sector group. Its activities include mining, building materials, food-processing, distribution and financial services.

Grupo Santander

- Attijariwafa bank's second largest shareholder is Grupo Santander, which is the largest bank, in market capitalisation terms, in the Euro zone. The Spanish bank has a strong presence in Latin America and has holdings in several international companies.

Crédit Agricole

- Crédit Agricole, a global banking group, is another of Attijariwafa bank's shareholders, with whom it is developing strategic partnerships in several business lines such as in consumer finance through Sofinco and in asset management through Crédit Agricole Asset Management.

Remarkable financial and commercial performance

2007 HIGHLIGHTS

ATTIJARIWAFA BANK IN FIGURES

AN ENVIRONMENT ABOUNDING IN OPPORTUNITIES

2007 highlights

January

- Acquisition completed of a 66.67% stake in Banque Sénégalo-Tunisienne (BST).
- Attijari Finances Corp advises CMA-CGM in the privatisation of Comanav.

February

- CDVM approves the two subordinated bond issues totalling MAD2billion, reserved for institutional investors.
- Launch of Online Trade for large companies and SMEs specialising in import-export business; this is an E-banking solution enabling customers to carry out several types of international transaction via the internet.

March

- To celebrate Women's Day, the launch of an exceptional offer for women customers offering preferential terms for an Express loan.
- Maâkoum agreements signed for corporate employees.
- Launch of the third edition of the Interactions programme aimed at educating and introducing young artists to the latest multimedia techniques and facilitating their entry into the domestic art world.

May

- "Best bank in Morocco 2006" awarded by International Global Finance magazine for the third consecutive year.
- Wafa Assurance launches WafaoTo Services, a platform for managing auto claims, accompanied by a multimedia promotional campaign.

June

- Launch of the Pack Hissab Mourih for civil servants at a preferential rate.
- Joint information systems platform implemented at Wafasalaf, Wafa Immobilier and Wafabail.

July

- Launch of the Fayda card, a cash withdrawal card attached to a savings book at a special rate; the aim is to discourage use of the savings book.

September

- Attijari Finances Corp successfully advises SNEP in its IPO by sale of 35% of its equity.

October

- Launch of Miftah Al Kheir and Miftah Al Fath, two alternative financing options for buying property.
- Launch of wafabourse.com, a comprehensive, on-line stock market service for customers of Attijariwafa bank and other banks.
- Publishes consolidated financial statements under IFRS/IAS for the first time with the opening balance at 1 January 2006.
- Attijariwafa bank named "Bank of the Year" by The Banker magazine due to the quality of its financial performance, its technological progress and its overall strategy.
- Wafasalaf launches a new range of alternative financing products.

November

- Second public share offering of 1.5% of the Group's equity or 289,498 shares to employees.
- Attijari Finances Corp advises Douja Promotion Groupe Addoha in its equity issue.
- Acquires a 79.15% stake in Senegal's Compagnie Bancaire de l'Afrique Occidentale (CBAO).
- Issues two subordinated bonds totalling MAD 1 billion with a maturity of 10 years and a coupon of 5.10%.

December

- Launch of the Macharii financing service for SMEs which emphasises the overall customer relationship by providing advice and assistance.
- Attijariwafa bank Europe moves into its new Paris headquarters.
- Wafasalaf's institutional and commercial website goes online.
- Capital Intelligence raises its rating for Attijariwafa bank to "Investment Grade".

Attijariwafa bank **in figures**

Key figures

INDICATORS (in MAD billions)	2007	2006
BUSINESS ACTIVITY		
Customer deposits*	136,4	120,9
Customer loans and advances*	106,5	81,5
FINANCIAL POSITION		
Total net assets	211,9	182,6
Share capital	1,93	1,93
Shareholders' equity before appropriation of income	16,9	15,1
RESULTS		
Net banking income	8,8	7,4
General operating expenses	3,9	3,2
EBITDA	4,6	3,8
Net income group share	2,5	2,3
RATIOS		
Return on shareholders' equity (ROE)	17,8%	17,7%
Return on assets (ROA)	1,3%	1,3%
Cost-income ratio*	46,1%	46,3%
Deposits/Employees (in MAD millions)*	27,3	23,6
Loans/Employees (in MAD millions)*	19,1	15,8
STOCK MARKET INDICATORS		
Share price at 31 December (in MAD)	3 080	2 300
EPS (in MAD)	127,2	117,5
DPS (in MAD)	50	45
PER	24,22x	19,58x
Dividend yield	1,62%	1,96%
NUMBER OF EMPLOYEES		
Bank	4 723	4 486
Domestic branch network	624	552
Overseas branch network	43	38

* In Morocco

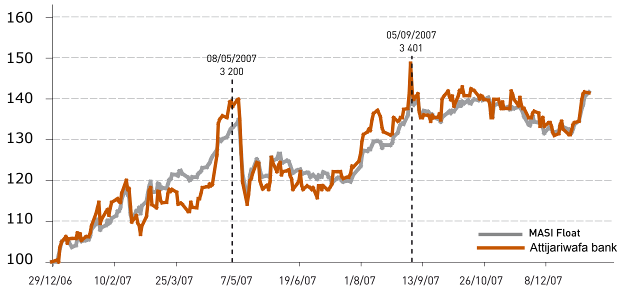
Attijariwafa bank's share price performance – upward trend in line with the market

Attijariwafa bank's share price performance during 2007 was almost perfect correlated to that of the MASI index. In the first quarter of the year, its stock performed broadly in line with the market, except for March, a month in which several exceptional market transactions pushed the market higher.

Following its annual results announcement, the share price understandably resumed its uptrend, which lasted until the end of the year, except for May, during which the entire market suffered a correction. A second correction in September put a brake on the progress of the entire market.

Attijariwafa bank's stock price closed the year at MAD 3080, registering annual gains of 33.9%, in line with the MASI. Average daily volume was MAD 101.8million, compared to the previous year's MAD 32.6million.

Since the merger between Banque Commerciale du Maroc and Wafabank was announced in November 2003, Attijariwafa bank's stock has outperformed the market, with cumulative gains of 225% compared to 180% for the MASI. This demonstrates investors' confidence in the Bank's growth strategy and is also attributable to the strong improvement in the Bank's profitability.



Attijariwafa bank's rating

FITCH RATING DECEMBER 2007	
Long-term in foreign currency	BB+
Short-term in foreign currency	B
Long-term in local currency	BBB-
Short-term in local currency	F3
Outlook	stable
STANDARD & POORS NOVEMBER 2007	
Long-term	BB+
Short-term	B
Outlook	stable
CAPITAL INTELLIGENCE DECEMBER 2007	
Long-term	BBB-
Short-term	A3
Financial strength	BBB
Outlook	stable

An environment **abounding in opportunities**

Despite an increasingly difficult international context...

In 2007, global economic growth slowed from 3.9% to 3.6% year-on-year.

Adversely affected by the sub-prime mortgage loan crisis, the US economy registered growth of only 2.2%, bringing about a global slowdown as a result.

GDP growth amongst emerging countries remained strong despite an increasingly difficult international environment.

Following the slowdown of the global economy and a tightening of monetary policy by the majority of central banks, inflation was curbed at 2% in 2007.

International crude oil prices, on the other hand, soared, despite high volatility. The average price per barrel rose by 10.6% to USD 71.1 due to geopolitical tensions, a shortfall in production capacity and under the impact from speculators.

The dollar, on the other hand, lost ground against other currencies, averaging USD 8.19 against the Moroccan dirham compared to USD 8.79 in 2006.

...the domestic economy fared relatively well

The Moroccan economy grew by 2.7% in 2007 compared to 7.8% in 2006 according to the Haut Commissariat au Plan.

The decline in the growth rate was attributable to the negative performance from the primary sector due to a shortage of rain. Production of the three main cereals, which totalled only 23.5million quintals, declined by 66% compared to the average of the previous five years.

The other sectors, however, posted strong annual growth of 5.7%. These sectors include construction and public works, financial services and insurance, mining, telecommunications and transportation.

Due to the steady improvement in its macroeconomic fundamentals, Morocco has seen its sovereign debt credit rating upgraded by the Fitch Rating agency. This has facilitated its return to the international capital markets in June 2007.

The banking sector has continued to implement a

dynamic policy of providing banking and financial services to an ever-growing population. Despite experiencing a growth pause, the sector still performed well with a 17.1% rise in deposit-taking and a 29.6% increase in lending.

Loan growth outpaced deposit-taking due to enthusiastic demand for mortgage loans (+38.6%) and short term loans (+27.8%). 91% of total loans are classified as "healthy".

The Moroccan banking system continues to see an improvement in loan quality, registering a 7.7% decline in non-performing loans.

At the regulatory level, the new measures adopted in 2006 have strengthened banking legislation and conferred a new status on Bank Al Maghrib, giving it greater powers and independence.

Morocco banks are currently tackling two major challenges which include adopting IAS/IFRS expected in January 2008 and implementing Basel II standards relating to capital adequacy and risk control.

In 2007, Attijariwafa bank, alongside ONA, its largest shareholder, made a commitment to publish its financial statements under IAS/IFRS, in accordance with the central bank's directive for all credit institutions in January 2008.

Established leader
in the domestic market

Established leader
in the domestic market

Established

Business activity indicators all positive

Strong performance across the board

2007 was unquestionably a year in which Attijariwafa bank registered strong performance across the board. Due to synergies between the different business lines, market share gains and the implementation of keystone projects, Morocco's leading banking group continued to pursue its growth strategy to the benefit of all its activities.

As market leader and strongly acclaimed for its expertise, Attijariwafa bank succeeded in gaining market share in non-interest bearing deposit-taking and lending (mortgage and consumer loans) as well as in bancassurance products.

Benefiting fully from strong synergies between its two core businesses, 2007 was a watershed year for the bancassurance business. Attijariwafa bank distributed premiums written totalling MAD1.76billion, confirming thereby its position as market leader in this particular segment.

An effective marketing strategy

Permanently aware of the need to increase the take-up rate of its services by its entire customer base, Attijariwafa bank has opted for a well-focused marketing strategy structured around a comprehensive product range encompassing packs, bankcards and bancassurance products.

Its strategy of gaining domestic market share was successful due to the opening of an additional 84 branches, its highly motivated staff and the launch of a dozen new flagship products such as Hissab Mourih and the Fayda card.

Keystone, value-creating projects

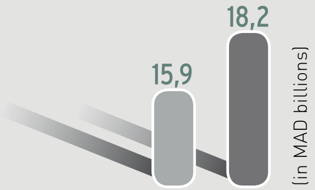
Attijariwafa bank's position as forerunner in implementing fundamental reforms is another example confirming its status as market leader. It has successfully adopted International Financial Reporting Standards (IFRS) a year before the deadline set by Bank Al Maghrib.

The adoption of IFRS should result in an improvement in its financial communication in line with the very best international standards. The gradual implementation of new practices for managing Group activities will also accompany this profound change.

Attijariwafa bank is also adopting Basel II's advanced framework. The Group is also reaping the initial benefits of its new information systems network, which, by involving both local and overseas subsidiaries, is likely to revolutionise customer relations.

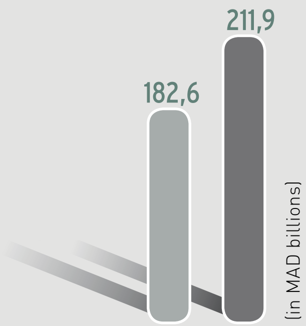
leader in the domestic market

2006
2007



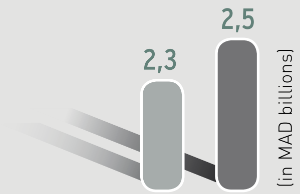
Consolidated shareholders' equity

+14%



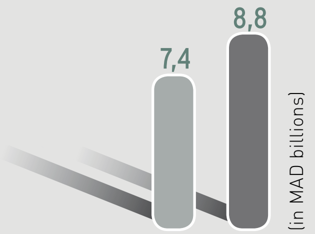
Consolidated total net assets

+16,1%



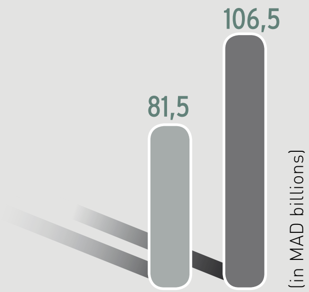
Net income group share

+8,2%



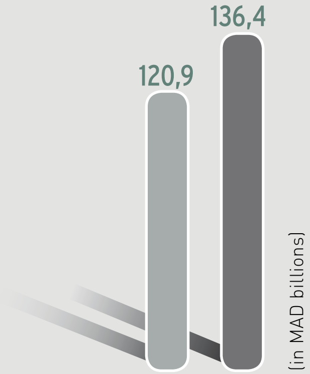
Consolidated net banking income

+18,6%



Loans and advances to customers in Morocco

+30,6%



Customer deposits

+12,8%

Aggressive
international strategy

A watershed for Attijari bank Tunisie in North Africa

Attijari bank Tunisie, which has been a part of the Group since 2005, saw a 29.3% improvement in its net banking income to MAD669.4million.

Attijariwafa bank is convinced of the need to expand its business overseas. It has adopted an international growth strategy which will enable it to participate in the process of developing regional trade and to transfer best banking practice, tried and tested domestically.

Due to the Intilaq transformation plan comprising 240 projects, Attijari bank Tunisie has embarked on a process of overhauling its commercial organisation, information systems and branch network by opening 10 new branches and installing an additional 23 cash dispensers.

Attijariwafa bank is also making active preparations to enter the market in Mauritania. The Group has also opened representative offices in Libya and the United Arab Emirates respectively.

Encouraging acquisitions in Senegal

The Group has strengthened its presence by acquiring a 66.67% stake in Banque Sénégalo-Tunisienne and then merged it with Attijariwafa bank Sénégal. As result of this merger, Attijari bank Sénégal, the new Senegalese subsidiary, has a network of 19 branches employing 181 staff.

This flexible and modern entity will give the Group considerable strike power to be able to penetrate the sub-Saharan African market. Atttijariwafa bank is also in the process of acquiring a 79.15% stake in Compagnie Bancaire d'Afrique Occidentale (CBAO) to bolster its presence further. When the deal is finalised in the first half of 2008, the Group will become one of the leading banks of the Union Economique et Monétaire de l'Ouest Africain (UEMOA).

Promising niche growth opportunities in Europe

The Group has decided to concentrate its entire European activities around Attijariwafa bank Europe, its French banking subsidiary, which has recently moved into its new Paris headquarters.

Attijariwafa bank Europe is pursuing a growth strategy in Europe by conducting operations more effectively across the entire European Union. The French subsidiary has already established two branches in Holland and Germany and opened new branches in Marseille and Toulouse.

Attijariwafa bank Europe is particularly well-placed to develop customer loyalty amongst its clientele of Moroccans living abroad. Due to its range of innovative products, which include money transfers, mortgage loans and savings products, the French subsidiary is gaining market share.

Drawing on synergies between the Group and its subsidiaries, Attijari bank Tunisie and Attijari bank Sénégal, a similar marketing strategy is in the process of being adopted for the Tunisian and Senegalese communities.

Highly valuable
human capital

CAREER MANAGEMENT, A MODERN AND MOTIVATING APPROACH

HIGH QUALITY TRAINING FOR SKILLS ENHANCEMENT

Career management, a growth driver

Group Human Capital has adopted new measures emphasising career management, improving training and updating information systems as a way of providing better support for Attijariwafa bank's growth strategy.

Taking into account the new challenges facing the Bank, Group Human Capital is eager to ensure that employees feel valued and that their contribution is recognised. This helps to improve the attractiveness of certain job profiles as well as building staff loyalty by raising awareness of the Group's core values.

Priority on professional development

To reach its objectives, Attijariwafa bank has adopted a comprehensive and modern approach to career management, which aims to match resources to needs, encouraging greater involvement by employees in their own professional development.

Hay Group, an international human resources consulting firm has assisted Group Human Capital in defining an overall remuneration policy and ensuring its implementation and monitoring.

A coherent, well-focused approach

In order to develop a personalised relationship with each Group employee, a team of managers is responsible for staff supervision, adopting an approach based on empathy and advice and ensuring a balance between an employee's potential and personal aspirations.

Out of a concern for managing career progression appropriately, Group Human Capital has also established a system for managing managerial staff, having first analysed their needs.

Aware of the importance of mobility in the process of adapting human resources to the needs of the business, Attijariwafa bank has also established a specialist unit aimed at matching the supply and demand of jobs posted on the Group's Ribatkroum intranet in coordination with staff responsible for managing senior managers.

Staff training, the key to success

Faced with a number of challenges arising from Attijariwafa bank's strong growth and its many businesses, Group Human Capital has devised an innovative training programme as a way of expanding on traditional programmes such as the Banking Diploma and the ITB.

The Attijariwafa bank Academy, at the forefront of growth

The Attijariwafa bank Academy is a key component in the Bank's growth strategy, particularly that of its branch network. Its mission is to enhance employees' operational skills and provide them with career mobility by offering them new professional opportunities.

Due to its ability to anticipate the needs of new employees and offer assistance, the Academy helps them settle into their new environment by providing them with the technical, regulatory and in-house fundamentals. In 2007, the Academy reached its target of providing training to 892 employees.

High-quality training courses for skills enhancement

To help both new managerial and clerical staff settle in to their new environment as well as providing ongoing training, Attijariwafa bank provides a comprehensive and effective range of appropriate training courses.

An employee may attend high-quality training programmes from the moment he or she joins the company and throughout his or her entire career.

The Sindbad course is designed for new employees and aims to help them settle into their new environment by providing them with an understanding of the Group's organisational structure and the purposes and objectives of its main entities.

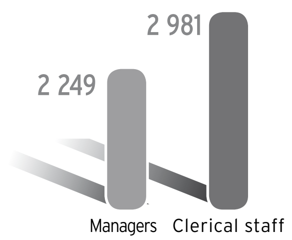
The Masters course aims to develop junior managers' managerial skills by learning about Group strategy.

The Prospects course is for high-potential managers and enhances leadership, customer management and risk management skills.

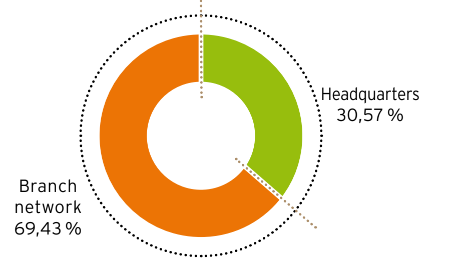
The Complex Management course is designed for senior managers, offering them the opportunity to improve their managerial efficiency.

Group Human Capital also offers a Development course for the Bank's employees specialising in communication and time management.

Number of employees - Bank*



Breakdown of employees - Bank*



* Figures as at 31 December 2007
Including employees under the Government's employment scheme (Anapec)

Ultra-modern management practices

Due to its high-performance information systems for human resources (SIRH), Group Human Capital has successfully modernised its management of administrative and staff-related matters.

The launch of the Maward intranet website in May 2007 has enabled the Group to offer its entire staff an efficient and innovative online services centre.

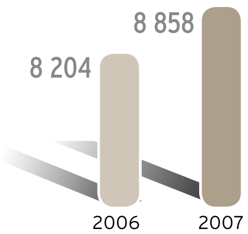
Growth in the number of employees under control

Attijariwafa bank's workforce rose by 8% in 2007 to support its growth across all its businesses.

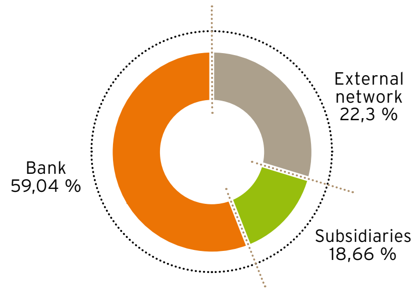
Employee share ownership, a motivating factor

In November 2007, for a second time, Attijariwafa bank offered 1.5% of its equity to its employees on very beneficial terms. Employees now own 2.41% of the Group's equity. More than 90% of staff participated in the offering, underlining their approval of the Group's innovative approach to employment and their confidence in its growth strategy.

Number of employees – Group*



Breakdown of employees – Group*



* Figures as at 31 December 2007
Including employees under the Government's employment scheme (Anapec)

Employee's health, a precious asset

Health insurance for employees is probably one of the most important employee benefits offered by Attijariwafa bank. Due to a system offering a high level of cover, employees have benefited since 2007 from standard cover plus additional health insurance covering hospitalisation with full reimbursement of costs incurred.

By opening medical centres in main towns, Attijariwafa bank is emphasising the importance of providing a regional approach in order to improve services and foster a sense of closeness to its employees in regional branches.

Staff dining facilities, to everybody's taste

As part of an ongoing process of improving services for employees, in 2007, Attijariwafa bank provided its employees with two new staff dining facilities offering increasingly sophisticated services.

Staff loans, outsourced for a better service

In order for Group Human Capital to refocus on its core activities, Attijariwafa bank has chosen to outsource the management of loans to employees to its Wafasalaf and Wafa Immobilier subsidiaries. In making such a choice, the Group intends to improve service quality by making it easier for its employees to access a diversified range of products adapted to their needs.

Quality and Compliance, two disciplines for preparing the future

GROUP QUALITY, A STRATEGICALLY IMPORTANT GROWTH DRIVER

GROUP COMPLIANCE, RIGOUR AND EFFICIENCY

Group Quality, a strategically important growth driver

Group Quality plays a particularly important role for the Group. It gives the Group a unique edge in commercial terms, by enabling it to analyse customer satisfaction and determine the appropriate course of action to take for improvement.

Reporting directly to the Chairman since the Group's new organisational structure was adopted in 2007, Attijariwafa bank's Group Quality function genuinely distinguishes it from its peers. Group Quality has adopted an efficient approach to measuring customer satisfaction on a frequent basis by using a barometer approach and by conducting surveys, mystery visits and customer focus groups. Group Quality also carries out different initiatives for improving process performance as part of its overall quality approach and endeavours to promote a culture of quality within the Group.

In 2006, Attijariwafa bank launched a certification process based on service commitments. The success of such an approach has encouraged other divisions to follow suit.

E-banking and the mortgage lending process have also adopted a quality-based approach aimed at improving customer service by improving performance and service quality.

In order to foster a quality-based culture within the entire Group, Group Quality has produced draft guidelines relating to internal standards explaining the methodology for adopting a standardised, quality-based approach across the Group.

Due to these guidelines, all of the Group's business lines will be able to adopt organisational and managerial measures capable of managing quality-related issues.

Group Compliance, rigour and efficiency

Group Compliance focuses on internal control, professional conduct and combating money laundering. Its primary mission is to produce guidelines regarding the procedures and fundamental principles which ensure the smooth running of the institution.

Internal Control, constantly adaptable

Group Internal Control is responsible for determining and publishing guidelines, methodologies and procedures. The unit continued to implement its remote management system in 2007.

The unit has updated its control guidelines, resulting in more robust internal control procedures out of a concern for efficiency and the ability to adapt to changes in operational processes.

Professional conduct and ethics

Attjariwafa Attijariwafa bank places professional conduct and ethics amongst the Group's priorities whilst taking into consideration potential constraints in terms of monitoring and control.

Attijariwafa bank has defined a set of fundamental principles relating to professional conduct and ethics by drawing inspiration from the very best international standards in use.

The rules adopted are primarily aimed at protecting the Group's assets and employees, compliance legal obligations in force and loyalty to the customer by placing his interests above all others.

The principle of equality must be applied both to customers and employees without losing sight of risk management and protecting the Group's image.

Attijari bank Tunisie following in the footsteps of Attijariwafa bank

In 2007, Attijari bank Tunisie began to draw up a code of professional conduct in compliance with overall Group policy.

The Tunisian subsidiary set up a management committee and working group responsible for drawing up this reference document and an animated film for educational purposes.

All employees will attend a training programme relating to professional conduct to foster a culture of compliance, the principles and rules of which are to be outlined in the code.

Anti-money laundering measures, a culture of heightened vigilance

Attijariwafa bank has established a dedicated anti-money laundering unit as part of its combat against money laundering. Its primary mission in 2007 was to strengthen internal vigilance procedures.

The anti-money laundering unit has produced an internal report providing guidelines for implementing major, comprehensive procedures.

An initial matrix outlining various types of money laundering risks will enable employees to identify typical transactions which need to be monitored as a priority.

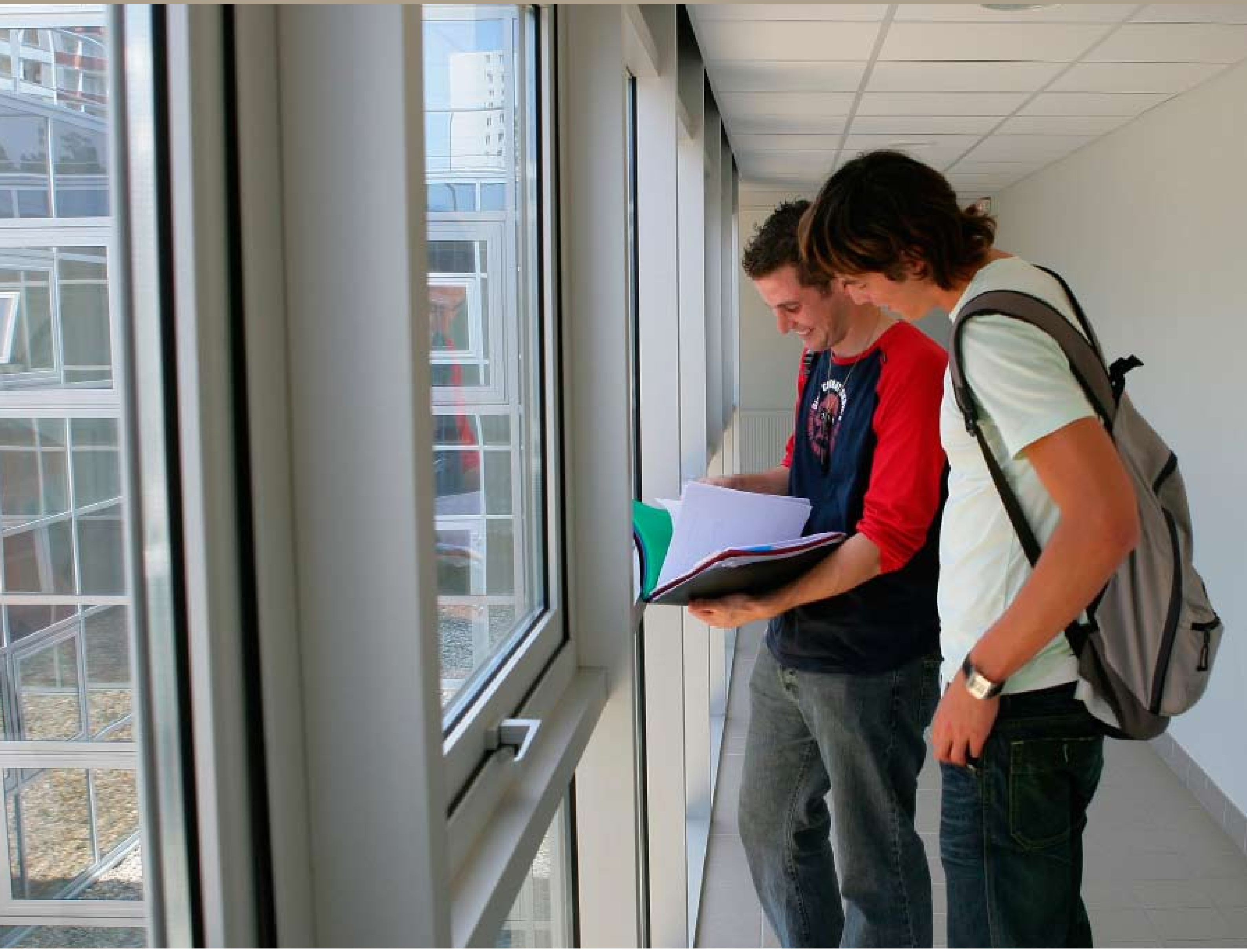
The anti-money laundering unit has also devised and implemented a set of internal procedures to monitor, in particular, cash transactions in both dirhams and foreign currencies and financial flows such as wire transfers and inflows from overseas.

At customer level, customer identification procedures have been tightened by establishing ad hoc control records.

All existing and new employees are made aware of the importance of combating money laundering with the objective being to create a genuine culture of vigilance within the Group.

A reputation
for social responsibility

CLEARLY COMMITTED TO EDUCATION
CULTURE, THE FINEST OF TREASURES



A clear commitment to education

The Attijariwafa bank Foundation actively contributes to the personal development of young people through a series of large-scale nationwide projects for small children, schoolchildren and university students.

A socially responsible bank serving everybody

Attijariwafa bank's desire to contribute to the country's development and to the well-being of its citizens gets ever stronger year after year.

Through numerous initiatives, the Group has unfailingly demonstrated that it is indeed possible to reconcile financial and commercial performance with the interests of the general public.

The Group's major strategic objectives are entirely compatible. On the one hand, the Bank is determined to work for social advancement and collective well-being whilst, on the other, it adheres to profitability targets and the strictest of regulatory frameworks.

Attijariwafa bank aims to show that the Group's prosperity goes hand in hand with that of the country's citizens. Its goal is to domicile one account in three and one mortgage in three.

As partner of choice for Moroccan SMEs, Attijariwafa bank has entirely overhauled its Macharii product range, making it more competitive. It has adopted an overall approach to customer relations, which includes providing advice and assistance.

The Group has also strengthened relations with professional associations and regional investment centres to make its action more effective.

Unreserved support for Al Jisr

Attijariwafa bank is a founder member of the Al Jisr Association and, alongside other socially responsible firms, contributes to improving the performance of the educational system by supporting educational establishments.

In 2007, it sponsored an additional 60 schools, taking the total number of sponsored establishments to 170.

A thousand PCs were distributed to schools after being reconditioned in the Association's Solidarité digital workshop.

A hundred teachers also benefited from IT training.

Prépa Plus, the road to excellence

The Attijariwafa bank Foundation is aware of the importance of preparatory classes in scientific disciplines for entry to the very best French and Moroccan educational establishments. It therefore assists pupils preparing for entry exams to such courses by providing them with high-quality IT equipment and assisting pupils in their preparation for oral exams.

In 2007, Royal Air Maroc and the Al Akhawayn University assisted 50 pupils studying for admission to the best engineering schools in France during one week of concentrated study. The Attijariwafa bank Foundation supported these students during their stay in France.

Attijariwafa Universités, a breeding ground for skills enhancement

Through Attijariwafa Universités, the Foundation intends to contribute to improving human resources skills at a local level by supporting Moroccan universities.

Attijariwafa bank's ambition is to become the leading bank for Moroccan universities in all aspects.

Due to a well-focused strategy at grassroots level, Attijariwafa bank is playing an important role in higher education and in promoting knowledge.

A Masters in Banking and Financial Markets to complement local expertise

In partnership with Casablanca's Hassan II University and the University of Cantabria in Spain, Grupo Santander, the Euro Arab Foundation and the Attijariwafa bank Foundation launched the first International Masters in Banking and Financial Markets in Morocco in 2007. Students are awarded a double diploma at both the domestic and European levels.

The programme is taught by Moroccan and Spanish university professors, by executives from Group Santander and Attijariwafa bank as well as by professionals with recognised expertise.

Support for institutions, betting on the future

As part of its policy of supporting young people, the Attijariwafa bank Foundation has provided the Maroc Entreprise network with financial assistance. It has also offered five scholarships to the most deserving students studying at the Al Akhawayn University.

Culture, the finest of all treasures

This belief is firmly held by Attijariwafa bank and is at the forefront of a policy aimed at contributing to the development of the wider community. There ware a number of major cultural events in 2007 in aid of young talent and Moroccan artists.

A rich cultural policy

Attijariwafa bank is heavily committed to artistic and cultural development. In 2007, it organised a rich and varied programme, arousing interest from no fewer than 10,000 visitors and targeting an audience of young persons between the ages of ten and thirty.

With an ever-growing reputation for artistic patronage amongst both customers and experts from the art world, Attijariwafa bank edited three bilingual catalogues, three thousand copies of which were distributed.

The Group's training programme has enabled thirty young artists improve their artistic skills.

rtistic mediation, dissemination and education

With a focus on artistic mediation, dissemination and education, Attijariwafa bank's 2007 calendar was another landmark year in developing the visual arts scene. The Bank's private collection was exhibited, arousing interest from a new audience of art-goers.

An exhibition entitled "Mohamed Bennani, a career from 1975 to 2005" included seventy of the artist's works, chosen from the Bank's private collection. The works were exhibited at the Instituts Français of Rabat and of Fez, the latter as a fringe event to the Festival of Sacred Music.

A synopsis of Mohamed Bennani's works and career was published to round off what was a major cultural event.

Conserving the masterpieces of the Bank's collection

The Bank has made considerable efforts at conserving, restoring and collecting documentary information as part of a project aimed at conserving the works of the Bank's collection, one of the most important in the Kingdom,

A conservation plan relating to fifty or so major works is underway to ensure stability over time.

Works being conserved as a precaution measure include Majorelle's masterly "Les Almates" dating from 1931 and Farid Belkahia's "L'Installation Monumentale" from 1980.

Both works figure amongst the masterpieces selected for permanent display at the Bank's head office in Casablanca.

An illustrated, technical supplement has also been produced to the highest standards of conservation of any major international museum.

The Interactions programme making modern art accessible to young artists

The Interactions programme was designed by Attijariwafa bank to train and support young artists in the very latest aspects of modern art and media.

Interactions is an annual workshop-based programme presented by specialist, internationally-renowned artists. It is aimed at enriching the artistic expression of young people by introducing them to the latest multimedia technologies and stimulating creativity in a community-based environment.

This specific training helps to promote and introduce young artists to the Moroccan art scene. Twenty young prize-winners graduating from art schools and benefiting from the Interactions programme in 2006 were selected to produce two works entitled "Identité-distr(action)" and "Signes".

Attijariwafa bank organised a tour of the two works with the help of cultural centres in Fez, Meknes, Tetouan, Ifrane and Rabat, enabling a young audience to discover innovative creations, which incorporate a mixture of art, video, new multimedia technologies and bodily expression.

Another programme of workshops is being organised for a dozen candidates with the theme of dance and picture..

New artistic endeavours and exceptional partnerships

The exhibition Sèvres, Safi: le renouveau de la céramique autour des années 30 was one of the leading events in the Moroccan cultural calendar in 2007.

Due to its partnership with the Manufacture Nationale de Sèvres, Attijariwafa bank organised this exceptional event, which brought together works of both French and Moroccan craftsmen.

This exhibition was accompanied by a rich programme of conferences and guided tours of porcelain workshops and highlighted a common history of porcelain manufacture in Morocco and France.

In organising this event, Attijariwafa bank once again demonstrated its willingness to sponsor projects promoting cultural excellence, underlining its social responsibility both domestically and overseas.

2007
Business activity

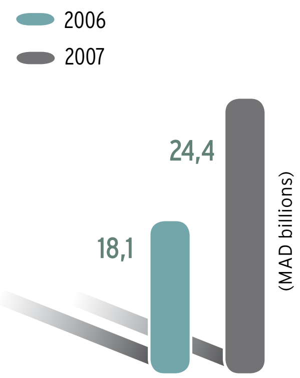
TWO DIVISIONS DRIVING GROWTH

Retail Banking Division

Financing, Investment Banking & Capital Markets and Financial Subsidiaries

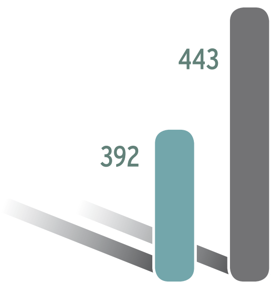
Corporate Banking

Attijariwafa bank is playing a leading role in the modernisation and development of the economy by placing the financing of SMEs at the core of its strategy. As partner of choice for SMEs, Corporate Banking's dedicated SME Investment Finance unit has a range of innovative products and services adapted to customers' needs.



Loan commitments to SMEs/SMIs

+35,1%



Number of new SMEs

+13%

Market leader once again in SME Investment Finance

Established in November 2006, this unit has regained its status as market leader in financing productive investment in line with Group strategy.

An overhaul of the Macharii product range, specialising in investment finance, has been a major factor behind the improvement in relations with SMEs.

This new product range is regarded as being even more competitive, with an emphasis on an overall approach to customer relations, which includes providing advice and assistance.

A highly effective unit providing assistance to the branch network

SME Investment Finance enjoys a close working relationship with the Group's business centres. It provides technical assistance to sales staff such as in completing customer application forms and accompanying them on customer visits.

With strong analytical expertise and detailed sector knowledge, Corporate Banking employees provide invaluable support to the branch network by putting forward their opinions to credit committees.

SME Investment Finance also acts as an interface for Global Risk Management.

Retail **Banking Division**

"Restructuring and Modernisation", a flexible approach helping companies modernise

As the date approaches for opening up borders which will result in a rapid increase in foreign competition, Attijariwafa bank is aware of the need to provide companies with support in their modernisation efforts to enable them to gain in competitiveness as quickly as possible.

Corporate Banking has established a Restructuring and Modernisation unit for its customers, a flexible and effective means of providing support during this time of profound change.

Restructuring and Modernisation specialises in arranging financing for modernisation and financial restructuring. It works closely with external organisations such as the Caisse Centrale de Garantie and the Agence Nationale pour les PME by proposing appropriate solutions and financial packages in the shortest possible time.

Proximity, the key to winning customers and building customer loyalty

Attijariwafa bank has adopted a well-focused marketing and communications strategy to strengthen its position as leader in the corporate segment.

Due to a range of attractive products such as Online Trade and the Macharii product range, Corporate Banking has been able to bolster he Group's position in the SME market.

By developing an in-depth sector-based approach, Corporate Banking is able to respond to the specific needs of each industry (textiles, construction, handicrafts etc.) by developing close relations with professional associations such as AMITH or the Féderation de la PME/PMI and specialised organisations such as the Caisse Marocaine des Marchés or the Caisse Centrale de Garanties.

Determining customer expectations due to market intelligence

The key to winning new customers is to improve understanding of their needs and of the market.

Attijariwafa bank is fully aware of the enormity of the challenge and has succeeded in regaining the confidence of SMEs through developing its market intelligence activity.

The Group has also made its presence felt at all the major events both domestically and overseas.

The Group's communication strategy alternates between direct channels and mass media and is structured around large-scale promotional campaigns, direct marketing and internal events aimed at raising employee awareness and motivation.

Corporate Banking takes a proactive approach in lending its full support to the sales function by publishing sales materials, employee training and establishing the SME Investment unit.

Major innovation on behalf of companies

Attijariwafa bank continues to demonstrate its ability to innovate to maintain its position as market leader in the corporate banking segment through a structured package of Confirming services.

Confirming is a new high value-added activity offered by Attijariwafa bank following the signing of an agreement with Abengoa, a Spanish group.

The Confirming service is now an integral component in Attijariwafa bank's sales strategy and is an excellent point-of-entry product enabling the Group to win new customers and build loyalty amongst existing ones.

A full product range making relations with suppliers easier

Attijariwafa bank's range of Confirming services allows companies to outsource their supplier payment system by using the services of the Tracking desk, which is a platform for negotiating directly with customers' suppliers.

The Confirming product range also includes electronic transfer of supplier payment records by E-payment.

The Bank also offers a factoring service by purchasing the customer's accounts receivable on attractive terms.

Significant growth opportunities

Confirming this activity's growth potential and the professionalism of its staff, Corporate Banking's Confirming unit made considerable progress in 2007, which includes the signing of agreements with multinational companies and winning new customers on a regular basis.

Retail **Banking Division**

Personal and Professional Banking

As market leader in all market segments due to highly motivated staff and efforts made to innovate and diversify the product range, Personal and Professional Banking was successful in gaining market share across all segments.

In 2007, it enjoyed an extremely high level of business activity in terms of non-interest bearing deposit-taking, mortgage and consumer loans and bancassurance products.

Personal and Professional Banking has made considerable efforts to improve customer penetration in terms of the take-up of products and services in line with Group strategy.

With more than 200,000 new customers in 2007, Attijariwafa bank strengthened its position as market leader in all sectors of activity due to a high level of recruitment and staff training.

With customer service quality at the heart of its priorities, Personal and Professional Banking has initiated several keystone projects as part of its overall corporate strategy until 2010. These include a new CRM platform which should enhance customer relations by improving service quality and commercial activity.

The key word being "Innovation"

Personal and Professional Banking continued to expand its product range throughout the entire year, with an emphasis on innovation, aimed at meeting customers' needs and gaining market share.

2007 was characterised by differentiation efforts and increasing customer value-added.

Amongst the different flagship products, the Hissab Mourih Pack is for civil servants. The Hissab Mourih Pack made a significant contribution to an improvement in this customer category's take-up rate due to a comprehensive but simplified range of products and services charged at a standard monthly rate.

In order to gain market share in the mortgage loan segment, Attijariafa bank was the first Moroccan bank to launch so-called alternative products such as Miftah Al Kheïr and Miftah Al Fath, which comply with the Mourabaha and Ijara wa Iqtina concepts.

Personal and Professional Banking also launched Miftah 11/12, which allows customers to suspend their monthly repayments during one month of the year.

By proposing the Fayda cash withdrawal card to holders of savings book accounts, Attijariwafa bank intends to makes it easier for customers to withdraw cash from cash dispensers (ATMs).

Another highlight of 2007 was the launch of the wafabourse.com website, offering a range of real-time stock market services.

A well-diversified and effective communication strategy

Attijariwafa bank uses an array of communication techniques to promote its new products to the general public. These include media-based and non-media-based vehicles such as TV and press campaigns, poster campaigns and direct marketing. The Group has also participated more often in trade fairs and exhibitions.

A multi-disciplinary marketing approach benefiting the entire branch network

Personal and Professional Banking has adopted a new marketing approach to support this process of innovation and the network in its various initiatives.

Dedicated marketing mangers from the Group's specialised subsidiaries are responsible for implementing this new approach, which encompasses all Group activities and covers the entire country.

A special offering for Very Small Enterprises

As a socially-responsible bank working for social development and job-creation, Attijariwafa bank has a special range of services for very small enterprises. This range includes several products aimed at helping business entrepreneurs to establish and grow their business.

A substantial network covering the entire country

In order to reach its strategic objectives in terms of providing banking services to as many as possible and increasing the take-up rate of its products and services, Attijariwafa bank has expanded its branch network by an additional 84 branches. This takes the total number of points of sale to 624 with 539 cash dispensers (ATMs) across the entire country.

Performance in line with objectives set for 2010

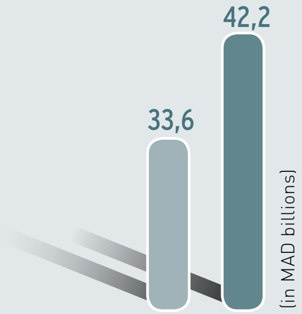
Due to an effective marketing strategy and an innovative sales approach, Personal and Professional Banking has gained market share in all segments and has posted strong growth in all its main business activities.

For the financial year ended 31 December 2007, domestic cheque accounts rose by 26% to MAD 32billion and the Group's market share stood at 29.3%.

Mortgage loans outstanding rose by 43% whilst consumer loans registered exceptional year-on-year growth of 80%.

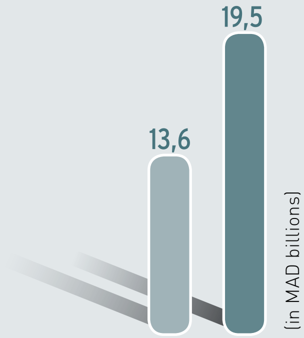
As undeniable market leader in bancassurance, Attijariwafa bank enjoyed strong growth in the number of contracts written and saw its sales jump by 75%.

2006
2007



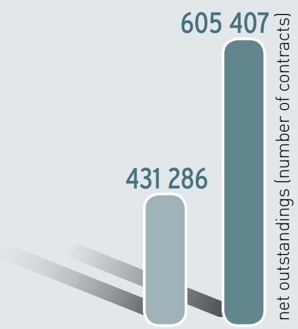
Domestic cheque accounts

+26%



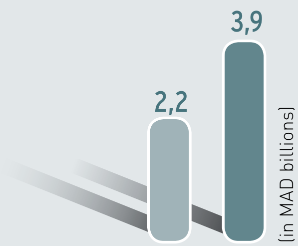
Mortgage loans

+43%



Bancassurance

+40,4%



Consumer loans

+80%

Banking for Moroccans Living Abroad

Due to a well-focused and appropriate marketing strategy aimed at developing customer proximity, Attijariwafa bank gained market share in 2007 in the "Moroccans living abroad" market.

Major progress was made in 2007 in terms of sales and it can be considered as a watershed year for the Moroccans Living Abroad activity.

The summer campaign was particularly successful for Attijariwafa bank's MLA business (Moroccan living abroad) due to close cooperation between domestic and overseas branches, a strong sense of coherence in the product range and in the communication directed at the target customer base.

An extremely high level of sales activity

Attijariwafa bank improved its market share in all segments by adopting a well-focused strategy towards Moroccan nationals living overseas.

The volume of new deposits rose by 11.2% to about MAD3billion and the Group's market share in this segment rose by 33 basis points.

Total transfers rose by 29% to nearly MAD 5billion thank to the effectiveness of the Bank's services for Moroccans living abroad.

Mortgage loans, an excellent point-of-entry product, proved particularly successful with customers with total loans outstanding rising by 150%.

Development of Attijariwafa bank's European coverage

In order to conduct business in the European Union, Banking for Moroccans Living Abroad undertook various initiatives to develop its European footprint, which included opening branches in Germany and Holland.

Following the launch of Attijariwafa Finanziaria Spa in 2006, the Group also began operations in Italy with the opening of a branch in Milan.

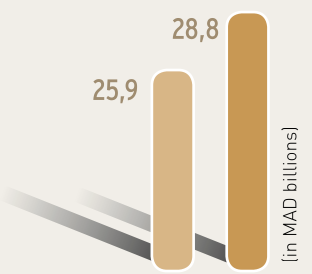
An innovative, constantly evolving product range

In 2007, the MLA customer base benefited fully from the Group's efforts at innovation and to broaden the product range.

The Kesma card for MLA can be topped up by transfers and payments at reduced cost.

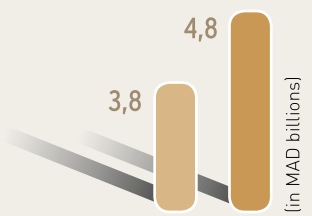
The Bila Houdoud Pack, which includes traditional as well as remote banking services, was completely overhauled. The pack gives customers access to the Privilèges Bila Houdoud card, which gives the holder many banking-related benefits of special interest to the MLA community in Morocco and abroad.

To complete the product range, the Group's European subsidiary launched Trans'Salaf, a transfer-related product attached to a consumer loan, as well as the Package Stud'In for Moroccan students in France.



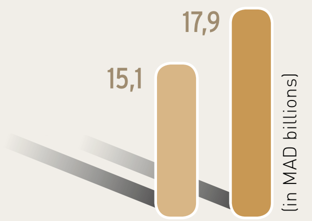
MLA total deposits

+11%



MLA transfers

+29%



MLA cheque accounts

+18%

Increasingly attractive transfer terms

In order to increase customer loyalty amongst this increasingly well-informed customer base, Attijariwafa bank has not lost sight of the need to improve its standard product range.

In 2007, Banking for Moroccans Living Abroad reduced the time taken to make a transfer to T+1 and reduced the cost of transfers to a very competitive level. Transfers to accounts held with strategic banking partners are free of charge.

In an effort to develop close customer relations, Banking for Moroccans Living Abroad also established a call centre for MRE customers for handling requests directly and establishing contacts on a proactive basis.

A rapidly expanding distribution network

Attijariwafa bank is convinced of the significant potential of the MRE market and therefore decided to expand its own branch network in Europe by opening two branches in France (Marseilles Garibaldi and Toulouse), three in Spain (Valencia, Barcelona and Girona), one in Milan and a desk at Abbey National in London.

At the end of 2007, Attijariwafa bank's overseas network totalled 47 points of contact.

Several agreements with leading international banks have enabled Banking for Moroccans Living Abroad to offer its customers a broad network, making it easier for them to transfer money to Morocco.

The Group has an agreement In Italy with Unicredit AgenziaTu and in Germany with DHB Bank.

In Spain, Attijariwafa bank has established several strategic partnerships including those with Grupo Santander and Caja Madrid.

A sound communication strategy

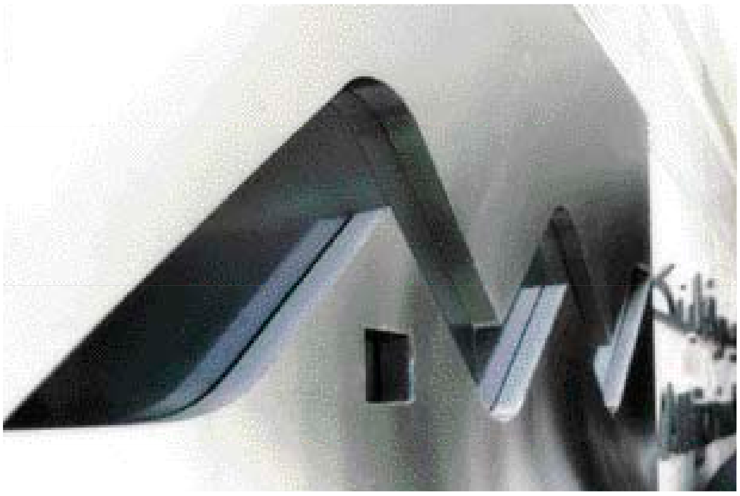
Attijariwafa bank launched three large-scale media-based and non-media-based communication campaigns to accompany the launch of new products.

The Group demonstrated its originality by adapting the contents of each campaign to the specific characteristics of each country.

Large-scale, keystone projects

The Quality project initiated by Banking for Moroccans Living Abroad aimed at improving the complaints and processing procedures was certified by a service undertaking.

Banking for Moroccans Living Abroad also initiated a major European Information Systems project with an ultimate objective being to establish a standardised information systems platform across Europe.



Financing Bank

In 2007, against a positive investment backdrop, Attijariwafa bank established itself as the partner of choice in financing public and private sector institutions.

Large Enterprise division

Attijariwafa bank has adopted an overall approach to customer relations to be able satisfy all their requirements.

Attijariwafa bank remains the partner of choice for large domestic groups and multinational companies with a presence in Morocco. In 2007, the Large Enterprise division confirmed its position as market leader in this segment with a rise of 29.6% in its loan commitments.

Taking full advantage from the benign investment environment, Attijariwafa bank's customer base includes some of the most prestigious companies.

Adopting an overall approach to customer relations, the Large Enterprise division offers an entire range of dedicated products and services, assisted by several of Attijariwafa bank's business lines and subsidiaries.

The Large Enterprise division has successfully developed relations with this particularly well-informed and demanding clientele through synergies and benefiting from the savoir faire of the Group's different entities.

Project finance

A unique approach to project finance

The financing of large-scale investment projects lies at the heart of Attijariwafa bank's strategy. This requires that employees possess genuine expertise and that the bank is financially solid.

With its unique approach, Attijariwafa bank's Project Finance division is today the leading institution in the market.

The Project Finance division offers its customers tailor-made solutions by offering genuine expertise and specialised advice in structured finance, financial engineering and legal issues.

The Project Finance division confirmed its status as Morocco's market leader in large-scale project finance. In 2007, is participated in several project finance, asset finance and acquisition finance deals as lead arranger, member of the underwriting syndicate, institution responsible for legal documentation or as member of the credit syndicate.

Attijariwafa bank has been particularly active in sectors such as offshoring, telecoms, infrastructure, tourism and property.

Financing, Investment Banking **& Capital Markets and Financial** Subsidiaries Division

International division proximity a priority

Attijariwafa bank has been able to develop closer relations with its SME and large corporate customers by having international account managers in the main business centres.

A 17% increase in the number of Trade Finance transactions resulted in a 28.2% increase in the division's earnings.

Correspondent Banking, which enjoys close relations with a network of prestigious correspondent banking partners, continued to play a vital role in helping the Group conduct its project development business in Morocco and overseas.

All corporate desks, particularly those of Attijariwafa bank Europe benefited from the support of the External Network platform in executing a record number of transactions and thereby contributing to the strong performance of the Group's European subsidiary.

The AIB Offshore subsidiary (Attijari International Bank) also enjoyed a profitable year by participating effectively in a number of structured finance transactions.

The International division's Promocomex unit organised several seminars and forums in 2007, providing information to overseas investors in Morocco and encouraging contact between Moroccan and foreign companies.

Cash flow management

Cash flow Banking proposes a comprehensive range of products and services to large enterprises and SMEs. This range includes means of payment in non-physical form in Morocco and overseas, reporting systems and cash management optimisation tools.

To increase customer loyalty, Attijariwafa bank launched Online Trade in February 2007. This is an internet-based solution allowing customers to conduct online international transactions. Customers are able to monitor transactions and be kept informed of key events. They are able to input essential information to successfully complete the transaction.

With Online Trade, customers may access a variety of services available on the Bank's website at www.attijariwafabank.com.

These include import-export documentary credits, import-export documentary bills and bank transfers.

Customers may also apply for foreign currency financing options, guarantees for missing bills of lading and bank guarantees. There is also a reporting system and daily news on the site.

Financing, Investment Banking **& Capital Markets and Financial** Subsidiaries Division

International Retail Banking

International Retail Banking (BDDI) aspires to become one of Attijariwafa bank's divisions in its own right by developing a genuine community-based banking network across North Africa and sub-Saharan Africa.

International subsidiaries, a growth driver beyond borders

International Retail Banking, one success after another

BDDI recorded several successes in 2007, due to the support and savoir faire of its staff.

BDDI works closely with both the Strategy and Development unit and Attijari Finances Corp and makes an active contribution to implementing the Group's growth strategy by searching for new business opportunities and markets.

To ensure that processes are standardised, BDDI employs an organisational model and system of governance which comply with the practices and values of Attijariwafa bank.

Due to the support that it receives from the Group and numerous synergies, BDDI can offer its customers a comprehensive range of banking and banking-related activities.

Attijari bank Tunisie, making its presence felt

2007 was an action-filled year for Attijari bank Tunisie. Besides launching its strategic business plan, Attijari bank Tunisie expanded its branch network with the opening of 10 new branches. The number of points of sale now totals 112. Efforts were made not only at expansion but also at market segmentation (Businesses/ Personal and Professional Banking customers) to improve its penetration of the Tunisian market. Investment banking activities were restructured with some businesses transferred to subsidiaries to enable the Bank to refocus on advisory, asset management and securities brokerage services.

Attijari bank Tunisie also focused its efforts on diversifying and enhancing its product range. In 2007, the subsidiary launched specialised products in mortgage loans, casualty insurance, payment guarantees and services for the Prestige et Privilège customer segment.

In terms of training, Attijari bank Tunisie launched its own Attijari Academy to help new employees settle into their new roles and facilitate the reconversion of experienced staff. Diploma-based training has also been made available to the Bank's staff.

The subsidiary registered a strong improvement in its financial performance with net banking income, in particular, rising by 29%. Despite a large number of new projects, general and administrative expenses remained under control and there was also an improvement in risk measurement indicators.

Attijari bank Sénégal, firmly rooted in West Africa

Following the merger between Attijariwafa bank Sénégal and Banque Sénégalo-Tunisienne, the Bank has mobilised its entire resources around this new entity.

The Bank's strategy is to focus on offering banking services to enterprises, personal and professional banking customers and implementing a series of measures to improve customer relations.

Attijari bank Sénégal is rapidly implementing its strategy of customer proximity through a network of 19 branches and by segmenting the customer base into Large Enterprises and SMEs.

Senegalese Living Abroad (SRE) are the target customers. Attijari bank Sénégal has adopted a personalised approach which includes specialist mortgage loans for Senegalese expatriates.

A genuinely dedicated platform for Senegalese living abroad has been established in synergy with Attijariwafa bank Europe.

Due to all these measures, the Bank's outstandings improved significantly in the second half of 2007. Short-term deposits rose by 47% whilst long-term deposits declined by 13%. In 2007, the subsidiary's total net assets rose by 15%.

Attijari bank Sénégal also continued to implement its strategy of cleaning-up its loan portfolio, which saw a 2% increase in outstandings.

Financing, Investment Banking **& Capital Markets and Financial** Subsidiaries Division

Specialised Financial Services

Drawing on multi-disciplinary expertise, Attjariwafa bank is able to offer its customers a rich and diversified range of products and services, due to the innovation and professionalism of its specialised subsidiaries.

Its banking-related subsidiaries, market leaders in their respective markets, continue to demonstrate an exceptional ability to adapt to and anticipate market trends.

Wafa Assurance, a number of successful keystone projects

In 2007, Wafa Assurance successfully completed its strategic business plan.

This has resulted in significant qualitative progress being made both in terms of distribution and support.

Wafa Assurance's business performance for the period largely exceeded its objectives.

Wafa Assurance's corporate activity also benefited from a new growth strategy and new geographical-based information systems, aimed at driving the strategy to increase subscriptions.

Wafa Assurance also conducted an asset-liability study to determine the strategic allocation of target assets.

The technical reserves set aside by Wafa Assurance were certified by Mazars, the international audit and advisory firm, as part of its actuarial assessment.

Wafasalaf, value-creating powers of anticipation

Faced with an explosion of demand for consumer finance, Wafasalaf confirmed its position as market leader in 2007, fully demonstrating its dynamism and adaptability.

Its total production rose by 29.5% to MAD 8.08billion.

Due to a strong performance across all aspects of its business, particularly new vehicle finance, Wafasalaf's market share stood at 32.4%, largely ahead of any of its competitors.

With an ability to anticipate the latest market needs, Wafasalaf is the first consumer finance company to market so-called alternative products. In the space of 6 months, the Ijar Al Wafa product saw production of MAD19.5million.

Wafasalaf has a strong track record in bringing promising products to market, due to its exceptional ability to provide financing solutions adapted to each target customer. This is the same for Salaf Nejma, the first product for women based on the Salaf Ouahed loan repurchase facility.

Ijar Al Wafa is a leasing product for financing the purchase of a vehicle.

Given its strong sales performance, Wafasalaf registered an 11% improvement in net banking income to MAD 698.5million. This positive performance was achieved in spite of reforms to VAT on leasing agreements.

The efficiency of Wafasalaf's management methods resulted in net income rising by 21% year-on-year to MAD 242.8million.

Wafasalaf substantially reduced its cost of risk, from 1.32% to 0.77%, due to using modern risk evaluation methods.

Wafa Immobilier, a highly commercial approach

During 2007, Wafa Immobilier undertook several initiatives, which enabled it to strengthen its position as market leader in the mortgage loan market.

Wafa Immobilier grasped opportunities in all segments of a rapidly growing property market. Its highly commercial approach enabled it to win new customers whilst continuing to improve its financial performance.

As recompense for the professionalism of its staff and its performance, Attijariwafa bank's property subsidiary was awarded the Trophée Fogarim for 2007 at the Iskane Expo trade fair.

Its participation in several other well-known property trade fairs such as Logimmo, Iskane Expo and Smap Immo was well-received by the general public and industry professionals.

Wafa Immobilier has remained faithful to its strategy of entering new market segments with a view to gaining market share by launching a new range of alternative products.

Emphasising close customer relations and service quality, Wafa Immobilier continued to grow its branch network throughout the year, with the opening of 15 new branches in towns with strong growth potential such as Kenitra, Mohammedia and El Jadida.

Wafa Immobilier saw a 48.8% rise in its total production to MAD 8.76billion, benefiting from the commercial clout of its own as well as Attijariwafa bank's branch network.

Wafacash, confirmed as market leader

Wafacash' business environment was characterised by stiffer competition and new regulations governing the activities of companies specialising in cash transfers and over-the-counter foreign exchange. Regulatory developments included:

- Companies engaged in cash transfer activities are now obliged to obtain Bank Al Maghrib authorisation to conduct this or any financial-related activity on an exclusive basis;
- Over-the-counter foreign exchange activity deregulated from 1 April 2007 with existing authorisations being extended to 31 August 2008.

In its three main product lines - Western Union, Cash Express and over-the-counter foreign exchange – Wafacash posted a 22.40% rise in volumes to MAD8.5billion.

Wafacash confirmed its position as market leader. Net banking income rose by 28.6% to MAD 125million and net income stood at MAD 24.2million.

2007 saw an ambitious programme of branch openings. Wafacash opened 44 new branches which enabled it to make market share gains in its three business lines.

Wafacash pursued its strategy of innovation by launching a new branch concept and marketing new cash products.

Wafabail, an effective sales-force provided by the bank network

Wafabail enjoys a broad and highly-effective network and encourages close customer relations and service quality.

Despite a difficult operating environment characterised by the removal of VAT exempt status and the repayment of VAT credits under the 2007 Finance Act, Wafabail was still bale to retain its position as market leader in the leasing sector.

With production in its leasing activity totalling MAD 2.8billion, Wafabail's market share stood at 22.2%. The Attijariwafa bank subsidiary saw a 22.2% improvement in outstandings to MAD 2.8billion, including MAD1.1billion in property leasing.

Wafabail's financial indicators were all positive. Net banking income rose by 23.3% to MAD225.7million. Its cost-income ratio improved by 5.7 points to 21.2%. Operating income rose by 25.6% to MAD 177.9million. The cost of risk saw further improvement, declining by 0.16%.

Net income rose from MAD76.9million to MAD82.8million over the year.

In 2008, Wafabail expects to reinforce its position as market leader in the leasing sector and envisages strong growth in production.

By improving synergies with the Bank's branch network, Wafabail has the resources required to pursue its successful growth strategy, which began in 2004 and to make further market share gains.

Wafa LLD, market leader in the public sector

Morocco's long-term lease market enjoyed a positive operating environment in 2007.

Due to rising demand from the government sector and a major decline in prices, due to rising competition in the long-term rental market, the number of vehicles in circulation under long-term rental contracts rose by 15% to more than 15,000 vehicles.

Demonstrating its dynamism and competitiveness, Wafa LLD won more than 45% of all public tenders in 2007 from institutions such as Barid Al Maghrib, ANAPEC, OFPPT, the Ministry of Transport and Equipment and the Ministry of Industry.

With a 20% market share, Wafa LLD's vehicle fleet totalled 3,130 vehicles at the end of 2007. Its net production stood at 888 vehicles, corresponding to 1,256 new vehicles on the road and 368 vehicles sold.

In 2007, Wafa LLD saw its sales rise by 26.5% to MAD 122.8million with net income stable at MAD 3.7million.

The Group's long-term rental subsidiary expects to build on progress made to date and expects strong improvement in net income.

Attijari Factoring Maroc, considerable progress domestically and overseas

Attijariwafa bank's factoring subsidiary delivered an excellent set of results in 2007.

Whilst the sector registered growth of nearly 32% in 2007, Attijari Factoring's production soared by 114% from MAD 1.14billion to MAD 2.43billion.

Domestic factoring benefited from better sector coverage with a 54% improvement in production to MAD 1.18billion.

Export factoring production followed the same trend, rising by 55% to MAD 500million.

Import factoring production rocketed, rising from MAD 50.2million in 2006 to MAD 748million in 2007.

Financing and invoice outstandings registered gains of 54% and 65% respectively due to the high level of domestic factoring volumes.

Attijari Factoring posted a 46.2% rise in net banking income to MAD 24.7million, due to strong sales activity.

The Attijariwafa bank subsidiary saw a 58.2% improvement in net income to MAD 11.3million due to strong growth in net banking income, a low level of provisioning for non-performing loans and general expenses under control.

In 2008, Attijari Factoring forecasts strong growth in total production and a marked improvement in its financing outstandings.

Financing, Investment Banking **& Capital Markets and Financial** Subsidiaries Division

Capital Markets and Investment Banking (BMI)

Due to the new organisational structure adopted in 2007, Attijariwafa bank has been able to generate additional synergies between different businesses within the Capital Markets & Investment Banking (BMI) division whilst helping to identify business opportunities with other Group entities.

Market leader across all business lines

BMI confirmed its position as market leader due to a sharp increase in profitability..

Capital Markets

In 2007, Capital Markets registered an improvement in both profitability and market share due to strong performance from all its core activities, including foreign exchange, derivative products, trading, structured finance, origination and underwriting.

In 2007, the foreign exchange business underlined its position as market leader with net income of MAD 248million on volumes of MAD 418billion.

As Morocco's leading Treasury bond broker dominating both the primary and secondary markets, the Capital Markets entity recorded net income of MAD 340million and commanded a 17% market share.

As lead arranger for six debt issues totalling MAD 5.1billion, the Capital Markets entity maintained its status as market leader in the secondary public debt market.

Proposing innovative investment solutions, the structured finance unit generated volumes of MAD 4.8billion and initiated Morocco's first structured debt transaction in 2007.

Custody, a flourishing business

The custody business saw sales rise by 26% as a result of the strong rise in the stock market.

With growing interest from both domestic and foreign investors, financial markets offer increasingly innovative and attractive investment opportunities.

Assets in custody rose by 12% year-on-year, despite the fall in the value of bonds and mutual funds (OPCVM).

Attijariwafa bank maintained its position as market leader with market share of 42%.

Wafa Gestion, at the top of its form

Wafa Gestion consolidated its position as market leader with growth of 7% in assets under management, rising from MAD43billion to MAD46billion in 2007.

Wafa Gestion, Morocco's leading asset management company, closed the financial year with market share of 32% and posted net income of MAD 71.5million in 2007 against MAD 65.48million in 2006.

Enjoying considerable synergies with Personal and Professional Banking, Wafa Gestion has initiated a two-phased Challenge, aimed at marketing mutual funds investing in bonds, diversified assets and equities.

Wafa Gestion was the first asset management company in Morocco to be recognised for the both quality of management and organisation. It has obtained the coveted certificate of compliance with GIPS (Global Investment Performance Standards, which ensure fair representation of investment performance, as well as the M2 (Morocco) Asset Manager rating from Fitch Ratings.

This rating was attributed due to Wafa Gestion's high scores in five areas of assessment - organisational infrastructure, risk management, portfolio management and administrative management of investments and technology.

In 2008, Wafa Gestion intends to reinforce its position as market leader by continuing to develop synergies with Attijariwafa bank's different units.

It strategy is primarily based on continuous innovation in customer products and services such as savings schemes, single-premium contracts and structured products.

Wafa Gestion is permanently looking to diversify its investments and will explore new opportunities, particularly in the main global financial markets, as overseas investment rules are relaxed in Morocco.

Corporate Finance, savoir faire and expertise

Attijari Finances Corp. performed strongly in 2007 and maintained its status as market leader in M&A advisory services and capital market transactions.

Its sales rose from MAD41million in 2006 to MAD 43.9million in 2007. It posted net income of MAD 28.9million, due to tight control of general operating expenses.

Attiajri Finances Corp. successfully increased penetration of foreign markets by executing a number of major strategic deals in line with its international growth strategy. 2007 saw two successful M&A deals in which Attijari Finances Corp. acted as adviser. The first concerned the acquisition of a 66.67% stake in Senegal's Banque Sénégalo-Tunisienne by Attijariwafa bank.

The second deal concerned the purchase of a 79.15% stake in CBAO, a Senegalese bank.

In addition to the above strategic international deals, the Corporate Finance division continued to provide advice and assistance to leading domestic companies.

The Corporate Finance division, with strong expertise and technical abilities, successfully participated in several large-scale M&A and market transactions.

In 2007, it acted as advisor to CMA-CGM in the privatisation of Comanav in a MAD2.3billion deal.

Douja Promotion Groupe Addoha benefited from Corporate Finance's advice in relation to its MAD2.2billion rights issue.

The same goes for SNEP which floated 35% of its equity in a MAD1billion deal.

Attijariwafa bank also turned to Attijari Finances Corp. for its expertise when issuing two subordinated bonds totalling MAD3billion.

Attijari Finances Corp. successfully advised the consortium comprising M2M, Sagem Défense Sécurité and Attijari Capital Risque in its bid to win the concession for building, operating, financing and maintaining Morocco's new management system for electronic driving licences and car registrations.

Attijari Intermédiation, considerable sales clout

Against a backdrop of strong stock market gains, Attijari Intermédiation underlined its position as market leader.

Whilst the Casablanca Stock Exchange closed 2007 with gains of 33.1% and a market capitalisation of MAD586billion, Attijari Intermédiation saw a 28% rise in its trading volumes on the Central Market.

In addition to its high-quality customer service, Attijari Intermédiation benefited from numerous synergies with the Bank's different entities to give it greater commercial clout. Its sales rose by 14%.

Attijari Intermédiation was lead manager for 3 out of the 9 IPOs during the year. Its market share in underwriting was 35% of all transactions.

Wafa Bourse, the stock market at the tips of one's fingers

As one of the most innovative brokerage firms in the market, Wafa Bourse has adopted an aggressive strategy to encourage greater participation in the stock market from private investors and to conduct its business in the most secure and transparent manner possible.

With the launch of its www.wafabourse.com website, Wafa Bourse offers its customers direct and secure access to the market.

On entering the Wafa Bourse website, the customer is able to manage his own portfolio, follow his trade executions, value his portfolio and obtain a summary of trading activity in his securities and cash accounts.

The site also provides useful summary information on a daily basis and customers have access to real-time market opportunities.

Attijari Invest, a vehicle for developing sectors with high growth potential

Attijari Invest is the market leader in Morocco's private equity industry, managing three sector-based funds and one regional fund.

Attijari Invest launched a fund in March 2007 in partnership with Groupe Banques Populaires, specialising in the tourism industry.

Attijari Invest also manages an infrastructure investment fund, a fund investing in the food sector and the IGRANE regional fund, specialising in the Souss Massa Drâa region.

Attijari Invest confirmed its position as market leader in 2007 by investing in sectors with high growth potential in partnership with leading international investors.

These sectors include institutional catering, mining, air transport and new technologies.

Attijari Invest has invested alongside major international specialists in keystone projects in the Souss Massa Draâ region such as in tourism and water distribution.

Attijari Invest was appointed by Attijariwafa bank to manage the Attijari Capital Développement fund which houses the Bank's investment holdings.

Global Risk Management

Mission and Organisation of Global Risk Management

GENERAL PROVISIONS

I- CREDIT RISK

- A- Credit Policy
- B- Procedures
- C- Internal credit rating system

II- MARKET RISK

- A- Management of market risks
- B- Methodology for measuring market risks (internal model)
- C- Liquidity risk

III- OPERATIONAL RISK

- A- Introduction
- B- Governance
- C- Strategic challenges and approach
- D- Fundamental principles
- E- Control measures
- F- Business Continuity Plan

IV- ASSET-LIABILITY MANAGEMENT

OUTLOOK

- A- Background to Basel II
- B- Changes to credit risk policy

Global Risk Management

Global Risk Management is able to carry out its mission in a totally objective manner due to it being independent from the other divisions of the Bank.

Mission and Organisation of Global Risk Management

Attijariwafa bank's risk management policy is based on professional and regulatory standards, international rules and recommendations made by the supervisory authorities. Risks are managed centrally by Global Risk Management (GGR), which is independent from the Bank's divisions and business lines and reports directly to the Chairman.

This set-up emphasises the global approach adopted by the Group towards risk management and underlines the Global Risk Management entity's independence in relation to the Bank's various businesses. This autonomy guarantees maxim objectivity when assessing risk-based proposals and control-related issues.

GGR's primary mission is to cover and monitor all risks inherent in the Group's activities, control and measure them. This function ensures control on a permanent basis, most often by adopting a deductive or a priori approach. This is in complete contrast to the Internal Audit function which is involved on a periodic basis using an a posteriori approach.

Its ongoing missions primarily consist of making recommendations in respect of risk policy, analysing credit portfolios in a forward-looking context, approving loans to businesses and individuals, setting trading limits and guaranteeing a high-quality and effective risk monitoring process.

There are three main categories of risk:

- Credit and counterparty risk – this relates to the risk of total or partial default by a counterparty with whom the Bank has entered into a contract, including off-balance sheet obligations;
- Market risk – relates to the risk of loss from adverse fluctuations in interest rates, foreign exchange rates, liquidity etc;
- Operational risk – includes IT-related risk, legal risk, human risk, tax-related risk, commercial risk etc.

The organisation of the Global Risk Management division has been modelled on the classification of risks as defined by the Basel II Accord. It is organised around the following entities:

- The Counterparty Risk entity, whose mission primarily consists of:

• Downstream

- Analysing and investigating applications for risk-taking from the Bank's various sales-forces;
- Evaluating the substance and validity of guarantees;

• Assessing the importance of the relationship in terms of business volumes and whether the requested financing is financially viable.

• Upstream

• Reviewing all loan commitments on a regular basis;
• Studying statements of authorisations and utilisations on a weekly basis;
• Identifying breaches of limits and taking appropriate corrective measures;
• Assessing loans showing signs of difficulty and identifying repayment-related issues;
• Working closely with the branch network to ensure the recovery of these loans;
• Provisioning for non-performing loans.

- The Market Risks entity, whose function is to detect, analyse and monitor the Bank's interest rate and foreign currency positions, rationalise these positions by formal authorisations and be alert to any deviation from these positions;

- The Operational Risk entity, whose function is to detect, analyse and monitor the Bank's various operational risks inherent in its banking activity, including human, IT-related, tax-related and legal risks.

General Provisions

1- Governance and organisation

The approach to governance and organisation of risk management is unconditionally based on the management principles established by the Bank's decision-making bodies.
Each of the main decision-making entities' responsibilities have been clearly defined to coordinate joint initiatives more effectively.
These entities include:
• The Board of Directors;
• General Management;
• Decision-making Committees;
• Global Risk Management;
• Control and Methods (SDM).

- Board of Directors' role

In the context of the Group's market activities, the Board of Directors' responsibilities include:
• Determining and reviewing the Group's commercial strategy and risk management policy on a recurring basis;
• Assessing the main risks to which the Bank is exposed when conducting business;
• Validating risk limits and ensuring that General Management and Decision-making Committees take the measures required to identify, measure, monitor and control these risks. Risk limits must be set in relation to capital;
• Approving the organisational structure;
• Ensuring 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:

- Implementing the strategy and policies approved by the Board of Directors;
- Implementing the processes and the means required to identify, measure, monitor and control risks related to market activities;
- Setting up and maintaining the organisation responsible for managing market operations and monitoring risks;
- Setting up internal control standards and methods;
- Informing the Board of Directors of the essential items and conclusions which may arise from measures relating to the risks to which the Bank is exposed;
- Involving the Board of Directors in the management of market activities by submitting for its approval risk management policies.

- Role of Decision-making 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 transactions to which the Group is committed including loans, recovery activities, investments and purchases, beyond a certain threshold;

• Group Credit Risk Committee

The Group Credit Risk Committee rules on all the Group's loan commitments. It also sets the counterparty limits given to international banks on proposals submitted by Correspondent Banking.

• Market Risks Committee

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

- Monitoring and analysing market risks and any changes;
- Ensuring compliance with monitoring benchmarks, specific management rules and pre-determined limits;
- It sets limits for the various product lines within the context of the Bank's overall strategy.

- Global Risk Management's role

Its role is to oversee the methodologies employed as well as counterparty and market risk. Its main responsibilities are:

- Validating the underlying principles and methods used to measure risk proposed by the Control and Methods entity and ensuring in particular that they are consistent with those of the Group;

• Monitoring counterparty and market risk in the context of the Bank's overall exposure;

• Validating the internal models and software databases used for valuing financial instruments;

• Producing and analysing management results and dealing room risk on a daily basis;

• Ensuring that the market data and indicators used to calculate profits and risks are accurate;

• Assessing Front Office's limit requests in conjunction with Global Risk Management which in turn analyses them before submitting them to the relevant committee;

• Drawing up risk-measurement methods;

• Determining methods for measuring positions and calculating profits.

2- Risk Management Process

The risk management process comprises four main stages involving several entities:

• Risk identification;

• Risk measurement;

• Risk monitoring;

• Risk control.

- Risk identification

Risk identification consists of making a comprehensive and detailed inventory of the Group's risks and the factors inherent in each risk.

This inventory needs to be regularly updated to account for changes to risk-generating factors and changes arising from any shift in management policies.

- Risk measurement

Risk measurement consists of assessing the probability of risks occurring and their financial consequences on the Bank's positions or assets.

The risk measurement methods adopted under the guidance of the various risk committees and Global Risk Management are largely inspired by sound practices recommended by the Basel II committee and comply with prudential rules.

The Bank is committed to investing in the latest risk management systems by incorporating the very latest developments in the application of its internal methods.

- Risk Monitoring

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

- Risk Control

This last stage involves surveillance and supervision of the risk management process and enables new types of risk to be identified and adjusted as a function of developments.

I- Credit Risk

A- Credit Policy

1- General principles

Attijariwafa bank's credit policy is based a certain number of general principles:

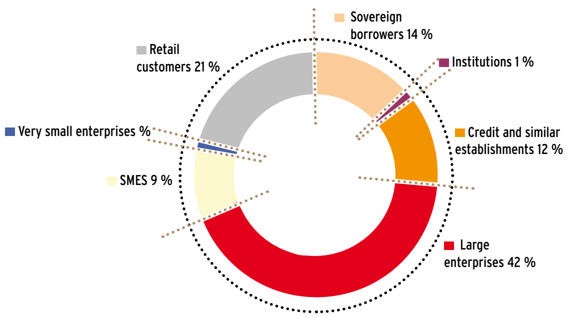
- Professional conduct and ethics: the Group insists on absolute compliance with the principles of conduct established in its internal code, adherence to legislation and respect for the rights of third parties;
- Exclusivity of risks: risks are structured to ensure that each Group entity remains functionally independent in risk terms in order to maintain an optimal risk profile for the Group;
- Responsibility for risks: each business line remains fully responsible for its own credit risks. This responsibility is also shared by the different bodies involved in the global risk management process;
- Collective decision-making: all credit-related decisions require approval by two parties and need two signatures, those of the sales and risk-management functions;
- Monitoring: each risk is constantly and permanently monitored;
- Appropriate returns: each risk assumed must earn an appropriate return as operational profitability is vitally important to the decision-making process.

2- Diversification by counterparty

Diversification is an essential component in the Bank's risk management policy which involves assessing the total exposure to any one customer. The scope and variety of the Group's activities play a role in this process. Any potential situation in which there is material exposure is assessed on a regular basis, resulting in corrective measures where appropriate.

This diversification is outlined as follows:

Group's exposure by category of counterparty
at 31 December 2007



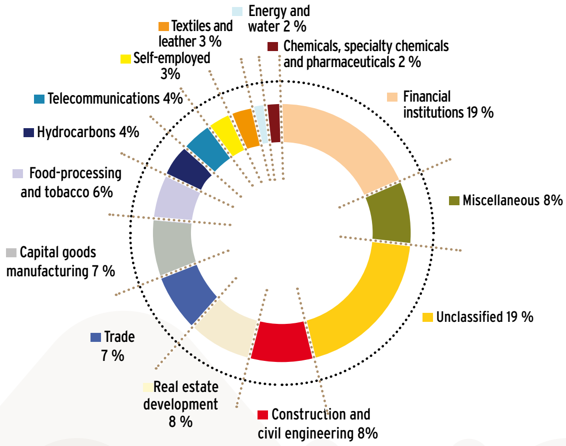
3- Diversification by sector

The same attention is paid to the Bank's risk exposure by economic sector together with 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 counterparties are exposed.

The breakdown of the Bank's loan commitments by sector as a percentage of total loan commitments at 31 December 2007 is as follows:

- Financial institutions and insurance companies accounted for 18.89%, virtually unchanged compared to 2006;
- Construction and building materials accounted for 7.97% in 2007, virtually unchanged compared to 2006. Signature loans accounted for more than 50% of this sector's total loan commitments;
- Real estate development accounted for 8% against 5.2% in 2006. Loans to this sector have risen strongly due to the Bank's strategy of financing several large-scale housing projects.

Group's exposure by sector of activity
at 31 December 2007



4- Geographical distribution

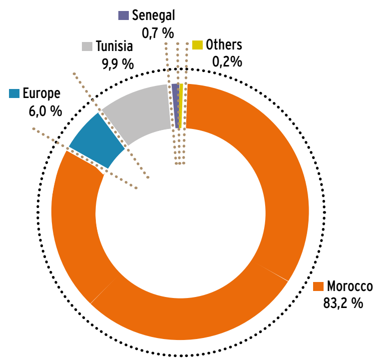
The geographical distribution of the Group's loan commitments shows a very large concentration in Morocco with 83.2% of total loans. Tunisia accounts for 9.9%, Europe 6.0%, Senegal 0.7% and "Others" 0.2%.

In Morocco, the Casablanca region alone accounts for 75% of the Bank's loan commitments followed by the regions of Rabat (10%), Meknes-Fez, Souss-Sahara and Rif-Oriental which together account for 3% with "Others" accounting for the remaining 6%.

This concentration can be explained by:

- The fact that the Casablanca and Rabat regions constitute the economic, financial and administrative heart of the Kingdom;
- The accounts of the main infrastructure projects carried out in the provinces are domiciled in Casablanca and Rabat.

Group's exposure by geographical area
at 31 December 2007



B- Procedures

1- Decision-making

a- Scope of powers

The Group's decision-making credit policy is based on a set of delegations which involves obtaining the assent of an appointed representative from the risk function. Agreement is always given in writing by way obtaining the appropriate signatures or by a formal meeting of a credit committee.

The delegations of powers may vary depending on the level of risk, in accordance with internal ratings and the specific characteristics of different business lines.

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

Regarding the Bank, the different decision-making bodies which have been validated by the Board of Directors, classified in rising order of authority, are:

- Global Risk Management Select Committees (3 levels)
- BE 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.

Regarding Group subsidiaries, decision-making is determined as a function of the level of risk. Decisions are taken by the Bank's various committees when thresholds are exceeded.

b- Processes

• Applications and proposals

After initial contact with the customer and an assessment of the latter's business activity and revenues, the branch's head of sales puts together a credit proposal using a specific PC-based application form. He then puts together an administrative dossier for the said proposal, which includes all documents required by Bank Al Maghrib and by in-house rules relating to credit commitments.

This proposal must also comprise information required to enable a decision to be made by the Global Risk Management division.

• Analysis and decision-making process

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

• The business activity and how profitable is the relationship;
• 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 profitability of the transaction;
• The rating determined by the Bank's internal ratings system.

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 specific research across all sectors and thereby contribute to setting the Bank's credit policy.

This analysis is then scrutinised by a risk management specialist from the Global Risk Management division. The latter takes a decision within the scope of his powers, before 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 both parties are safeguarded.

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

• Revision

Proposals to revise credit lines are generally made by sales units in the same way as proposals to open new credit lines. Global Risk Management entities may also request a revision of credit lines when their systems indicate anomalies which justify a downward or upward revision to the authorised sums.

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

• Related legal entities

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

c- Management of credit application dossiers
Content and management of credit application dossiers

• Customer application dossiers include :

• Customer relationship dossier;

• Guarantees dossier;

• Administrative dossier

• Operational services dossier.

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

• Minutes of the Annual General Meeting of Shareholders, ruling on the previous financial year's financial statements;

• Annual financial statements;

• Statutory Auditor's General Report certifying that the financial statements give a true and fair view.

The credit application dossiers are filed at branch level. For analytical purposes, copies of the original documents are sent for consultation to the various relevant central departments for a decision to be made.

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

d- Guarantees

Sales units submit guarantee proposals as part of the overall credit proposal. They 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.

At the credit dossier'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 used to corroborate items of equipment which have been financed and pledged;

2- Monitoring

In Attijariwafa bank's new organisation, the Monitoring and Credit Risk Control entity is primarily responsible for monitoring and detecting loans in difficulty.

The Monitoring and Credit Risk Control entity takes a proactive approach to permanently monitoring the health and quality of the Bank's loan commitments.

As a key part of the risk control process, this preventive management approach consists of anticipating situations of possible deterioration in credit quality and making the appropriate adjustments.

The entity is responsible for:

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

This entity is structured around three sub-entities similar to the current branch network:

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

3- Loan loss provisions

A comprehensive review of the Bank's portfolio is carried out on a quarterly basis, aimed at identifying sensitive loans and those liable for provisioning. A system of indicators is used which has been devised with reference to classification criteria for non-performing loans established by Bank Al Maghrib's Circular N°19 as well as other additional prudential criteria adopted by the Bank.

There are four categories of warning indicator whose underlying rules for detecting anomalies comply with current legislation:

- Indicators relating to limit breaches;
- 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 set of proactive ratios has recently been incorporated in the system of warning indicators which are calculated using certain current balance sheet items. These ratios enable warning signals of deterioration in the risk profile to be identified in good time.

These loans are detected and pre-classified before being assessed by credit committees responsible for monitoring loans in difficulty in conjunction with other entities within the Bank (branch network, credit division, recovery).

These committees monitor non-performing loans on a regular basis, resulting in one of the following initiatives being taken:

- Regularisation and therefore reclassification of the said loans in the "normal" category;
- Rescheduling or restructuring in the case of economically and financially viable businesses;
- A definitive downgrade of the loan to one of the non-performing loan categories after formally informing the customer in question beforehand;
- Maintaining the loan under the "needs monitoring" category for situations requiring particular attention and which may be covered by general provisions.

Non-performing loans are assessed and accounted for in accordance with current banking legislation. They are classified under three categories:

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

The Bank's various entities in question will inform the customer beforehand of loans liable for provisioning.

It must be noted that as a measure of caution, the Group's policy is to provision for non-performing loans which are mostly classified directly in the "Impaired loans" category and provisioned accordingly.

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

4- Corrective measures

To improve the effectiveness of the recovery of loans in difficulty, the Bank has adopted a system of recovery by conciliation. This system is structured around two entities, one for Corporate Banking and the other for Personal and Professional Banking.

These entities, which report to Global Risk Management's risk and recovery entities for loans to corporate, personal and professional banking customers, have the following responsibilities:

- Monitoring the legitimacy and quality of all the Bank's loan commitments on a regular basis;
- Correcting any shortcoming by following up initially with the branch network or directly with the customer in question;
- Adopting a proactive approach aimed at avoiding any deterioration in loan quality.

C- Internal credit rating system

Attijariwafa bank's internal credit rating system was established in June 2003 with the assistance of Mercer Oliver Wyman, a global strategy consulting firm.

a- Scope – corporate portfolio, which excludes local authorities, banks, holding companies, financing companies, companies in the farming sector, the hotel and property development industries.

b- The "Impaired loans" category was adopted as the default definition.

c- The system takes into consideration two specifications, one being a rating scale with six ratings (A, B, C, D, E and F) and the other, estimated probabilities of default (PD).

d- The model incorporates five financial factors explaining credit risk:

- Size;
- Structure;
- Profitability;
- Liquidity;
- Leverage.

e- Method for calculating the rating – a rating matrix has been established for each of the five factors. The final score is the sum of the ratings arrived at for each factor.

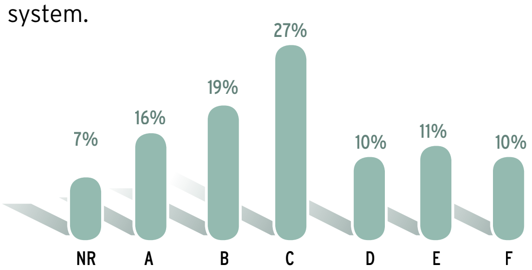
f- Attijariwafa bank's ratings matrix

• Scores are segmented into 6 risk categories using a master ratings scale.

• Probabilities of default are calculated and adjusted for each risk category.

Overall rating (out of 100)	Classification	Description
82 - 100.0	A	Very good
65 - 81.75	B	Good
55 - 64.75	C	Average-high
45 - 54.75	D	Average
34 - 44.75	E	Average-low
‹ 34	F	Needs monitoring

The following bar chart demonstrates the distribution of Attijariwafa bank's loan commitments according to the internal ratings system.



NR : awaiting a rating

g- Maintaining Attijariwafa bank's ratings system

A prototype back-testing model for the internal ratings system was completed at the end of August 2007 for the "Corporate – Large Enterprises and larger SMEs" segment.

Objectives of back-testing:

• To test the predictive powers of the ratings model;

• To ensure that the probabilities of default are correctly rated.

The internal ratings system is now an integral part of the credit assessment and decision-making process. When processing a credit proposal, a ratings confirmation is made in agreement with the decision-making body. The risk rating will determine which level of authority is required to take the decision.

II- Market Risk

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

The Bank has implemented a set of policies and measures to anticipate and reduce risk and improve risk quality.

A – Managing market risk

1- Categories of market risk

Attijariwafa bank's credit policy is based on a certain number of general principles:

Major types of market risk are:

• Interest rate risk;

• Foreign exchange risk;

• Equity risk;

• Commodity risk;

• Settlement risk.

a-Interest rate risk

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

The following table shows the sensitivity of shareholders' equity and net margin to changes in interest rates by currency:

Impact of 50bp	Mad	Usd	Euro	Other currencies
% impact on sharehol-der's equity (20 years)	-5,02%	0,02%	0,22%	0,06%
% impact on inte-rest margin (1 year)	-1,27%	0,45%	0,38%	0,20%

b- Foreign exchange risk

This risk relates to the risk of variation 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.

Foreign exchange limit positions include:

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

These limits are governed by regulatory limits.

The following table shows the impact of changes in exchange rates for the main currencies on pre-tax income and shareholders' equity:

	EUR	JPY	USD
Foreign exchange position at end-2007	187 445	82 167	-1 818
Sensitivity	1 874	822	-18
Impact on pre-tax income	0,06%	0,03%	0,00%
Impact on sharehol-ders' equity	0,02%	0,01%	0,00%

Foreign exchange forward contracts are used to hedge the value of financial instruments. Structural positions related to strategic investments in foreign currencies are not hedged.

The following table shows the breakdown of forward contracts used to hedge profits, which stood at MAD15.3billion at 31 December 2007:

	< 3 months	3-6 months	> 6 months
Profit hedging	10 626,2	2 709,3	1 972,5

c- Equity risk

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

d- Commodity risk

Commodity risk relates to changes in the value of a portfolio of shares following changes in share prices.

e- Settlement risk

This is the risk incurred in the simultaneous and non-secure exchange of two assets such as foreign currencies or securities. It is related to the concomitant exchange of securities and cash between the Bank and its counterparty. It covers a very short period of time from when the Bank initiates the agreed settlement process until it recognises delivery by the counterparty in its accounts. To reduce this risk, Capital Markets may opt for one of two solutions:

- Sign netting agreements and only pay the difference;
- Use secure payment systems guaranteeing payment against delivery on a simultaneous basis.

2- Monitoring and control measures

Market risk is controlled by comparing the different risk measures with their corresponding limits. Responsibility for complying with these limits lies permanently with the dealing room's individual product lines.

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

- Capital Markets' Control and Methods entity;
- Global Risk Management's Market Risks entity;
- Internal Control.

The Control and Methods entity reports to Capital Markets but remains independent from the Front Office and sales staff. Internal Control reports to Capital Markets in management reporting terms and to Group Compliance from an operational perspective.

a- Control and Methods

The Control and Methods entity 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.);
- Devising methods for calculating risk and measures for limits in conjunction with Global Risk Management;
- Monitoring and notifying in the event that market limits are breached;
- Ensuring that Front Office operations comply with accepted market practices and rules established by the Bank;
- Validating pricers used by the Front Office.

b- 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 entity by ensuring that Group methodology is consistent and issuing recommendations, where appropriate;
- Monitoring market risks at parent or subsidiary level and particularly at Group level;
- 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.

c- 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 any breaches recorded.

2- Management of limits

Limit applications made by the dealing room's different product lines must be submitted to the Control and Methods entity accompanied by a supporting note explaining:

- The size of the limit 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.

a- Monitoring limits and breaches

Responsibility for ensuring compliance with limits lies with:

- The Control and Methods entity;
- Global Risk Management.

The Control and Methods entity 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 breach of limits and will propose measures to regularise the situation.

b- Counterparty limits

Counterparty limits are revised:

- Annually, on renewal of the counterparty credit dossier by Global Risk Management;
- On an ad hoc basis, depending on changes to business activity and counterparty risk.

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

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

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

4- System for managing market risks

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

During 2007, the Bank adopted the standard method (Basel II) 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)

1- Value at Risk measurement

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

The Value at Risk model was developed by Attijariwafa bank's Global Risk Management entity. 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)	VaR Regulatory (10 days)
Foreign exchange	276 831 968	979 051	3 096 031
Equities	45 331 800	986 653	3 120 071
Rates	-	-	-

2- Back-testing

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

3- Stress-testing

For technical reasons, the current VaR model does not allow for stress-testing which is a form of testing which will be developed at a later date.

C – Liquidity risk

This is the risk of not being able to meet one's obligations or not being able to liquidate or offset a position due to market conditions.

Liquidity management must not result in losses on disposal of assets. It is structured around three main objectives:

- Closely monitoring daily disparities in the term structure of assets and liabilities;
- Diversifying sources of funding, with limits being set by the Bank;
- Holding high-quality, short-term liquid assets.

To control liquidity risk, liquidity limits are expressed as gaps in relation to residual assets and are measured on a dynamic balance sheet basis.

Limits are also set for the Bank's funding activities to better diversify its sources of funding.

An additional sensitivity indicator is used to determine the impact on earnings from a 50 basis point hike measured over a 6 month period.

In 2007, the balance sheet showed a sizeable cash surplus resulting from customer activity and head office operations (working capital).

This surplus is hedged using ALM hedging strategies and the Bank's cash management operations.

On a 1-year time horizon, the Bank's surplus will be MAD19.7billion. In 4 years, the liquidity surplus will reach a maximum MAD38.4billion.

In 10 years, assuming that deposits are repaid in full, the Bank will require additional liquidity to provide financing for loans with a maturity of more than 10 years.

III- Operational Risk

A- Introduction

Operational risk is defined as the risk of direct or indirect loss resulting from the inadequacy or failure of internal procedures, persons or systems or resulting from external events. This definition includes risks relating to information systems security and legal risks. Operational risk does not, however, include strategic risk and the risk of damage to the Group's reputation because of the size and nature of these types of risk.

Operational risk is inherent in each of the Bank's business activities. Operational risk management procedures include permanent monitoring, internal control measures, detailed procedures, insurance policies, audit mission and general inspection.

B- Governance

At the end of 2005, the Group decided to create a new Operational Risk Management entity, within Group Compliance, aimed at adopting an effective operational risk management policy, in accordance with Bank Al Maghrib directives and the recommendations of the Basel Committee. In

November 2006, this entity conducted a study and adopted draft measures to implement a comprehensive operational risk management policy.

At the end of 2007, the Group decided to transfer operational risk management to a new entity known as Operational, Legal, Information Systems and Human Risks, within Global Risk Management.

C- Strategic challenges and approach

Operational risk management policy is structured around the following core objectives:

- Adopt best practice in accordance with Bank Al Maghrib directives and the recommendations of the Basel Committee;
- Establish joint procedures with Internal Control to ensure better management and control of operational risks;
- Ensure that the Group initially complies with the standardised approach and prepare the transition towards adopting the Advanced Measurement Approach (AMA);
- Assist the Bank's various business lines to identify and monitor their risks more effectively and to continue to improve and organise their control policies to improve business processes;
- Centralise and prioritise information concerning operational risks and prepare reports for the Bank's management bodies.

D- Fundamental principles underlying methodology

The intended policy is based on a set of underlying principles relating to best practice in managing and monitoring operational risks. The Group will implement:

- A systemised, integrated and horizontal strategy aimed at proactive and optimal operational risk management;
- A methodology based on self-assessment of risks and controls (bottom-up approach);
- A comprehensive approach incorporating process- and risk-mapping and methods for detecting and recording data on incidents;
- Standardised and integrated software systems and solutions for more effective management of risks and controls.

E- Control measures for managing operational risks

Different control measures have been implemented within the Group to manage operational risks more effectively. These include:

- Control of procedures – within the context of improving operational controls, the Bank has adopted a number of documented procedures aimed at ensuring the security of transactions and separating functions (Front office, Back Office) and at efficiently processing operations by independent entities within business units.
- Control of accounting – the accounting control policy aims to ensure that data used for accounting purposes are accurate and comprehensive. Methods used for recording accounts-based data ensure that an audit trail is kept. The accounting control policy is influenced by Group Finance's internal control function, which is based on control files and checkpoints similar to the internal control policy employed for the entire Bank.
- Control of information systems – measures adopted to ensure maximum security for the Group's information systems include a security policy and permanent internal control. A backup copy of the entire central system is made on a daily basis and saved to the remote backup centre's system, enabling the Group to confront any disaster.

F- Business Continuity Plan (BCP)

In addition to overseeing operational risk policy, the head of operational, legal and information system risks has been made responsible for implementing the Business Continuity Plan aimed at ensuring the continuous functioning of the Group in accordance with Bank Al Maghrib directives.

IV- Asset-Liability Management

Interest rate management in the banking portfolio

1- General

The Bank defines overall interest rate risk as the possibility that fluctuations in interest rates impact the net present value of future cash flows from assets and liabilities.

The Group's interest rate policy is based on outstandings being set at fixed rates, determined in advance for a set period, rather than being indexed to market rates. During the set period, rates do not move in line with market rates.

Various risk indicators are examined and monitored and relate to the following three approaches:

- Volume-based approach – this approach calculates the interest rate gaps which relate to the difference between fixed-rate assets and liabilities. The position is measured in terms of inventories and repayments. Outstandings are run-off over time according to their amortisation schedule until the outstanding disappears.

Risk measurement is based on a static approach. New production is correlated to market conditions and does not therefore create interest rate positions which need to be hedged immediately.

- Margin-based approach – based on the volume of the resulting interest gaps, the net interest margin for each category of maturity and its sensitivity are calculated according to changes in the yield curve.
- Value-based approach – this approach is based on the fair value principle by calculating Net Present Value (NPV) and the impact on shareholders' equity.

A positive gap (or short gap) represents surplus fixed-rate deposits invested at variable rates, implying unfavourable exposure to a fall in rates.

On the contrary, a negative gap (or long gap) represents surplus fixed-rate loans refinanced at variable rates, implying unfavourable exposure to a rise in rates.

The Bank's interest rate policy consists of managing both situations and reducing risk exposure with the aim of limiting earnings sensitivity. This is achieved through hedging strategies for certain activities and for certain maturities.

Management of the Bank's interest rate gaps (interest rate equivalent to structural surpluses) is part of the general policy to increase medium- and long-term assets in line with interest rates.

In the absence of appropriate products, such as interest rate swaps, to hedge its banking portfolio positions, Attijariwafa bank has opted to manage its interest rate risk by investing its fixed-rate surpluses in risk-free transferable Government securities, such as AFS securities.

2- Interest rate risk monitoring unit

Asset-Liability Management (ALM) is responsible for managing interest rate risk. This unit identifies, quantifies and informs general management of the level of risk incurred and proposes appropriate solutions for managing it.

The ALM Committee is the central body for managing interest risk within Attijariwafa bank.

The ALM Committee's main objectives are:

- Reviewing and analysing recent balance sheet developments in terms of liquidity, interest rate and foreign currency risks;
- Reviewing regulatory ratios and potential changes;
- Studying and validating action plans for the coming financial year, particularly:
    - Likely action in relation to medium- and long-term financing;
    - Changes to the investment portfolio and ALM's investments;
    - Any other initiative aimed at hedging or reducing liquidity, interest rate and foreign currency risks or at complying with regulatory ratios;
- Setting and controlling limits and ALM agreements;
- Organising and monitoring the ALM function for the Bank and its subsidiaries.

The ALM Committee meets regularly and at least on a quarterly basis. The Committee may be convened to deal with exceptional situations which may affect the Bank or financial markets (liquidity, interest rate and foreign currency risks or compliance with regulatory ratios).

A reporting system has been put in place by which committee members receive weekly and monthly reports.

3- ALM conventions

An ALM convention is, by definition, an indicator which describes the economic reality of changes in the behaviour of assets and liabilities.

Conventions need to be defined for balance sheet items which do not intrinsically possess characteristics relating to maturity or interest rates.

There are three types of convention relating to maturity:

- Constant outstanding – it is supposed that the outstanding remains constant during the period in question;
- Straight-line amortisation – the outstanding is amortised on a straight-line basis over the specified period;
- Instantaneous amortisation – the outstanding is marked to zero in the second financial year.

Interest rate conventions involve either specifying a fixed rate or a variable rate, a benchmark index and a margin.

For a certain number of balance sheet items, no contractual maturity exists (e.g. shareholders' equity) or the contractual maturity is significantly different from the real economic value (e.g. site deposits).

In this case, a convention is defined based on statistical analysis of historical data and complemented by appropriate economic analysis (customer behaviour, economic context and outlook).

In addition, ALM takes into consideration the "hidden" options, which are implicitly built-into certain products (e.g. mortgage loans which may be redeemed early, statistically estimated at 3%), when dealing with the product in question.

ALM conventions are duly documented, regularly updated and submitted to the ALM for validation and to the Bank's Board of Directors for approval.

4- Risk profile, impact on profits and shareholders' equity from changes in interest rates and related limits

Given its risk-aversion stance, the Bank's ALM Committee has defined the interest rate risk limit in the event of a parallel 50 basis point change in the yield curve on shareholders' equity and net banking income.

The table below outlines the banking portfolio's interest rate risk profile in cumulative flows at 31 December 2007 :

	0-1 yr	1-2 yrs	2-5 yrs	5-7 yrs	7 yrs et +
Interest rate gaps in flows (in MAD billions)	+13,5	+9,3	+1,4	-13,4	-10,8

The sensitivity of the Bank's shareholders' equity and net banking income to a parallel move in interest rates is as follows:

Interest rate change	50 bp change	200 bp change
Impact on net banking income (over 1 year)	0,82%	3,30%
Impact on share-holders' equity (over 20 years)	4,22%	16,90%

Outlook

A- Background to Basel II

In 1974, the Basel Committee on Banking Supervision was created on the initiative of banks in G10 countries with a view to establishing prudential rules aimed at guaranteeing the solidity and the stability of the international banking system.

In 1988, the Committee adopted a first set of regulatory measures known as the Basel I Accord. This first accord featured the Cooke Ratio on solvency which, over the years, showed its limitations and weaknesses in the face of new risks for the banking system. It was clear that a new accord was needed, more accurate and more relevant in respect of the risk incurred. Basel II was born against such a backdrop under the chairmanship of McDonough, an American. The Basel II Accord uses a three pillar concept:

- **Pilier 1 :** deals with minimum capital requirement and concerns three types of risk – credit risk, market risk and operational risk;
- **Pilier 2 :** deals with the internal processes of surveillance and capital adequacy;
- **Pilier 3** : relates to market discipline and imposes greater transparency in terms of information about risks.

For Pillar 1, three approaches may be used to calculate minimum capital requirements to cover credit risk:

- The so-called "standardised" approach by which risk weights are set by the supervisory authorities or based on external ratings approved by the regulatory authorities;
- Two approaches based on internal ratings:
  - The Foundation internal ratings-based approach (F-IRB) which is based on an internal rating system by which banks are required to use regulator's prescribed risk parameters;
  - The Advanced internal ratings-based approach (A-IRB) allows banks to develop their own set of risk parameters.

Concerning market risk, two approaches are possible - a standardised approach or an advanced approach. For operational risk, three options are possible for measuring and calculating capital requirements - a basic indicator approach (BIA), a standardised approach (TSA) and an advanced measurement (AMA) approach.

In light of the profound changes to international banking regulations, particularly following publication, in June 2004, by the Basel Committee of a revised framework on international convergence of capital measurement and capital standards, Bank Al Maghrib has implemented a series of initiatives aimed at bringing Morocco's banking supervisory framework into line with the fundamental principles decreed by the Basel Committee. Bank Al Maghrib has embarked on a transition process which will see Morocco's banking sector adopting the revised Basel II framework.

Against such a backdrop and to adopt best practice in risk measurement and management, Attijariwafa bank has opted to adopt Bank Al Maghrib's standardised regulatory approach

in the short-term and the advanced approach over the medium-term. At the end of September 2007, Attijariwafa bank had complied with the Basel Committee's new regulatory framework as adapted by Bank Al Maghrib, particularly for measurement and reporting in respect of the standardised approach in Pillar 1.

The Group also expects to implement an updated internal ratings system in light of the new requirements of Basel II and Bank Al Maghrib recommendations (BAM letter 300/G/2004) relating to banks' internal ratings systems. The Bank also intends to implement an internal modelling approach for market risk and an advanced approach for operational risk.

B- Changes to credit risk policy

Attijariwafa bank intends to conduct a comprehensive overhaul of processes for each of the Bank's business lines aimed at:

- Guaranteeing accuracy of information relating to consolidated risks and data required for calculating regulatory ratios and economic indicators;
- Providing a single customer perspective at Group level, incorporating balance sheet loan commitments, off-balance sheet loan commitments, credit limits, guarantees, collateral, ratings and contractual provisions in their entirety;
- Updating operational risk management procedures (watch-lists, preventive measures, default management etc.);
- Incorporating commercial considerations when deciding on loan commitments (ratings etc.), credit decisions and for pricing credit transactions;
- Making organisational changes (closer cooperation between Risks and Finance functions, separating origination activities from those of credit management etc.).

The main processes affected by this transition policy are the following:

1- Credit approval – based on rules governing the internal ratings system;

2- Management of limits at Group level – breaches, provisional authorisations, renewals, consolidations;

3- Control and supervision – consolidated management of the credit risk portfolio;

4- Collateral and guarantees – management and reassessment rules governing credit risk assessment;

5- Recovery – convergence with Basel II standards as a function of changes to the domestic legal framework in respect of creditors, loan recovery and the realisation of guarantees;

6- Pricing – depending on the risk, allocation of shareholders' equity, performance measurement;

7- Risk data quality management – systems and customer data.

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Economic environment*

Global growth running out of steam in 2007

After strong growth in 2006, the global economy marked a slowdown with GDP growth of 3.6% compared to 3.9% the previous year. The slowdown can primarily be explained by slower growth of the US economy which grew by an estimated 2.2% in 2007. The US sub-prime mortgage crisis had a negative impact on the broader US economy as well as having a knock-on effect, albeit to a lesser extent, on developing countries' economies.

GDP growth in developing countries remained strong, although slower than in 2006.

Inflation remained under control at 2.0% against a backdrop of slower economic growth and tighter monetary policy in many countries.

International oil prices remained high and volatile due to geopolitical tensions, a delay in new production capacity and speculative demand. In 2007, the average oil price rose by 10.6% to USD71.1 per barrel. In December 2007, the price had come very close to the USD100 per barrel level, averaging USD89.5 per barrel during the month.

The dollar lost ground against all major currencies due mainly to the effects of the sub-prime crisis and the economic situation in the United States. Its average rate against the dirham in 2007 was USD8.1924 compared to USD8.7956 in 2006.

Slowdown in the domestic economy in 2007

Against a backdrop of slower global economic growth and soaring oil prices, domestic economic growth stood at 2.7% in 2007 against 7.8% in 2006 according to the latest estimates of the Ministère de l'Economie et des Finances. This slowdown in growth compared to the previous year is primarily attributable to a slowdown in activity in the primary sector due to a shortage of rain. Production of the three main cereals declined by 66% compared to the five-year average to 23.5 million quintals.

The non-farming sector continued to register strong growth with the annual rate reaching 5.7%. This performance was due to strong growth in construction and civil engineering (+10.4%), financial services and insurance (+13.7%), mining (+4.7%), telecommunications (+9.4%) and transport (+4.2%).

The steady improvement in Morocco's macroeconomic fundamentals has resulted in its sovereign debt rating being upgraded by the Fitch Ratings agency to "investment grade", its long-term foreign currency IDR to BBB- and its long-term local currency IDR to BBB. These new ratings resulted in Morocco's return to international capital markets in June 2007 when it successfully issued a 10-year Reg S bond on more attractive terms than those obtained for its previous issue in 2003.

* Source: DPEG/BAM

Strong growth in non-farming sectors

• Construction and civil engineering

The construction and civil engineering sector continued to register strong growth, benefiting from further investment in social housing, tourism-related property and infrastructure projects. In 2007, cement sales rose by 12.6% year-on-year to 12.8 million tonnes. Bank lending to the property industry rose by 38.6% to MAD102.3billion compared to growth of 27.5% the previous year. Property-related bank loans accounted for 24.4% of total loans.
Several large-scale projects were launched in 2007 including:

- "Tanger Med II", following the start of operations of "Tanger Med I" in July 2007; investment is estimated at MAD14billion for a total capacity of 5 million containers;
- Development of the Bouregreg Valley (Rabat) covering an area of 6000 hectares and an estimated investment of MAD10billion;
- w1500 km extension to the motorway network by 2010 (231 km are expected to be completed in 2007) with an average annual investment of MAD4bn over the 2006-2010 period;
- Extension of the railway network; ONCF's investment budget is estimated at MAD17billion over the 2005-2009 period.

• Energy and mining

The energy sector enjoyed a favourable operating environment in 2007 in line with strong domestic demand. Total available electricity rose by 7.6% to end-November 2007 and electricity production by 7.1% to end-December 2007.

Production of petroleum products rose by 2.2% year-on-year to 6 million tonnes.
The uptrend in mining activity, which had begun at the end of 2006, continued through 2007 due to strong overseas demand for fertilisers, boosted by a contraction in global stocks of farm products, particularly cereals. Phosphate production totalled 27.8 million tonnes in 2007, a volume increase of 1.6% compared to the previous year. Amongst phosphate derivative products, phosphoric acid volumes rose by 1.3% to 39,000 tonnes whilst natural and chemical fertiliser volumes declined by 1.8% to 44,000 tonnes.

• Primary sector

2007 was characterised by a rise in agricultural commodity prices on international markets due to unfavourable weather conditions. Domestic production of the three main cereals declined by 66% compared to its five-year average to 23.5 million quintals. Cattle farming production experienced a modest decline due to the higher cost of animal feed and increased scarcity of pasture. Agricultural imports rose by 147.5% between June and December 2007 to 38.4 million quintals. The United States, France and Argentina are Morocco's three largest suppliers of cereals.

* Source : Office des Changes/DPEG/BAM

The coastal and small-scale fisheries sector registered a 2% volume rise, marking a reversal of the trend of the past three years. This sector benefited from an increase in exports of shellfish, which rose by MAD594.3million or 13.9% in 2007.

• Tourism

In 2007, the number of tourists visiting Morocco rose by 12.9% to 7.4 million including 3.4 million Moroccans living abroad. Hotel bookings saw a rise of 3.5%.

An increase in the number of airlines flying to Morocco as well as well-targeted and well-executed promotional campaigns in source countries succeeded in attracting many more foreign tourists to the country.

• Foreign trade

A slowdown in global trade had a negative impact on the domestic economy and particularly on foreign demand. In 2007, exports rose by 7% year-on-year to MAD119.8billion due primarily to a 25.9% increase in exports of phosphates and derivatives totalling MAD22.2billion and, to a lesser extent, a 3.5% rise in other products totalling MAD97.6billion. Phosphates and derivatives accounted for 18.6% of total export sales at 31 December 2007 compared to 15.8% the previous year.

Boosted by strong domestic demand and under the impact of higher global commodity prices, imports increased 22.0% to MAD257.0billion. This is primarily attributable to a rise of 24.5% in non-oil imports to MAD230.7billion. Crude oil purchases rose by 4.3% in 2007 to MAD26.2billion.

The balance of payments deficit widened 39.1% to MAD137.1billion, resulting in a coverage ratio of 46.6% against 53.2% the previous year.

• Revenues from tourism and Moroccans Living Abroad

Revenues from tourism, including those from Moroccans living abroad, continued to trend higher, offsetting almost entirely the deterioration in the balance of payments deficit.

In 2007, revenues from tourism registered an increase of 12.1% to MAD58.8billion. This represents an increase of 56.2% or MAD21.1billion compared to average revenues during the 2002-2006 period.

Travel expenses increased 15.0% to MAD6.9billion. In 2007, the tourism and travel balance rose by 11.7 year-on-year to record a surplus of MAD51.8billion.

Receipts from Moroccans Living Abroad increased 15.1% year-on-year which can largely be explained by the appreciation of the euro..

• Investments and foreign private loans

There was a considerable improvement in the attractiveness of the Moroccan economy. Receipts from investments and foreign private loans totalled MAD 37.4billion in 2007, an increase of MAD7.5billion or 25.0% compared to 2006. These investments are primarily focused on the tourist, manufacturing and property industries.

By category, foreign direct investment accounted for 89.1% of total receipts. Portfolio investment and private loans accounted for 8.1% and 2.8% respectively.

• Public finances

2007 was characterised by a slowdown in domestic economic growth and by a rise in oil prices and international food prices which weighed down on compensation expenses.

Despite the difficult environment, public finances showed a budget surplus of MAD4.6billion at end-November compared to a deficit of MAD1.6billion for the same period in 2006.

Receipts

Ordinary receipts registered an increase of 18.7% in 2007 to MAD170.9billion. This rise can mainly be explained by a 20.0% improvement in tax receipts to MAD150.1billion including:

- A 19.4% increase in direct taxes to MAD60.5billion;
- A 22.0% increase in indirect taxes to MAD67.1billion.

Non-tax receipts declined 5.3% to MAD17.9billion due to a 19.4% fall in other non-tax receipts. Receipts from monopolies almost entirely stagnated (+0.3%) at MAD7.8billion. Privatisation receipts totalled MAD3.1billion in 2007 against MAD2.4billion in 2004. This 28.4% increase was attributable to the sale of Drapor, a port dredging company, Comanav for MAD591million and 4% of Maroc Telecom for MAD2.3billion.

Expenditure

In 2007, ordinary expenses rose by 5.9% year-on-year to MAD131.8billion. This trend was mainly attributable to a 6.0% increase in goods and services expenditure. Staff costs rose by 6.1% to MAD66.1billion and other goods and services expenditure increased 6.0% to MAD32.2billion.

The ordinary balance showed a surplus of MAD22.8billion, an improvement of 46.2% compared to end-November 2006.

• Monetary aggregates and liquid investments

In 2007, M3 rose by 16.0% year-on-year to MAD644.2billion including:

(i) A 24.8% increase in deposit money to MAD327.9billion;

(ii) A 9.9% rise in notes and coins in circulation to MAD125.5billion;

(iii) A 10.3% increase in site deposits to MAD71.8billion;

(iv) A 5.0% rise in term deposits to MAD125.1billion.

Money supply growth can primarily be explained by a 9.3% increase in net foreign assets to MAD208.5billion and by a 28.7% increase in loans to MAD436.9billion. The latter concerned all loan categories and, in particular, accounts in debit and short-term loans (+27.8% to MAD133.1billion), mortgage loans (+39.2% to MAD101.6billion) and loans for purchasing capital goods (+30.0% to MAD83.1billion).

Net claims on the State increased 2.7% to MAD79.8billion following a MAD5.2billion improvement in the net position vis-a-vis Bank Al Maghrib and a MAD3.8billion decline in bank borrowings.

The effect of this increase in money supply was a year-on-year increase of 20.5% in M1 to MAD447.3billion, a 19.0% improvement in M2 to MAD519.1billion and a 16.0% increase in M3.

Liquid assets outstanding, on the other hand, declined by MAD6.7billion to MAD51.1billion, primarily due to a MAD7.1billion fall to MAD28.8billion in fixed income mutual funds and, to a lesser extent, a decline of MAD2.6billion MAD1.7billion in tradable debt securities which come under the "PL1" aggregate. Securities issued by equity mutual funds increased by MAD2.0billion to MAD7.9billion.

• Inflation :

The inflationary effect from higher oil prices and commodity prices affected almost the entire country. The authorities undertook a number of measures to alleviate these pressures with the State budget subsidising some of the price rise for certain commodities.

The average annual cost of living index rose by 2.0% in 2007 to 177.8 points on an annualised basis. This is attributable to food and non-food items whose indices rose by 3.2% to 181.8 points and 1.0% to 174.3 points respectively.

On a regional basis, average annual prices rose by 1.3% in Casablanca to 173.6 points and by 3.0% to 180.5 points in Fez.

The following towns experienced the most significant rise in the cost of living: Tangier (187.6 points), Agadir (186.4 points), Tetouan (185.9 points), Meknes (182.1 points) and Marrakesh (181.4 points).

Banking and financial environment

• Banking environment and regulations :

The banking industry

Morocco's banking industry is aggressively pursuing a strategy of extending banking and financial services to as large a population as possible. The performance of the banking industry in 2007 can be summarised as follows:

- The six largest banks (Attijariwafa bank, CPM, BMCE, BMCI, SGMB and CAM) accounted for 90.7% of customer deposits and 87.1% of loans at 31 December 2007;
- Two banks accounted for 50.0% of total assets and five banks 81.3% of total assets at 30 June 2007. 39.4% of deposits are held by privately-owned banks, 29.7% by State-owned banks and 20.9% by foreign banks.

The following institutions are controlled by foreign banks:

BMCI is 65.05% controlled by BNP Paribas;

SGMB is 51.9% controlled by Société Générale;

CDM is 52.7% controlled by Crédit Agricole.

Other banks in which foreign banks have minority but material stakes are :

- BMCE Bank, in which CIC holds a 10% stake and Caja de Ahorros del Méditerranéo a 5% stake;
- Attijariwafa bank, in which Santusa Holding (Grupo Santander) has a 14.55% stake and Crédit Agricole a 1.44% stake; the latter has a 35% stake in Wafa Gestion and Wafa Salaf.

Banking sector results for the financial year ended 31 December 2007 :

Despite slower domestic economic growth in 2007, the banking sector registered satisfactory performance in terms of both the balance sheet and profitability.

Customer deposits registered growth of 17.1% to MAD498,513million. Non-interest bearing deposits accounted for 63.2% of total deposits compared to 59.5% the previous year. MRE deposits accounted for 21.2% of the banking industry's total deposit-taking.

Loans increased 29.6% year-on-year to MAD418,642million, accounting for 84% of total deposits. Loan growth was more rapid than growth in deposits. This increase can primarily be explained by a 38.6% rise in mortgage loans to MAD102,261million and a 27.8% increase in short-term loans. Healthy loans accounted for 91.4% of total loans.

Signature loans increased 22.1% to MAD101,978million.

In terms of credit risk, the Moroccan banking system continues to improve its loan quality and, as a result, its provisioning rate and cost of risk. Non-performing loans declined by 7.7% to MAD36,048million. Provisions and accrued interest on non-performing loans declined by 4.1% to MAD28,333million.

Sector regulations

New reforms introduced in 2006 have strengthened the regulatory framework governing Morocco's financial sector. Following publication in the official bulletin of Act N°34-03 relating to credit institutions and similar organisations and Act N°76-03 concerning Bank Al Maghrib's statutes, the banking system has been further reinforced by another bill.

This legislation has provided a regulatory framework for credit institutions and has given Bank Al Maghrib a new status. The central bank has been endowed with increased powers and independence, which enhances its regulatory and supervisory role.

To increase the transparency of financial statements and supervision of banking activity, banks are confronted with two major challenges:

(i) Adoption of the new IAS/IFRS standards which are expected to come into force in January 2008;

(ii) Implementation of Basel II standards relating to capital adequacy and risk control.

The McDonough ratio, like the Cooke ratio, states that the amount of capital a bank should have is at least equal to or greater than 8% of its risk-adjusted assets. This new standard incites banks to control three types of risk – credit risk, market risk and operational risk. These risks must be quantified and the total must not exceed 12.5 times the Bank's capital.

In 2007, Attijariwafa bank, alongside ONA, its largest shareholder, made a commitment to publish its financial statements under IAS/IFRS (with an opening balance as at 1 January 2006), so as to meet the highest international standards in terms of financial reporting and accounting procedures.

The Bank has adopted IFRS before the January 2008 deadline set by Bank Al Maghrib, requiring that credit institutions publish their consolidated financial statements under IFRS.

The objectives of this initiative are to:

(i) Increase the transparency and comparability of financial information;

(ii) Standardise regulations, accounting standards and procedures relating to the preparation and presentation of financial statements and

(iii) Ensure that the financial statements provide useful information for financial decision-making.

• Money markets :

In 2007, the money markets experienced a tightening in bank liquidity following Bank Al Maghrib's decision in December 2006 to raise the rate for 7-day liquidity withdrawals to 2.75% from 2.50%.

This intervention raised the cost of borrowing and put upward pressure on inter-bank rates. The weighted average daily call rate remained within a range of between 2.75% and 4.25%.

The weighted average annual inter-bank rate remained close to the 7-day lending rate of 3.29% from January to November 2007.

Since March, other factors have contributed to a gradual contraction in liquidity:

(i) CAM and CIH being subject to monetary reserve rules from July;

(ii) An increase in foreign currency purchases by commercial banks;

(iii) Balance of payments deficit widened to MAD137.1billion at 31 December 2007.

To offset the liquidity shortage, Bank Al Maghrib used various monetary policy instruments to control the level of liquidity and, as a result, adjust the overnight rate to within the range set for money market rates. These included:

• Use of open repo agreements (usually 2-5 days);

• Cash injections through 7-day advances;

• Use of 24-hour advances.

Despite Bank Al Maghrib intervening regularly as part of its remit to set monetary policy, the banks' liquidity requirements rose from MAD6.3billion at end-December 2006 to a peak of MAD13.9billion at end-October 2007.

In December 2007, Bank Al Maghrib decided to lower the minimum reserve requirement ratio by 1.5 points to 15%. The volume of interventions by Bank Al Maghrib declined to MAD10.4billion compared to MAD12.1billion at end-November 2007.

The restrictive effect on bank liquidity since the beginning of the year amounted to MAD16.7billion. This change in liquidity resulted from an increase of MAD15.65billion in the minimum reserve requirement.

• Fixed income market :

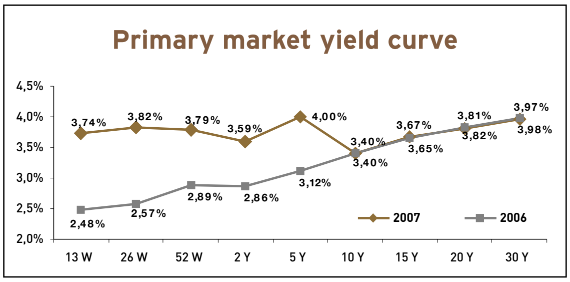
The fixed income market experienced a trend reversal in 2007. Bond yields, particularly short- and medium-terms rates, trended down. This situation arose following tightening in the money markets and the 25 bp rise in the rate for 7-day liquidity withdrawals.

An improvement in public finances, on the other hand, due to higher tax receipts and the privatisation programme gave the Treasury some room for manoeuvre and avoided a surge in long rates.

Yields on 13-week and 26-week paper stood at 3.74% and 3.82% respectively. Each rose by nearly 126 basis points. Similarly, the 52-week maturity rose by 90 basis points to 3.79%.

In 2007, medium-term rates (2-5 years) rose by 73 basis points and 88 points to 3.59% and 4.00% respectively.

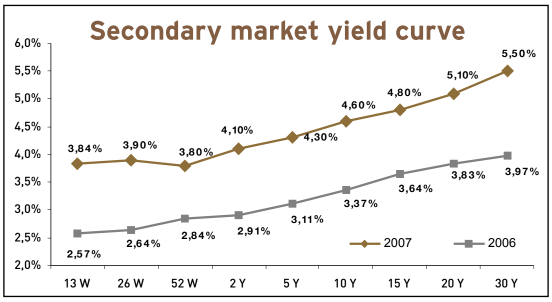
Long rates practically stagnated due to the lack of Treasury issuance. At 31 December 2007, the rates for these maturities were as follows: 3.40% for 10-year paper, 3.67% for 15-year, 3.81% for 20-year and 3.97% for 30 year.



In 2007, outstandings from Treasury bond auctions stood at MAD259.6billion, of which 65.3% in long-term paper, 26.5% in medium-term and 8.2% at the short end.

The gross amount raised totalled MAD41.8billion against MAD41.0billion in redemptions, giving a net amount of MAD847million. Issuance was primarily focused in short-term maturities, which accounted for 58% of total issuance in 2007 compared to 17% in 2006. Medium- and long-dated debt accounted for 24% and 18% respectively against 23% and 60% respectively in 2006.

On the secondary market, the uptrend in rates was felt across the entire market but particularly for medium- and long-term maturities. This trend can be partially explained by profit-taking by investors, particularly in medium- and long-term paper, caused by the decline in bond yields in 2006.



• **Interest rates :**

The contraction in liquidity in money markets in 2007 put upward pressure on the weighted average overnight rate. Having reached a high of 4.25%, the inter-bank rate closed the year at 3.50%, registering a gain of 73 basis points compared to 31 December 2006.

The weighted average rate on 6-month deposits, which is closely related to the overnight rate, followed the same trend, reaching a high of 3.68% in October before closing the year at 3.24%. 12-month deposits were less affected by short-term changes in the cost of bank refinancing and closed the year at 3.24%.

Bank savings accounts, indexed to the yield on 52-week Treasury bills over the previous half-year, paid interest of 2.41% during the second half of 2007, a decline of 50 basis points, compared to 2.49% for the first half of the year.

National Savings Accounts, indexed to the yield on 5-year Treasury bills, paid interest of 1.20% during the second half of 2007, compared to 1.25% for the first half of the year.

In November 2007, banks issued CDs with maturities ranging from 1-month to 1-year, yielding between 4.10% and 4.20%. Commercial paper was also issued with a rate of 4.25%.

The maximum conventional interest rate (TMIC), which had been set at 14% from 1 October 2006 to 31 March 2007, was set at 14.17% from 1 April 2007 to 31 March 2008.

• **Stock market :**

The stock market performed strongly in 2007, despite the expiry of tax incentives introduced in 2002 relating to capital gains on the disposal of securities traded on the Casablanca Stock Exchange. In September, the MASI Float breached the 13,500 mark and the MADEX Float the 11,000 mark.

The continued uptrend can primarily be explained by:

An abundance of liquidity, at least until the first half of 2007;

The strong fundamental performance of non-farming sectors;

An improvement in corporate earnings;

Massive issuance of equity which generated interest amongst domestic and foreign investors.

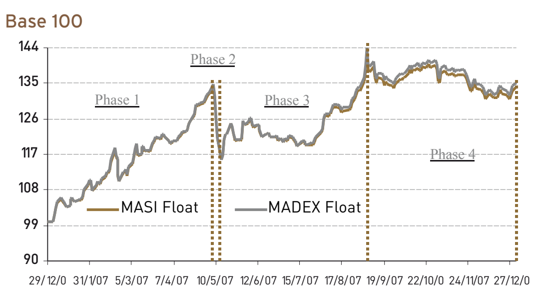
Ten companies were floated on the Casablanca Stock Exchange in 2007 – Mattel, Promopharm, CGI, Atlanta, SNEP and Salafin on the Main Market, M2M, Stokvis and Microdata on the

Development Market and Timar on the Growth Market – taking the total number of listed companies to 73 across 21 sectors of activity. In 2007, companies raised a total of MAD6.83billion compared to MAD3.60billion the previous year.

Equity market performance in 2007 can be analysed in four phases:

Phase 1 : The Casablanca market began the year its two main indices surging. By 8 May 2007, the MASI had gained 34.22% to 12,723.23 whilst the MADEX had risen by 34.75% to 975.78.

Performance of the MASI and MADEX



Phase 2 : After such a strong rise, the equity market reversed trend due to a massive bout of profit-taking.

Over four sessions, the benchmark index and the index of the most liquid shares gave up 13.7% and 12.38% respectively to 10,975.78 and 8,955.90. On 14 May 2007, year-to-date gains for the MASI and MADEX had been reduced to 15.78% and 15.65% respectively.

Phase 3 : The Casablanca market resumed its uptrend until 5 September 2007, when year-to-date market gains were at their highest. The MASI showed a gain of 42.48% to 13,506.29 and the MADEX a gain of 44.05% to 11,154.65.

Phase 4 : Each of the benchmark indices surrendered nearly 6% against a backdrop of investor uncertainty and concern over an increase in capital gains tax on the sale of securities as a result of the Finance Act 2008.

The Moroccan All Shares Index and the Moroccan Most Active Shares Index registered annual gains of 33.92% and 35.13% respectively.

The market's overall capitalisation increased 40.6% to MAD586.33billion, having reached a high of MAD605.43billion on 24 October 2007.

In 2007, volumes rose by 116.6% year-on-year to MAD359.78billion.

Volumes on the Central Market increased 80.6% compared to 2006 to MAD213.80billion, accounting for 59.4% of overall volume. Volumes on the Block-trade Market stood at MAD112.33billion compared to MAD20.40billion. Volume from IPOs was slightly more than MAD19billion, accounting for 5.3% of overall market volume.

This dynamism was mainly attributable to end-of-year bed-and-breakfast operations largely due to the increase in the securities tax. The number of IPOs also boosted volumes.

Analysis of Attijariwafa bank's business activity and results

• **Business activity (Morocco)**

Customer deposits

At 31 December 2007, Attijariwafa bank's customer deposits totalled MAD 136.4billion, an increase of 12.8% compared to the previous year. This change includes an increase of 25.2% in non-interest bearing deposits to MAD86.7billion and an intentional decline of 3.8% in interest bearing deposits to MAD49.7billion. Attijariwafa bank maintained its status as market leader with market share of 26.5%.

There was further improvement in the deposit structure since non-interest bearing deposits accounted for 63.5% of customer deposits compared to 57.3% previously. This improvement is due to an increase of 23.4% in cheque accounts to MAD60.1billion and a rise of 29.3% in current accounts to MAD20.2billion. The Bank is market leader in non-interest bearing deposits with market share of 27.8%.

Interest bearing accounts accounted for 36.5% of total deposits. Growth in interest bearing deposits was driven by a 9.5% increase in savings accounts to MAD14.6billion, which offset a decline of 14.7% in term deposits to MAD29.8billion. Attijariwafa bank's market share in interest bearing deposits stood at 24.2%.

Disbursed loans

Attijariwafa bank's disbursed loans rose by 30.6% year-on-year in 2007 to MAD106.5billion, accounting for 25.4% of the total loans of the banking sector.

This increase was primarily due to:

• Short-term loans +22.1% to MAD39.6billion;

• Mortgage loans +47.3% to MAD22.9billion;

• Loans for purchasing capital goods +14.9% to MAD18.6billion;

• Loans and advances to financing companies, which totalled MAD15.0billion.

Non-performing loans net of provisions recorded an 82.5% rise to MAD276.6million.

The non-performing loan ratio declined by 2.06 points to 3.69% at 31 December 2007 and the cost of risk stood at 0.31%.

Attijariwafa bank's healthy loans increased 33.5% to MAD102.5billion and its market share stood at 26.7%. The Bank remains market leader in the healthy loan category.

Signature loans

In 2007, signature loans increased 31.8% to MAD33.7billion compared to MAD25.6billion in 2006.

The Bank remains market leader in this segment with a market share of 27.5%.

• **Results**

Net banking income

Net banking income totalled MAD5.92billion at 31 December 2007 compared to MAD5.04billion at 31 December 2006, an increase of 17.3% (MAD874.6million). This increase was mainly due to a 14.2% rise in the net interest margin to MAD4.21billion and a 20.8% rise in fee income to MAD874.2million. The table below provides a breakdown of net banking income:

	December 2007	Share of Net banking income	December 2006	Share of Net banking income	Change	
					MAD millions	%
Net interest margin	4 205,6	71,1%	3 682,2	73,0%	523,4	14,2%
Income from leasing and similar operations	14,9	0,3%	3,3	0,1%	11,6	352,4%
Fee income	874,2	14,8%	723,7	14,4%	150,5	20,8%
Income from market activities	706,9	11,9%	694,6	13,8%	12,3	1,8%
Other banking income	544,8	9,2%	286,6	5,7%	258,2	90,1%
Other banking expenses	430,4	7,3%	349,1	6,9%	81,3	23,3%
Net banking income	**5 916,0**	**100,0%**	**5 041,4**	**100,0%**	**874,6**	**17,3%**

Net interest margin

In 2007, net interest income totalled MAD4.21billion compared to MAD3.68billion at 31 December 2006. It accounted for 71.1% of net banking income. This 14.2% rise primarily resulted from a 27.4% increase (MAD19.4billion) in average outstandings of disbursed loans which offset the impact of a 27 basis point decline in yields. The net interest margin may be analysed as follows:

- Interest and similar income increased 16.6% to MAD6.33billion due primarily to a 15.3% increase (MAD598.0million) to MAD4.50billion in interest and similar income on customer transactions as well as a 34.6% rise (MAD301.2million) to MAD1.17billion in interest and similar income on transactions with credit institutions.
- Interest and similar expenses totalled MAD2.13billion at 31 December 2007 compared to MAD1.75billion in 2006. This 21.6% rise was primarily due to a 20.7% increase to MAD1.80billion in interest and similar expenses on customer transactions.

Income from leasing and similar operations

In 2007, income from leasing and similar operations totalled MAD14.9million compared to MAD3.3million the previous year, an increase of MAD11.6million.

Fee income

Fee income posted growth of 20.8% (MAD 150.5 million) to MAD874.2million at 31 December 2007.

Income from market activities

Income from market activities rose by 1.8% compared to 2006 to MAD706.9million. This change includes:

(i) An increase in capital gains on disposal of available-for-sale securities with a 4.0% rise in income (MAD12.8million) to MAD338.0million;

(ii) A rise of 0.6% in income from foreign exchange activities to MAD362.2million;

An improvement of MAD7.3million in income from derivatives activities to MAD12.1million.

Other banking income

Other banking income increased by MAD258.2million to MAD544.8million due in part to an increase of nearly MAD240million in dividend income.

Other banking expenses

Other banking expenses rose by MAD81.3million to MAD430.4million due to a 67.4% increase in fees paid to Wafasalaf and Wafa Immobilier resulting from an increase in mortgage and consumer loans and a 22.3% rise in its contribution to the public guarantee fund.

General operating expenses

	December 2007	December 2006	Change	
			MAD millions	%
General expenses	2 396,5	1 971,1	425,4	21,6%
Staff costs	1 354,5	1 015,9	338,6	33,3%
Operating expenses	1 029,6	976,4	53,2	5,4%
Rental, hire purchase and leasing expenses	12,4	26,2	-13,8	-52,6%
Depreciation and amortisation	298,6	302,9	-4,2	-1,4%
Expenses brought forward from previous financial years	6,2	0,5	5,7	NS
Other general operating expenses	-	0,3	-0,3	NS
General operating expenses	**2 724,4**	**2 231,9**	**492,5**	**22,1%**

General operating expenses rose by 22.1% to MAD2.72billion at 31 December 2007 against MAD2.23 billion in 2006. This increase was attributable to an increase in staff costs which totalled MAD1.35billion due to the expansion of the branch network and costs related to the share offering of the Group's equity reserved for employees.

The cost-to-income ratio stood at 46.1%, barely unchanged from the previous year.

Gross operating income

Gross operating income rose by 20.4% from MAD2.93billion in 2006 to MAD3.53billion in 2007. This improvement can be explained by:

- An increase of MAD874.6million in net banking income;
- A rise of MAD113.4million in income from long-term investments;
- An increase of MAD6.3million in other non-banking operating income;
- A rise of MAD492.5million in general operating expenses.

Income from ordinary activities

Income from ordinary activities increased 13.9% to MAD3.23billion in 2007 against MAD2.83billion the previous year.

Net provisions rose by MAD125.1million to MAD276.6billion in 2007. This was primarily due to:

- A 14.6% rise in provisions for non-performing loans and signature loans; this charge includes an additional provision of MAD311.0million relating to renewal of hedges on loan commitments;
- Write-offs totalling MAD592.6million in 2007 compared to MAD447.7million in 2006;
- A provision write-back of MAD518.1million in 2007 compared to MAD541.7million in 2006.

Other provisions include an additional provision relating to a MAD250million investment.

The ratio of non-performing loans for which the Bank has provisioned improved 11.1 points. It rose from 83.1% in 2006 to 94.2% in 2007.

Net income

Net income totalled MAD2.14billion in 2007 compared to MAD1.93billion in 2006, an increase of 11.1%.

Shareholders' equity

At 31 December 2007, shareholders' equity before appropriation of income stood at MAD15.7billion compared to MAD11.57billion in 2006, an increase of 35.7%.

Total net assets

At 31 December 2007, total net assets stood at MAD168.24billion compared to MAD142.77billion in 2006.

Appropriation of income

Net income for the financial year	**2 139 766 255,56 DH**
To legal reserve	-
To investment reserve	250 000 000,00 DH
Net earnings brought forward	858 476,83 DH
Distributable income	**1 890 624 732,39 DH**
Appropriation	6,2
Statutory dividend	115 797 576,00 DH
Amount required for paying a dividend of MAD50 per share	**849 182 224,00 DH**
i.e. a distribution totalling	**964 979 800,00 DH**
To extraordinary reserves	**925 000 000,00 DH**
Retained earnings carried forward	**644 932,39 DH**

2008 outlook

In 2007, Attijariwafa bank initiated a number of keystone projects as part of its international growth strategy. The Bank begins 2008 in a strong position to be able to take full advantage of internal synergies and continue to implement this growth strategy until 2010.

Domestically, the Group intends to focus on the following core objectives :

Retail banking

- Build on the achievements of 2007 by accelerating the implementation of its policy of customer proximity with the opening of an additional 120 branches in 2008;
- Continue to develop different sales channels for attracting new customers;
- Launch initiatives focusing on under-exploited areas in the personal banking segment through:
  - Enhancing the range of products and services;
  - Adapting it to customers' particular and increasingly sophisticated needs;
  - Service quality;
  - Growing the private banking business by developing a suitable range of products and services and appropriate sales channels.

MRE market

- Accelerate deposit-taking, lending and transfer flows in the MRE segment through Banking for Moroccans Living Abroad, an entity specialising in the MRE market and Attijariwafa bank Europe, the Group's French banking subsidiary.

Corporate banking

- Pursue a strategy aimed at attracting PME customers and establish a dedicated service for Very Small Enterprises;
- Improve risk management measures;
- Enhance the Group's status amongst corporate customers;
- Develop a range of increasingly sophisticated services;
- Maximise intra-Group synergies, particularly with subsidiaries and international businesses.

Capital markets

- Plan for and implement regulatory developments;

Maintain position as market leader by constantly developing innovative products.

Information systems

- Develop information systems commensurate with the Group's strategic ambitions and long-term needs by progressively implementing the E-bitkar Project (the Group's IT strategy).

Overseas, Attijariwafa bank will continue to implement its international growth strategy which is structured around the following core objectives;

- Developing its presence in North Africa through Attijari bank Tunisie and launching its operations in Libya;
- Merging Attijari bank Sénégal and CBAO;
- Continuing to expand in North, West and Central Africa.

Business activity and results of banking-related subsidiaries and investment banking subsidiaries

• **Banking-related subsidiaries**

Wafasalaf

Wafasalaf saw strong sales growth in 2007 in a dynamic and highly competitive context. The auto business posted a 22.9% increase in sales with vehicle sales breaking through the 100,000 level for the first time.

As a result, Wafasalaf's overall production rose by 29.5% in 2007 to MAD8.08billion. This rise was due to a 21.5% increase in loan production to MAD6.18billion and a 65.3% increase in credit management to MAD1.90billion. This performance enabled Wafasalaf to maintain its position as market leader across all business lines. Its market share in terms of outstandings stood at 34% at 31 December 2007.

The consumer finance company launched a new range of alternative products in the second half of 2007 known as Ijar Al Wafa aimed at a new type of customer. This product range appears to be very promising with production reaching MAD19.5million by the end of the year.

Wafasalaf's net banking income increased 11% year-on-year to MAD698.5million. Net financial income rose by 21.0% to MAD242.8million. The cost of risk declined from 1.31% in 2006 to a highly satisfactory 0.77% at 31 December 2007.

Its cost-income ratio remains amongst the lowest in the industry at 32.4% despite its highly ambitious investment programme.

In 2008, the company's management forecasts strong production growth and an improvement in profitability.

Wafa Immobilier

2007 was an eventful year for Wafa Immobilier, the Group's mortgage subsidiary, which was awarded the Trophée Fogarim for 2007 at the Iskane Expo trade fair. Wafa Immmobilier participated in a number of trade fairs such as Logimmo, Iskane Expo and Smap Immo.

In terms of product innovation, Wafa Immobilier launched a new range of alternative products known as Ijara and Mourabaha.

Wafa Immobilier pursued its strategy of expanding its branch network by opening 15 new branches in towns with strong growth potential such as Kenitra, Mohammedia and El Jadida.

In 2007, Wafa Immobilier's total production, through its own and the Attijariwafa bank networks, increased 49.2% year-on-year to MAD8.78billion.

Net banking income totalled MAD142.3million at 31 December 2007, an increase of 52.2% compared to MAD93.8million in 2006. Net income stood at MAD33.65million in 2007 compared to MAD23.19million the previous year.

Wafacash

In 2007, Wafacash's operating environment was characterised by increased competition and the introduction of two new regulations, one governing the activity of cash transfer businesses and the other concerning over-the-counter (OTC) foreign exchange activities. These regulatory changes have the following implications:

- OTC foreign exchange activity deregulated from 1 April 2007 and existing authorisations extended to 31 August 2008;
- Companies engaged in cash transfer activities prohibited from entering into partnerships and obliged to conduct a financial-related activity.

Wafacash's share of Western Union transfers stood at nearly 45% at 31 December 2007. Volumes increased 11.4% year-on-year to MAD5.05billion in spite of the depreciation in the dollar.

Cash Express volumes leapt 63.1% to MAD2.56billion. The number of transactions rose by 57.2% to 800,369.

OTC foreign exchange volumes increased 5.5% from MAD816.6million in 2006 to MAD861.6million in 2007. The number of transactions rose by 14.2% to 358,963.

Net banking income registered growth of 28.6% to MAD125million in 2007. Strict control of operating expenses enabled Wafacash to post gross operating income of MAD40.2million, an increase of 49.6% on the previous year. This was achieved in spite of the costs incurred in opening 44 new branches during 2007, including 14 of its own branches.

Net income declined by 12.7% in 2007 to MAD24.2million against MAD27.7million the previous year. It must be noted that the 2006 result included a provision write-back of MAD17.4million. Stripping-out this write-back, net income would have been MAD16.9million, resulting in a 42.6% increase in 2007 net income.

In 2008, Wafa Cash expects to post a strong performance in its Western Union, Cash Express and OTC foreign exchange businesses.

Wafabail

In 2007, Wafabail was able to maintain its position as market leader in leasing. The operating environment was characterised by the introduction of new provisions under the Finance Act 2007 abolishing VAT exemptions and VAT credit refunds.

Wafabail's production in its leasing business totalled MAD2.8billion in 2007 and its market share stood at 22.2%. Financial outstandings rose by 22.1% to MAD5.59billion including MAD1.1billion relating to Crédit Bail Immobilier (CBI).

In terms of profitability, Wafabail's net banking income rose by 22.9% year-on-year to MAD224.9million. Its cost-income ratio stood at 21.2%, an improvement of 1.2 points compared to the previous year. Operating income rose by 25.3% to MAD177.6million.

The cost of risk, which continued to improve, stood at 0.16%.

Net financial income totalled MAD84.3million compared to MAD76.9million in 2006.

Wafabail has two main objectives for 2008:

- Pursue its aggressive sales strategy initiated in 2004 by developing more synergies with the Bank's networks;
- Gain market share..

Wafa LLD

The long-term vehicle rental market registered strong performance in 2007. The number of vehicles in circulation rose by 15% to more than 15,000 vehicles. This growth can be mainly explained by rising demand from large customers such as the public sector and large companies and a sizeable decline in prices resulting from increased competition. Wafa LLD participated in more than 45% of tenders in 2007.

At the end of December, Wafa LLD's vehicle fleet numbered 3,124 vehicles and its estimated market share stood at 20%. Net production totalled 887 vehicles with 1,256 new vehicles on the road and 369 retired.

Wafa LLD posted sales of MAD122.7million in 2007, an increase of 26.5% compared to 2006. Net income totalled MAD3.3million in 2007 compared to MAD3.60million the previous year.

In 2008, Wafa LLD aims to raise prices to improve profitability and develop Group synergies with a view to selling its products via the Bank's branch network.

Attijari Factoring Maroc

Attijari Factoring Maroc's production rose from MAD1.14billion in 2006 to MAD2.43billion in 2007. This 114% increase compares favourably with estimated growth of 32% for the sector. This performance was due to:

A rise of 54.5% to MAD1.18billion in domestic factoring which benefited from broader sector penetration and an improvement in contract production;

An increase of 55% in export production to MAD500million;

Considerable growth in the Import Factoring business which saw a jump in sales from MAD50.2million in 2006 to MAD748.0million in 2007.

Financing outstandings and loan outstandings rebounded by 54.0% and 65.0% respectively, due in particular to the strong performance of domestic factoring.

In terms of profitability, net banking income rose by 46.2% to MAD24.7million.

Given the strong performance of net banking income, the low level of provisions for doubtful loans and strict control of operating expenses, net income increased 58.1% to MAD11.3million.

• **Investment banking subsidiaries**

Corporate Finance – Attijari Finances Corp

In 2007, Attijariwafa bank's investment banking subsidiary underlined its status as market leader in M&A advisory services through a number of deals:

- Advisor to CMA-CGM in the privatisation of Comanav in a MAD2.3billion deal;
- Advisor to Attijariwafa bank in the purchase of a 79.15% stake in CBAO, a Senegalese bank;
- Advisor to Attijariwafa bank in the acquisition of a 66.67% stake in Senegal's Banque Sénégalo-Tunisienne.

In 2007, Attijari Finances Corp also participated in a number of large-scale market transactions:

- Advisor to Douja Promotion Groupe Addoha in relation to its MAD2.2billion rights issue;
- Advisor to SNEP which floated 35% of its equity in a MAD1billion deal;
- Advisor to M2M which floated 35% of its equity in a MAD142million deal;
- Advisor to Attijariwafa bank in the issue of two subordinated bonds totalling MAD3billion;
- Advisor to Attijari bank Tunisie in relation to its TND50million rights issue and its TND80million convertible bond issue.

In 2007, Attijari Finances Corp's sales totalled MAD43.9million against MAD41.06million in 2006. Operating income also saw an improvement to MAD27.9million. Financial income jumped by 113.7% to MAD27.3million.

As a result, net income totalled MAD28.9million compared to MAD16.9million in 2006.

Attijari Finances Corp's results (in MAD thousands)

	2007	2006	Change
Sales	**43 893,9**	**40 987,3**	**7,1%**
Operating revenues	46 918,9	42 477,9	10,5%
Operating expenses	19 039,7	28 658,4	-33,6%
Operating income	**27 991,3**	**13 819,5**	**102,5%**
Financial income	27 291,3	12 769,4	113,7%
Income from ordinary activities	55 170,5	26 588,9	107,5%
Net income	**28 966,4**	**16 889,8**	**71,5%**

Securities brokerage – Attijari Intermédiation and Wafa Bourse

The Casablanca Stock Exchange rose by 33.9% in 2007, marking the third consecutive year of strong gains.

In 2007, volumes rose by 133% year-on-year to MAD335billion.

Against such a backdrop, Attijari Intermédiation's volumes totalled MAD97billion in 2007. It maintained its position as market leader with a market share of 27%.

Volumes and market share by market

(In MAD millions)	Market volume	ATI volume	Market share
Central Market	211 985	46 113	22%
Block-trade Market	109 442	30 192	28%
IPOs	13 650	3 220	24%
Total Equities	**335 077**	**79 526**	**24%**
Others	24 702	17 592	71%
TOTAL	359 779	97 118	27%

Attijari Intermédiation generated 70% of its sales on the Central Market.

In 2007, it participated in a number of IPOs including Atlanta, Mattel PC Market and CGI as member of the underwriting syndicate and SNEP, M2M and Microdata as lead manager.

In terms of results, 2007 sales totalled MAD117.9million, compared to MAD103.5million in 2006.

Attijariwafa bank's brokerage subsidiary improved its operating performance thanks to a 15% decline in general operating expenses, which totalled MAD18.8million in 2007 against MAD22.3million in 2006. Operating income increased 22% to MAD100.8million.

Net income rose by 29.8% year-on-year to MAD70.5million.

Attijari Intermédiation's results (in MAD thousands)

	2007	2006	Change
Sales	**117 655**	**103 484**	**13,7%**
Operating expenses	18 890	22 312	-15,3%
Operating income	100 842	82 641	22%
Net income	**70 495**	**54 319**	**29,8%**

Restructuring and Private Equity – Wafa Investissement and Attijari Invest

Wafa Investissement continued to restructure Compagnie Industrielle du Lukus (SIL) from an operational and financial perspective. Several initiatives were undertaken including assuming hands-on management of the business, reducing fixed costs and reorganising upstream activities. The latter was aimed at securing raw material supplies, resulting in a 36% rise in supplies of fresh tomatoes compared to 2006

Wafa Investissement was also actively involved in managing its holding in Caulliez Maroc, due to changes in the company's shareholder structure.

In terms of results, Wafa Investissement generated sales of MAD10.0million in 2007 and net income of MAD1.5million.

In 2008, Wafa Investissement intends to continue to restructure CIL by diversifying its customer base and increasing penetration of the European market, launching four new products and securing 75% of its raw material needs by contract.

Attijari Invest is market leader of Morocco's private equity industry with MAD2.5billion of assets under management. The private equity firm manages three sector-based investment funds and a regional fund:

A Moroccan tourism fund launched in March 2007 and jointly managed with Groupe Banques Populaires. The first closing in November 2007 raised MAD1.4billion; a second closing is anticipated in 2008 to increase the size of the fund to MAD2.5billion;

A MAD805million infrastructure fund;

A MAD200million fund specialising in the food industry;

The MAD126million Igrane Fund specialising in the Souss Massa Drâa region.

In addition to these funds, Attijari Invest has been appointed by Attijariwafa bank to manage the Attijari Capital Développement fund which houses the Bank's investment holdings.

Attijari Invest underlined its position as market leader in 2007 by investing in sectors with high growth potential alongside leading international investors. These sectors include institutional catering with Newrest, mining with Truffle Capital, TV production with Saga and JLO, new technologies with Sagem and M2M and keystone projects in the Souss Massa Drâa region in tourism and water distribution alongside international specialists.

- **Insurance and asset management subsidiaries**

Asset management – Wafa Gestion

In 2007, Wafa Gestion registered growth of only 3.3% (MAD4billion) in assets under management in mutual funds (OPCVM) compared to a 50% increase in 2006. This deceleration in the growth of assets under management resulted from two contradictory factors:

- Modest growth only in specialised funds;
- A decline in assets in mutual funds available to the public which can be explained by:
  - Lower returns from bond mutual funds, rising bond yields (mutual funds (OPCVM) investing in medium- and long-term bonds account for more than half of the industry's total assets under management);
  - Strong performance from equities, encouraging investors to invest directly in the stock market;
  - Strong competition from sight deposits (higher yield than the 4% on bond mutual funds (OPCVM).

In such an unfavourable context for marketing mutual funds (OPCVM), Wafa Gestion saw its average assets under management grow by only 7% to MAD46billion against MAD43billion in 2006.

Wafa Gestion remains Morocco's leading asset management company with a market share of 32%.

In terms of its financial performance, Wafa Gestion's net banking income totalled MAD133.7million and net income MAD71.5million compared to MAD65.5million in 2006.

In the first half of 2007, Attijariwafa bank's asset management subsidiary obtained, for the tenth consecutive year, the coveted certificate of compliance with GIPS (Global Investment Performance Standards), which ensure fair representation of investment performance.

It was also awarded the M2 (Morocco) Asset Manager rating from Fitch Ratings. This rating was attributed due to Wafa Gestion's high scores in five areas of assessment – organisational infrastructure, risk management, portfolio management and administrative management of investments and technology.

Wafa Assurance

2007 was an eventful year for Wafa Assurance.

The insurance company completed its Elan programme six months ahead of schedule with the resulting impact on the entire value chain and on profitability well beyond its objectives.

It also launched WafaoTo Services, a telephone-based administrative service for managing auto claims.

At branch level, Wafa Assurance embarked on a project to provide assistance to new insurance agents over a three-year period. This is aimed at developing a new way of boosting business and providing training on an ad hoc basis.

In terms of profitability, premiums written by the company totalled MAD3.53billion in 2007 compared to MAD2.39billion the previous year. This 47.6% rise was the result of an 82.9% increase in new premiums in the Life business to MAD2.14billion and a 13.7% gain in new premiums in the Non-life business to MAD1.39billion.

The company's technical result stood at MAD705.78million, slightly more than double the previous year's level. This growth resulted from a 47.8% increase to MAD634.5million in the technical result of Non-life and an improvement in the Life segment which recorded a positive result of MAD71.27million after the previous year's loss of MAD82.1million.

Net income rose by 92.6% to MAD603.77million compared to MAD313.56million the previous year.

The company's shareholders' equity rose to MAD1,569million against MAD1,091million the previous year.

In 2008, Wafa Assurance's business strategy is to:

- Gain market share in the automobile segment;
- Become the leading insurer in the large corporate customer category;
- Increase its market leadership in the Life segment;
- Increase its network of insurance agents and strengthen its position with large brokers.

Draft resolutions for the Annual General Meeting of Shareholders

• First resolution

The Annual General Meeting, having listened to the reading of the reports of the Board of Directors and the Statutory Auditors for the financial year ended 31 December 2007, expressly approves the financial statements for the said financial year as presented, as well as the transactions reflected in these statements or summarised in these reports, showing net income of MAD2,139,766,255.56.

• Second resolution

The Annual General Meeting, having listened to the reading of the Statutory Auditors' special report concerning agreements referred to in Article 56 of Act 17/95 relating to sociétés anonymes, approves the conclusions of the said report and the agreements referred to therein.

• Third resolution

The Annual General Meeting approves the appropriation of income as proposed by the Board of Directors, namely :

• Net income for the financial year	2,139,766,255.56 DH
• To legal reserve	-
• To investment reserve	250,000,000.00 DH
• Net earnings brought forward	858,476.83 DH
• DISTRIBUTABLE INCOME	**1,890,624,732.39 DH**
• APPROPRIATION :	
• Statutory dividend	115,797,576.00 DH
• Amount required for paying a dividend of MAD50 per share	849,182,224.00 DH
• i.e. A DISTRIBUTION TOTALLNG	**964,979,800.00 DH**
• To extraordinary reserves	925,000,000.00 DH
• Retained earnings carried forward	644,932.39 DH

Accordingly, the Annual General Meeting has decided to pay a dividend, with entitlement to rights for one year, of MAD50 per share. Payment will be made on or after 2 July 2007 at the Bank's head office in accordance with the current regulations.

• Fourth resolution

As a result of the above resolutions, the Annual General Meeting gives full and final discharge to the members of the Board of Directors of their management responsibilities for the year ended and to the Statutory Auditors for the exercise of their duties for the said financial year.

• Fifth resolution

The Annual General Meeting sets the amount of fees paid to members of the Board of Directors in respect of the financial year ending 31 December 2008 at MAD4,000,000.

The Board of Directors shall distribute this sum between its members as it deems appropriate.

• Sixth resolution

The Annual General Meeting acknowledges the resignation of Mr. Henri Moulard from his position as director and gives him full and final discharge of his management responsibilities.

The Annual General Meeting thanks him for the contribution that he has made to the Bank's development.

• Seventh resolution

The Annual General Meeting, having noted that the terms of office of the directors Santusa Holding and Corporacion Financiera Caja de Madrid are due to expire at the end of the present meeting, decides to renew their terms of office for the statutory six-year period, which will expire at the time of the Annual General Meeting convened to approve the financial statements for the financial year ended 31 December 2013.

• Eighth resolution

The Annual General Meeting ratifies the decision of the Board of Directors of 25 September 2007 to co-opt Mr. Mohamed El Hamidi El Kettani as a director for the statutory six-year period, which will expire at the time of the Annual General Meeting, convened to approve the financial statements for the financial year ended 31 December 2013.

• Ninth resolution

The Annual General Meeting, having noted that the appointments of the Statutory Auditors, Ernst & Young and Deloitte, are due to expire at the end of the present meeting, decides to reappoint the same firms, represented by Mr. Bachir Tazi and Mr. Ahmed Benabdelkhalek respectively, in respect of the financial years ended 31 December 2008, 2009 and 2010..

• Tenth resolution

The Annual General Meeting grants full powers to the bearer of the original or a copy of these resolutions to carry out the legal formalities relating to their publication and any other formalities stipulated by law.

Statutory auditors' general report
Parent company financial statements

ERNST & YOUNG

37 Bd. Abdellatif Ben Kaddour
20 050 Casablanca, MOROCCO

Deloitte.

288, Bd Zerktouni
20000 Casablanca - MAROC

To the shareholders of Attijariwafa bank
Casablanca

STATUTORY AUDITORS' GENERAL REPORT

For the financial year ended 31 December 2007

In accordance with the terms of our appointment by your Annual General Meeting, we have audited the attached financial statements of Attijariwafa bank for the financial year ended 31 December 2007, comprising the balance sheet, income statement, management accounting statement, cash flow statement and additional information statement relating to the said financial year. Responsibility for drawing up these financial statements, which show shareholders' equity of MAD14,760,503K, including net income of MAD2,139,766K, lies with the Bank's decision-making bodies. Our duty is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with professional standards in Morocco. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit consists of examining, on a sample basis, evidence supporting the amounts and information contained in the financial statements. An audit also involves assessing the accounting principles used, any significant estimates made by General Management and the general presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion on the financial statements

In our opinion, the financial statements referred to in the first paragraph of this report give, in all material aspects, a true and fair view of the financial position of Attijariwafa bank at 31 December 2007 as well as the results of its operations and its cash flows for the same financial year, in accordance with generally accepted accounting principles in Morocco.

Specific verifications and information

We have also performed specific checks as required by law and we satisfied ourselves that the information provided in the Board of Directors' management report to shareholders is consistent with the Bank's financial statements.

In accordance with the provisions of Article 172 of Act 17-95, we draw your attention to the fact the Bank acquired a 66.67% stake in Banque Sénégalo-Tunisienne (BST) in 2007 for MAD257.5million. BST subsequently merged with Attijariwafa bank Sénégal to establish a new entity, Attijari Bank Sénégal.

Casablanca, 12 March 2008

The Statutory Auditors

ERNST&YOUNG	DELOITTE AUDIT
Bachir TAZI Partner	Fawzi BRITEL Partner

Parent company financial statements
at 31 December 2007

Balance sheet
At 31 December 2007

(in MAD thousands)

ASSETS	12/31/2007	12/31/2006
Cash and balances with central banks, the Treasury and post office accounts	**16 092 583**	**14 619 432**
Loans and advances to credit institutions and similar establishments	**31 499 302**	**24 155 056**
Sight	15 170 213	14 361 282
Term	16 329 089	9 793 774
Loans and advances to customers	**87 332 225**	**67 951 564**
Short-term loans and consumer loans	43 973 644	35 049 102
Equipment loans	18 811 370	16 455 411
Mortgage loans	22 888 189	15 526 925
Mortgage loans	1 659 022	920 126
Receivables acquired through factoring	**427 569**	**982 762**
Trading securities and available-for-sale securities	**16 268 573**	**19 641 854**
Treasury bills and similar securities	8 398 615	11 983 424
Other debt securities	1 744 341	1 723 803
Equities	6 125 617	5 934 627
Other assets	**2 743 480**	**1 799 373**
Investment securities	**2 919 732**	**3 543 552**
Treasury bills and similar securities	1 175 359	1 526 449
Other debt securities	1 744 373	2 017 103
Investments in affiliates and other long-term investments	**6 618 167**	**6 169 374**
Subordinated loans		
Leased and rented assets	**245 008**	**35 567**
Intangible assets	**1 537 448**	**1 453 416**
Property, plant and equipment	**2 556 241**	**2 423 750**
TOTAL ASSETS	**168 240 328**	**142 775 700**

LIABILITIES	12/31/2007	12/31/2006
Amounts owing to central banks, the Treasury and post office accounts		**5 294**
Amounts owing to credit institutions and similar establishments	**8 055 373**	**5 229 917**
Sight	4 777 106	4 849 982
Term	3 278 267	379 935
Customer deposits	**136 419 786**	**120 904 819**
Current accounts in credit	81 841 643	64 671 379
Savings accounts	14 716 434	13 440 266
Term deposits	34 256 684	38 637 642
Other accounts in credit	5 605 025	4 155 532
Debt securities issued	**1 713 230**	
Tradable debt securities	1 713 230	
Bonds		
Other debt securities issued		
Other liabilities	3 377 094	2 308 375
General provisions	**593 720**	**588 003**
Regulated provisions	**250 000**	**250 000**
Subsidies, public funds and special guarantee funds		
Subordinated debt	**3 070 622**	
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**10 695 000**	**9 636 620**
Share capital	**1 929 960**	**1 929 960**
Shareholders, unpaid share capital (-)		
Retained earnings (+/-)	**-4 643**	**-7 589**
Net income pending appropriation (+/-)		
Net income for the financial year (+/-)	**2 139 766**	**1 929 881**
TOTAL LIABILITIES	**168 240 328**	**142 775 700**

Off-balance sheet items

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Commitments given	**33 726 680**	**25 589 497**
Financing commitments given to credit institutions and similar establishments	30 886	
Financing commitments given to customers	9 473 933	7 355 811
Guarantees given to credit institutions and similar establishments	6 321 445	3 292 824
Guarantees given to customers	17 900 416	14 940 862
Securities purchased with repurchase agreement		
Other securities to be delivered		
Commitments received	**19 627 181**	**18 031 289**
Financing commitments received from credit institutions and similar establishments		
Guarantees received from credit institutions and similar establishments	19 588 837	18 005 345
Guarantees received from the State and other organisations providing guarantees	38 344	25 944
Securities sold with repurchase agreement		
Other securities to be received		

Income statement

At 31 December 2007

(en milliers de dirhams

	12/31/2007	12/31/2006
I. OPERATING INCOME FROM BANKING ACTIVITIES	**8 881 214**	**7 276 884**
Interest and similar income from transactions with credit institutions	1 171 525	870 366
Interest and similar income from transactions with customers	4 495 571	3 897 611
Interest and similar income from debt securities	664 152	662 470
Income from equity securities	529 202	282 833
Income from lease-financed fixed assets	28 842	50 674
Fee income	871 985	735 907
Other banking income	1 119 937	777 023
II. OPERATING EXPENSES ON BANKING ACTIVITIES	**2 965 208**	**2 235 518**
Interest and similar expenses on transactions with credit institutions	286 151	254 465
Interest and similar expenses on transactions with customers	1 803 254	1 493 764
Interest and similar expenses on debt securities issued	36 229	
Expenses on lease-financed fixed assets	13 987	47 390
Other banking expenses	825 587	439 899
III. NET BANKING INCOME	**5 916 006**	**5 041 366**
Non-banking operating income	344 562	284 585
Non-banking operating expenses	20	79
IV. OPERATING EXPENSES	**2 724 346**	**2 331 861**
Staff costs	1 354 531	1 015 905
Taxes other than on income	69 167	80 119
External expenses	972 830	931 151
Other general operating expenses	29 182	1 819
Depreciation, amortisation and provisions	298 636	302 867
V. PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**1 885 571**	**1 512 560**
Provisions for non-performing loans and signature loans	783 915	647 865
Losses on irrecoverable loans	603 391	500 829
Other provisions	498 265	363 866
VI. PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**1 575 119**	**1 351 182**
Provision write-backs for non-performing loans and signature loans	993 868	887 664
Amounts recovered on impaired loans	116 867	101 701
Other provision write-backs	464 384	361 817
VII. INCOME FROM ORDINARY ACTIVITIES	**3 225 750**	**2 832 633**
Non-recurring income	9 042	9 501
Non-recurring expenses	276 681	91 576
VIII. PRE-TAX INCOME	**2 958 111**	**2 750 558**
Income tax	818 345	820 677
IX. NET INCOME FOR THE FINANCIAL YEAR	**2 139 766**	**1 929 881**

Management accounting statement
At 31 December 2007

(in MAD thousands)

I- RESULTS ANALYSIS	12/31/2007	12/31/2006
Interest and similar income	6 331 249	5 430 447
Interest and similar expenses	2 125 635	1 748 229
NET INTEREST MARGIN	**4 205 614**	**3 682 218**
Income from lease-financed fixed assets	28 842	50 674
Expenses on lease-financed fixed assets	13 987	47 390
NET INCOME FROM LEASING ACTIVITIES	**14 855**	**3 284**
Fees received	874 905	735 991
Fees paid	711	12 255
NET FEE INCOME	**874 194**	**723 736**
Income from trading securities		
Income from available-for-sale securities	337 973	327 783
Income from foreign exchange activities	356 800	361 991
Income from derivatives activities	12 133	4 817
INCOME FROM MARKET ACTIVITIES	**706 906**	**694 591**
Other banking income	544 840	286 597
Other banking expenses	430 403	349 060
NET BANKING INCOME	**5 916 006**	**5 041 366**
Income from long-term investments	271 222	157 863
Other non-banking operating income	62 458	66 133
Other non-banking operating expenses	20	79
General operating expenses	2 724 346	2 331 862
GROSS OPERATING INCOME	**3 525 320**	**2 933 421**
Net provisions for non-performing loans and signature loans	-276 570	-159 328
Other net provisions	-23 000	58 540
INCOME FROM ORDINARY ACTIVITIES	**3 225 750**	**2 832 633**
NON-RECURRING INCOME	**-267 639**	**-82 075**
Income tax	818 345	820 677
NET INCOME FOR THE FINANCIAL YEAR	**2 139 766**	**1 929 881**

II- TOTAL CASH EARNINGS	12/31/2007	12/31/2006
NET INCOME FOR THE FINANCIAL YEAR	**2 139 766**	**1 929 881**
Depreciation, amortisation and provisions for fixed asset impairment	298 636	302 867
Provisions for impairment of long-term investments	13 171	70 899
General provisions	51 636	12 080
Regulated provisions	250 000	200 000
Extraordinary provisions		
Provision write-backs	451 136	286 955
Capital gains on disposal of fixed assets	12 180	14 745
Losses on disposal of fixed assets	20	79
Capital gains on disposal of long-term investments	282 104	218 452
Losses on disposal of long-term investments		
Write-backs of investment subsidies received		
TOTAL CASH EARNINGS	**2 007 809**	**1 995 654**
Profits distributed	868 482	694 785
NET CASH EARNINGS	**1 139 327**	**1 300 869**

Cash flow statement

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
1- Operating income from banking activities	8 186 511	6 467 926
2- Amounts recovered on impaired loans	116 867	101 698
3- Non-banking operating income	59 320	60 889
4- Operating expenses on banking activities (*)	-3 524 942	-2 586 631
5- Non-banking operating expenses	0	0
6- General operating expenses	-2 425 710	-2 028 994
7- Income tax	-818 345	-820 677
I- NET CASH FLOW FROM INCOME STATEMENT	**1 593 701**	**1 194 211**
Change in:		
8- Loans and advances to credit institutions and similar establishments	-7 344 246	-4 809 462
9- Loans and advances to customers	-18 825 468	-15 241 453
10- Trading securities and available-for-sale securities	3 373 281	-2 552 035
11- Other assets	-944 108	-357 302
12- Lease-financed fixed assets	-209 441	47 390
13- Amounts owing to credit institutions and similar establishments	2 825 456	723 006
14- Customer deposits	15 514 967	22 429 547
15- Debt securities issued	1 713 230	0
16- Other liabilities	1 068 719	629 332
II- NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-2 827 610**	**869 023**
III- NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**-1 233 909**	**2 063 234**
17- Income from the disposal of long-term investments	1 899 101	199 459
18- Income from the disposal of fixed assets	41 198	53 543
19- Acquisition of long-term investments	-1 434 688	-43 594
20- Acquisition of fixed assets	-554 151	77 340
21- Interest received	165 501	
22- Dividends received	529 202	282 833
IV- NET CASH FLOW FROM INVESTMENT ACTIVITIES	**646 163**	**569 581**
23- Subsidies, public funds and special guarantee funds		
24- Subordinated loan issuance	3 000 000	
25- Equity issuance		
26- Repayment of shareholders' equity and equivalent		
27- Interest paid	-70 622	
28- Dividends paid	-868 481	-694 785
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**2 060 897**	**-694 785**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**1 473 151**	**1 938 030**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**14 619 432**	**12 681 402**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**16 092 583**	**14 619 432**

(*) including net provisions

ADDITIONAL INFORMATION STATEMENT

Principal valuation methods applied at 31 December 2007

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 Plan Comptable des Etablissements de Crédit.

3. Loans and signature loans

General presentation of loans

- Loans and advances to credit institutions and customers are classified according to their initial maturity and type:
    - Sight and term loans in the case of credit institutions;
    - Short-term loans, equipment loans, consumer loans, mortgage loans and other loans for customers;
- Signature loans accounted for off-balance sheet relate to transactions which have not yet given rise to cash movements such as irrevocable commitments for the undrawn portion of facilities made available to credit institutions and customers or guarantees given;
- Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers);
- Interest accrued on these loans is recorded under related loans and booked to the income statement.

Non-performing loans

- Non-performing loans are recorded and valued in accordance with prevailing banking regulations.

The main measures applied are summarised as follows:

- Non-performing loans are classified as sub-standard, doubtful or impaired depending on the level of risk;
- After deducting the guarantee portion as required by prevailing regulations, provisions for non-performing loans are made as follows:
    - 20% for sub-standard loans;
    - 50% for doubtful loans;
    - 100% for impaired loans.

Provisions made relating to credit risks are deducted from the asset classes in question.

- As soon as loans are classified as non-performing, interest is no longer accrued but is recognised as income when received;
- Losses on irrecoverable loans are booked when the possibility of recovering the non-performing loans is deemed to be zero;
- Provisions for non-performing loans are written-back on any positive development in respect of the non-performing loans in question, such as partial or full repayment or a restructuring of the debt with partial repayment.
- In respect of the provisions of Article 22 of Circular N°19/G/2002, the Bank opted to reappraise the value of collateral relating to impaired loans. This reappraisal, which was completed at the end of 2007, resulted in an impact on income of about MAD 195million;
- The Bank wrote-off some non-performing loans through use of related provisions which had already been booked. The size of the operation was MAD 568million and there was no impact on income for the financial year.

4. Amounts owing to credit institutions and customers

Amounts owing to credit institutions and customers are presented in the financial statements according to their initial maturity and type:

- Sight and term borrowings in the case of credit institutions;
- Current accounts in credit, savings accounts, terms deposits and other customer accounts in credit in the case of customers.

Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers), depending on the counterparty;

Interest accrued on these loans is recorded under related borrowings and booked to the income statement.

5. Securities portfolio

5.1. General presentation

Securities transactions are booked and valued in accordance with the *Plan Comptable des Etablissements de Crédit*.

Securities are classified as a function of their legal characteristics (debt security or equity security) and the purpose for which they are acquired (trading securities, available-for-sale securities, investment securities and investments in affiliates).

5.2. Trading securities

Trading securities are securities which are highly liquid and are acquired with the intention of being resold in the very near future. These securities are recorded at cost (including coupon). At the end of each financial year, the difference between this value and their market value is recognised directly in the income statement.

At 31 December 2007, the Bank did not own any trading securities in its securities portfolio.

5.3. Available-for-sale securities

Available-for-sale securities are securities acquired with the intention of being held for at least 6 months, except for fixed income securities intended to be held until maturity. AFS securities comprise all securities that do not satisfy the criteria required to be classified in another category.

Debt securities are booked excluding accrued interest. The difference between their purchase price and redemption price is amortised over the security's remaining life.

Equities are recorded at cost less acquisition expenses.

At the end of each financial year, a provision for impairment is made for any negative difference between a security's market value and carrying amount. Unrealised gains are not booked.

5.4. Investment securities

Investment securities are debt securities which are acquired, or which come from another category of securities, with the intention of being held until maturity for the purpose of generating regular income over a long period.

These securities are recorded at cost less acquisition expenses. The difference between their purchase price and redemption price is amortised over the security's remaining life.

At the end of each financial year, these securities are recorded at cost, regardless of their market value. Unrealised profit or loss is therefore not recognised.

5.5. Investments in affiliates

This category comprises securities whose long-term ownership is deemed useful to the Bank.

At the end of each financial year, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

5.6. Repos with physical delivery

Securities given under repo agreements are recorded on the balance sheet and the amount received, which represents the liability to the transferee, is recorded as a liability.

Securities received under repo agreements are not recorded on the balance sheet, but the amount paid-out, which represents the receivable due from the cedant, is recorded as an asset.

The accounting treatment for securities given or received under repo agreements depends on the category in which they are classified.

6. Foreign currency-denominated transactions

Foreign currency-denominated loans, amounts owing and signature loans are translated into dirhams at the average exchange rate prevailing on the balance sheet date.

Any foreign exchange difference on contributions from overseas branches and on foreign currency-denominated borrowings for hedging exchange rate risk is recorded in the balance sheet under "Other assets" or "Other liabilities" as appropriate. Any translation difference arising on translation of long-term investment securities acquired in a foreign currency is recorded as a translation difference for each category of security in question.

Any foreign exchange difference on any other foreign currency account is posted to the income statement.

Income and expenses in foreign currency are translated at the exchange rate prevailing on the day they are booked.

7. Translation of financial statements drawn up in foreign currencies

The "closing rate" method is used to translate foreign currency-denominated financial statements.

Translation of balance sheet and off-balance sheet items

All assets, liabilities and off-balance sheet items of foreign entities (Brussels branch offices) are translated at the exchange rate prevailing on the balance sheet date.

Shareholders' equity (excluding net income for the current financial year) is valued at different historical rates. Any difference arising on restatement (closing rate less historical rate) is recorded in shareholders' equity under "Translation differences".

Translation of income statement items

All income statement items are translated at the average exchange rate over the year except for depreciation and amortisation expenses, which are translated at the closing rate.

8. General provisions

These provisions are made, at the discretion of the management, to address future risks which cannot be currently identified or accurately measured relating to the banking activity.

Provisions made qualify for a tax write-back.

9. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recorded in the balance sheet at cost less accumulated depreciation and amortisation, calculated using the straight line method over the estimated use life of the assets in question.

Intangible assets are categorised as operating or non-operating assets and are amortised over the following periods:

Type	Amortisation period
- Lease rights	not amortised
- Patents and brands	N/A
- Research and development	N/A
- IT software	6.67 years
- Other items of goodwill	5 years

Property, plant and equipment are categorised as operating or non-operating assets and are depreciated over the following periods:

Nature	Depreciation period
- Land	not depreciated
- Operating premises	25 years
- Office furniture	6.67 years
- IT hardware	6.67 years
- Vehicles	5 years
- Fixtures, fittings and equipment	6,67 years

10. Deferred expenses

Deferred expenses are expenses which, given their size and nature, are likely to relate to more than one financial year.

Deferred expenses are amortised over the following periods:

Type	Amortisation period
- Start-up costs	3 years
- Expenses incurred in acquiring fixed assets	5 years
- Bond issuance expenses	N/A
- Premiums paid on issuing or redeeming debt securities	N/A
- Other deferred expenses basis	3-5 years on a case by case

11. Regulated provisions

Regulated provisions are made pursuant to legal or regulatory requirements, including tax-related requirements. An optional decision to provision or not is a management-related consideration, often motivated by the desire to reduce tax.

As soon as the criteria for making and using such provisions have been met and assuming the provisions have clearly been made for tax reasons, regulated provisions, except accelerated depreciation, are treated as tax-free reserves.

12. Recognition of interest and fees in the income statement

Interest

Income and expenses calculated on principal amounts actually lent or borrowed are considered as interest.

Income and expenses calculated on a prorata temporis basis which remunerate a risk are considered as similar income or expenses. This category includes fees on guarantee and financing commitments (guarantees, documentary credits etc.).

Interest accrued on principal amounts actually lent or borrowed is booked under related loans or debt with an offsetting entry in the income statement entry.

Similar income or expenses are recorded under income or expenses when invoiced.

Fees

Income and expenses, calculated on a flat-rate basis for a service provided, are recorded under fees when invoiced.

13. Non-recurring items of income and expenditure

They consist exclusively of income and expenses arising on an exceptional basis and are, in principle, rare in that they are unusual in nature or occur infrequently.

Statement of departures from standard accounting treatment

At 31 December 2007

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 2007

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 2007

(in MAD thousands)

LOANS AND ADVANCES	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions and similar establishments	Credit institutions overseas	Total 12/31/2007	Total 12/31/2006
CURRENT ACCOUNTS IN DEBIT	**14 301 895**	**57 280**	**868 616**	**1 515 068**	**16 742 859**	**15 801 117**
NOTES RECEIVED AS SECURITY						
overnight						
term						
CASH LOANS		**939 116**	**11 576 767**	**6 592 483**	**19 108 366**	**16 654 973**
overnight		670 568		1 624 935	2 295 503	1 064 443
term		268 548	11 576 767	4 967 548	16 812 863	15 590 530
FINANCIAL LOANS		**2 094 909**	**7 387 660**		**9 482 569**	**4 413 087**
OTHER LOANS		**122 262**	**139 238**	**2 512**	**264 012**	**283 525**
INTEREST ACCRUED AWAITING RECEIPT	**3 369**		**122 809**	**80 582**	**206 760**	**125 838**
NON-PERFORMING LOANS						
TOTAL	**14 305 264**	**3 213 567**	**20 095 090**	**8 190 645**	**45 804 566**	**37 278 540**

Loans and advances to customers
At 31 December 2007

(in MAD thousands)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2007	Total 12/31/2006
		Financial companies	Non-financial companies	Other customers		
SHORT-TERM LOANS	**1 808 603**	**1 374 911**	**34 890 837**	**1 505 013**	**39 579 364**	**32 419 537**
Current accounts in debit	1 808 603	1 374 911	12 133 158	1 505 013	16 821 685	12 424 868
Commercial loans within Morocco			3 676 352		3 676 352	3 540 816
Export loans			487 328		487 328	493 009
Other cash loans			18 593 999		18 593 999	15 960 844
CONSUMER LOANS				**3 909 196**	**3 909 196**	**2 170 631**
EQUIPMENT LOANS	**410 955**		**18 252 960**		**18 663 915**	**16 237 754**
MORTGAGE LOANS	**148**		**7 882 376**	**14 974 778**	**22 857 302**	**15 514 891**
OTHER LOANS		**1 108 773**	**278 653**	**29 699**	**1 417 125**	**127 450**
RECEIVABLES ACQUIRED THROUGH FACTORING			**427 569**		**427 569**	**982 762**
INTEREST ACCRUED AWAITING RECEIPT			**643 673**	**33 502**	**677 175**	**688 949**
NON-PERFORMING LOANS	**1 981**	**8 881**	**65 529**	**151 757**	**228 148**	**792 352**
Sub-standard loans						758
Doubtful loans						22 770
Impaired loans	1 981	8 881	65 529	151 757	228 148	768 824
TOTAL	**2 221 687**	**2 492 565**	**62 441 597**	**20 603 945**	**87 759 794**	**68 934 326**

Public sector

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer

At 31 December 2007

(in MAD thousands)

SECURITIES	Other credit institutions and similar establishments	Public issuers	Financial companies	Non-financial companies	Total 12/31/2007	Total 12/31/2006
LISTED SECURITIES	**-**	**-**	**5 999 376**	**54 384**	**6 053 760**	**5 916 629**
Treasury bills and similar instruments					-	-
Bonds	-			-	-	-
Other debt securities	-				-	-
Equities	-		5 999 376	54 384	6 053 760	5 916 629
UNLISTED SECURITIES	**2 169 428**	**10 439 77**	**6 032**	**519 307**	**13 134 545**	**17 268 777**
Treasury bills and similar instruments		9 573 973			9 573 973	13 509 873
Bonds	33 812	865 804		454 341	1 353 957	1 215 302
Other debt securities	2 134 757				2 134 757	2 525 605
Equities	859		6 032	64 966	71 857	17 997
TOTAL	**2 169 428**	**10 439 777**	**6 005 407**	**573 692**	**19 188 305**	**23 185 406**

Value of trading securities, available-for-sale securities and investment securities

At 31 December 2007

(in MAD thousands)

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**-**	**-**	**-**	**-**	**-**	**-**
Treasury bills and similar instruments						
Bonds						
Other debt securities						
Equities						
AVAILABLE-FOR-SALE SECURITIES	**16 304 847**	**16 268 573**	**-**	**-**	**36 274**	**36 274**
Treasury bills and similar instruments	8 408 321	8 398 615		-	9 706	9 706
Bonds	1 373 015	1 353 957		-	19 058	19 058
Other debt securities	390 384	390 384		-	-	-
Equities	6 133 127	6 125 617		-	7 510	7 510
INVESTMENT SECURITIES	**2 919 732**	**2 919 732**	**-**	**-**	**-**	**-**
Treasury bills and similar instruments	1 175 359	1 175 359		-	-	-
Bonds				-	-	-
Other debt securities	1 744 373	1 744 373		-	-	-

Details of other assets

At 31 December 2007

(in MAD thousands)

ASSETS	Total 12/31/2007	Total 12/31/2006
OPTIONS PURCHASED		
SUNDRY SECURITIES TRANSACTIONS		
SUNDRY DEBTORS	**297 010**	**256 510**
Amounts due from the State	146 271	174 222
Amounts due from mutual societies		
Sundry amounts due from staff	362	362
Amounts due from customers for non-banking services		
Other sundry debtors	150 377	81 925
OTHER SUNDRY ASSETS	**45 458**	**171 159**
ACCRUALS AND SIMILAR	**2 308 691**	**1 323 935**
Adjustment accounts for off-balance sheet transactions	404 895	174 383
Translation differences for foreign currencies and securities	22 680	28 591
Income from derivative products and hedging	37 394	
Deferred expenses	51 031	69 484
Inter-company accounts between head office, branch offices and branches in Morocco	10 935	14 190
Accounts receivable and prepaid expenses	460 411	423 858
Other accruals and similar	1 321 345	613 430
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**92 321**	**47 769**
TOTAL	**2 743 480**	**1 799 373**

Investments in affiliates and other long-term investments

At 31 December 2007

(in MAD thousands)

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				**5 165 011**	**5 000 130**				**488 161**
ATTIJARI FINANCES CORP	INVESTMENT BANKING	10 000	100,00%	10 000	10 000		115 713	16 890	67 000
OMNIUM DE GESTION	HOLDING COMPANY	885 000	100,00%	2 047 900	2 047 900		1 017 072	94 784	300 000
SOMACOVAM	ASSET MANAGEMENT	5 000	100,00%	30 000	6 108		-	-	-
WAFA GESTION	ASSET MANAGEMENT	4 900	66,00%	236 369	236 369		188 704	62 777	41 433
ATTIJARI INVEST	PRIVATE EQUITY	11 000	100,00%	5 000	5 000		5 153	153	-
WAFA BOURSE	SECURITIES BROKERAGE	10 000	100,00%	40 223	40 223		44 633		-
WAFA PATRIMOINE	PRIVATE PORTFOLIO MANAGEMENT	5 000	66,00%	1 700	1 700		2 668	10	-
AGENA MAGHREB	SALE OF IT EQUIPMENT	4 000	74,96%	33	-		-6 614	-17	-
ATTIJARI CAPITAL RISQUES	RISK CAPITAL	200 000	100,00%	10 000	10 000		14 007	-3 013	-
ATTIJARI PROTECTION	SECURITY	10 000	83,75%	3 350	3 350		4 615	1 017	-
BCM CORPORATION	HOLDING aCOMPANY	-	100,00%	200 000	200 000		203 451	-49	-
CASA MADRID DÉVELOPPEMENT	DEVELOPMENT CAPITAL	1 200	50,00%	5 000	4 184		8 368	-23	-
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	100		1 675	-		-	-	-
MEDI TRADE	TRADING	1 000	20,00%	240	137		686	-2	-
AL MIFTAH	PROPERTY	300	100,00%	244	244		75	9	-
WAFA COURTAGE	BROKER	20 000	100,00%	2 397	915		915	-229	-
SOMGETI	IT	3 000		100	100		692	-19	-
WAFA COMMUNICATION		17 000	86,67%	2 600	1 006		1 161	-187	-
WAFA FONCIÈRE	PROPERTY MANAGEMENT	40 000	100,00%	3 700	2 375		2 375	-17	-
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	20 000	100,00%	55 046	55 046		58 530	-473	-
WAFA SYSTÈMES CONSULTING	IT CONSULTING	10 000	99,88%	4 994	4 994		6 564	669	1 000
WAFA SYSTÈMES DATA	IT	5 000	100,00%	1 500	1 500		5 036	521	3 000
WAFA SYSTÈMES FINANCES	IT SOLUTIONS	1 500	99,85%	2 066	2 066		2 892	609	600
WAFA TRUST	FINANCIAL SERVICES	2 000	100,00%	5 000	1 693		1 693	-933	-
ATTIJARI AL AAKARIA	PROPERTY	150 000	100,00%	9 999	6 163		6 163	503	-
SOCIÉTÉ IMMOBILIÈRE ATTIJARIA	PROPERTY	1 000	100,00%	51 449	51 449		68 308	-25	-
SOCIÉTÉ IMMOBILIÈRE BOULEVARD PASTEUR	PROPERTY	10 000	50,00%	25	25		928	8	-
SOCIÉTÉ IMMOBILIÈRE RANOUIL	PROPERTY	50 000	100,00%	11 863	11 863		13 792	-81	-
SOCIÉTÉ IMMOBILIÈRE TAN	PROPERTY	300	100,00%	2 841	777		-	-	-
SOCIÉTÉ IMMOBILIÈRE DE L'HIVERNAGE	PROPERTY	3 350	100,00%	15 531	2 929		2 929	-1 127	-
SOCIÉTÉ IMMOBILIÈRE BELAIR I	PROPERTY	300	100,00%	3 844	458		-	-	-
SOCIÉTÉ IMMOBILIÈRE BELAIR II	PROPERTY	15 000	100,00%	4 176	549		-	-	-
SOCIÉTÉ IMMOBILIÈRE BELAIR III	PROPERTY	480	100,00%	7 111	1 741		-	-	-
SOCIÉTÉ IMMOBILIÈRE MAIMOUNA	PROPERTY	624	100,00%	5 266	4 765		4 765	-234	-
SOCIÉTÉ IMMOBILIÈRE MARRAKECH EXPANSION	PROPERTY	1 824	100,00%	299	299		2 920	-13	-
SOCIÉTÉ IMMOBILIÈRE ZAKAT	PROPERTY	300	100,00%	2 685	257		257	-21	-
AYK		300	100,00%	100	100		-1 090	-20	-
CAPRI	PROPERTY	300	99,76%	172 400	122 000		70 053	38 982	-
ATTIJARI IMMOBILIER	PROPERTY	125 000	100,00%	179 224	132 785		132 785	6 120	6 000
ATTIJARI INTERNATIONAL BANK	OFFSHORE BANKING	3 000	50,00%	13 183	13 183		56 289	11 737	-
WAFACASH	MONEY TRANSFERS	35 050	98,47%	319 406	319 406		165 708	27 673	-
WAFA IMMOBILIER	PROPERTY	40 000	100,00%	164 364	164 364		64 032	23 191	23 190
WAFASALAF	CONSUMER FINANCE	113 180	65,94%	822 217	822 217		320 005	200 702	44 778
WAFA LLD	LEASING	-	100,00%	20 000	20 000		20 654	3 581	-
WAFABAIL	LEASE-FINANCING	-	57,83%	86 983	86 983		175 971	73 014	-

ANDALU MAGHREB	HOLDING	-	100,00%	10 950	10 950		-1 043	-478	-
ATTIJARIWAFA FINANZARIA		-	100,00%	6 590	6 590		433	-167	-
ATTIJARIWAFA EURO FINANCES			77,00%	288 711	288 711		33 884	-22	-
ATTIJARI BANK SÉNÉGAL	BANQUE		71,43%	293 487	293 487		10 922 209	669 650	1 161
WAFACAMBIO				962	962				
WAFABANK OFFSHORE DE TANGER				2 209	2 209				
B- OTHER INVESTMENTS				**707 403**	**705 517**	**-**			**17 063**
NOUVELLES SIDÉRURGIES INDUSTRIELLES	Metals and mining	3 415 000	2,72%	92 809	92 809		-	-	6 583
ONA	Holding company	-		388 475	388 475		-	-	7 330
SNI	Holding company	-		554	554		-	-	20
SONASID	Metals and mining	-		28 391	28 391		-	-	991
AGRAM INVEST		10 000	14,92%	1 492	1 492		-	-	-
AM INVESTISSEMENT MAROC	Investment holding company	275 000	3,64%	10 000	10 000		-	-	-
BOUZNIKA MARINA	Property development	-		500	500		-	-	-
CMKD		829 483	1,36%	11 280	11 280		1 161 936	96 280	790
EUROCHEQUES MAROC		-		118	118		-	-	-
FONDS D'INVESTISSEMENT IGRANE		10 000	18,26%	1 826	1 826		-	-	-
GPBM	Professional Bankers' Association	19 005	11,93%	2 267	2 267		-	-	-
IMPRESSION PRESSE	Publishing	-		400	400		-	-	-
MOUSSAFIR HOTELS	Hotel management	193 000	33,34%	64 343	64 343		246 688	12 268	-
SALIMA HOLDING	Holding company	200 000	10,00%	20 000	19 641		100 818	68	-
SOUK AL MOUHAJIR		6 500	15,25%	991	991		12 885	1 443	-
SOCIÉTÉ D'AMÉNAGEMENT DU PARC	Property development	60 429	22,69%	13 714	13 714		115 236	53 621	-
TANGER FREE ZONE	Property development	105 000	25,71%	28 306	28 306		144 969	13 680	1 350
TECHNOLOPARK COMPANY	Services provider	-		8 150	7 784		-	-	-
MAROCLEAR	Securities custodian	20 000	6,83%	1 342	1 342		81 164	18 556	-
HAWAZIN	Property	960	12,50%	704	-		-3 209	-555	-
INTAJ	Property	576	12,50%	1 041	584		4 671	140	-
BANQUE D'AFFAIRE TUNISIENNE	Banking	-		2 583	2 583		-	-	-
CENTRE MONÉTIQUE INTERBANCAIRE	Electronic banking	98 200	22,40%	22 000	22 000		103 494	12 037	-
SOCIÉTÉ INTERBANK	Management of bank cards	11 500	16,00%	1 840	1 840		14 313	2 307	-
SMAEX		37 500	11,41%	4 278	4 278		-	-	-
EMPLOIS ASSIMILÉS				**922 901**	**912 520**				**-**
C/C ASSOCIÉ				904 422	894 040				
AUTRES EMPLOIS ASSIMILÉES				18 480	18 480				
TOTAL GÉNÉRAL				**6 795 315**	**6 618 167**	**-**			**505 225**

Subordinated loans

At 31 December 2007

(in MAD thousands)

LOANS	AMOUNT				including affiliates and related companies	
	12/31/2007			12/31/2006	12/31/2007	12/31/2006
	Gross 1	Provisions. 2	Net 3	Net 4	Net 5	Net 6
Subordinated loans to credit institutions and similar establishments						
Subordinated loans to customers			not applicable			
TOTAL						
TOTAL						

Leased and rented assets

At 31 December 2007

(in MAD thousands)

CATEGORY	Gross value at 31 December 2006	Acquisitions	Disposals	Gross value at 31 December 2007	Amortisation: Leased and rented assets	Amortisation: Accumulated amortisation	Provisions: Additional provisions in 2007	Provisions: Amortisation on disposed assets	Provisions: Accumulated provisions	Net value at 31 December 2007
LEASED AND RENTED ASSETS LEASED INTANGIBLE ASSETS	**341 020**	**223 348**		**564 368**	**13 987**	**319 360**				**245 008**
LEASED MOVABLE ASSETS										
Movable assets under lease	315 373	222 884		538 257	13 923	297 471				240 786
Leased movable assets	315 373	222 884		538 257	13 923	297 471				240 786
Movable assets unleased after cancellation										
LEASED IMMOVABLE ASSETS										
Immovable assets under lease	25 647			25 647	64	21 889				3 758
Immovable leased assets										
Immovable assets unleased after cancellation	25 647			25 647	64	21 889				3 758
RENTS AWAITING RECEIPT										
RESTRUCTURED RENTS										
RENTS IN ARREARS										
NON-PERFORMING LOANS		464		464						464
RENTED ASSETS										
RENTED MOVABLE PROPERTY										
RENTED PROPERTY										
RENTS AWAITING RECEIPT										
RESTRUCTURED RENTS										
RENTS IN ARREARS										
NON-PERFORMING LOANS										
TOTAL	**341 020**	**223 348**		**564 368**	**13 987**	**319 360**				**245 008**

Intangible assets and property, plant and equipment

At 31 December 2007

(in MAD thousands)

TYPE	Gross value at 31 December 2006	Acquisitions	Disposals	Gross value at 31 December 2007	Amortisation and/or provisions: Amortisation and provisions at 31 December 2006	Additional amortisation in 2007	Amortisation on disposed assets	Accumulated amortisation and depreciation	Net value at 31 December 2007
INTANGIBLE ASSETS	**1 605 327**	**150 914**	**2 900**	**1 753 341**	**151 910**	**63 982**	**-**	**215 893**	**1 537 448**
Lease rights	185 369	31 196	2 900	213 665	-			-	213 665
Research and development									
Intangible assets used in operations	1 419 958	119 718	-	1 539 676	151 910	63 982		215 893	1 323 784
Non-operating intangible assets	-	-	-						
PROPERTY, PLANT AND EQUIPMENT	**4 383 599**	**403 237**	**39 647**	**4 747 188**	**1 959 850**	**234 653**	**3 556**	**2 190 948**	**2 556 241**
Immovable property used in operations	**1 615 536**	**58 101**	**5 150**	**1 668 487**	**347 847**	**52 480**	**45**	**400 282**	**1 268 205**
Land	263 761	9 778	1 030	272 509			-	-	272 509
Office buildings	1 275 964	48 323	4 120	1 320 167	303 527	49 853	45	353 335	966 832
Staff accommodation	75 811	-	-	75 811	44 319	2 627	-	46 947	28 864
Movable property and equipment used in operations	**1 476 946**	**147 131**	**5 872**	**1 618 206**	**1 075 487**	**116 777**	**810**	**1 191 454**	**426 751**
Office property	305 816	35 683	145	341 354	216 340	21 442	10	237 772	103 582
Office equipment	723 799	38 071	4 803	757 067	542 824	52 799	166	595 458	161 609
IT equipment	437 417	72 675	45	510 047	306 769	42 035	1	348 803	161 244
Vehicles	9 915	702	878	9 738	9 554	501	634	9 421	317
Other equipment	-	-	-	-	-	-	-	-	-
Other property, plant and equipment used in operations	**622 297**	**132 576**	**68**	**754 805**	**422 139**	**48 828**	**14**	**470 953**	**283 852**
Property, plant and equipment not used in operations	**668 819**	**65 428**	**28 558**	**705 690**	**114 377**	**16 568**	**2 687**	**128 258**	**577 433**
Land	217 612	57 577	10 962	264 227		-		-	264 227
Buildings	340 503	4 462	17 424	327 540	55 219	14 211	2 515	66 915	260 625
Movable property and equipment	31 755	601	-	32 356	31 813	544		32 356	
Other property, plant and equipment not used in operations	78 949	2 789	172	81 567	27 345	1 812	172	28 986	52 580
TOTAL	**5 988 925**	**554 151**	**42 547**	**6 500 530**	**2 111 760**	**298 636**	**3 556**	**2 406 840**	**4 093 689**

Capital gains or losses on the disposal of fixed assets

At 31 December 2007

(in MAD thousands)

Disposal date	Asset	Gross value	Accumulated depreciation	Net book value	Income on disposal	Capital gains on disposal	Losses on disposal
May 2007	**El Harhoura 87 property**	**1 159**	**730**	**429**	**850**	**421**	
	Land	110	0	110			
	Villa	844	525	319			
	AAI	172	172	0			
	Registration fees	34	34	0			
2007	**Atlantic property**	**27 096**	**1 961**	**25 135**	**35 542**	**10 407**	
	Sabah 87 apartments	27 096	1 961	25 135	35 542	10 407	
June 2007	**Afak property**	**270**	**29**	**241**	**465**	**224**	
	7 shops	270	29	241	465	224	
April 2007	**Sidi Bernoussi property**	**400**	**0**	**400**	**700**	**300**	
	Sidi Bernoussi lease	400	0	400	700	300	
October 2007	**Diour Jamaa property**	**400**	**0**	**400**	**900**	**500**	
	Rabat Diour Jamaa lease	400	0	400	900	500	
January 2007	**Vehicles**	**645**	**643**	**2**	**166**	**164**	
	4 vehicles	645	643	2	166	164	
December 2007	**Wouroud property**	**2 256**	**0**	**2 256**	**2 355**	**120**	**20**
	4 apartments	2 256	0	2 256	2 355	120	20
December 2007	**Mouahidine property**	**175**	**0**	**175**	**220**	**45**	
	Maha shop	175	0	175	220	45	
TOTAL			**3 363**	**29 038**	**41 198**	**12 180**	**20**

Amounts owing to credit institutions and similar establishments

At 31 December 2007

(in MAD thousands)

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2007	Total 12/31/2006
	Bank Al Maghrib, the Treasury and post office accounts	Banks in Morocco	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		11 164	212 588	666 967	890 719	880 828
NOTES GIVEN AS SECURITY	3 055 828	130 088			3 185 916	99 940
overnight		130 088			130 088	
term	3 055 828				3 055 828	99 940
CASH BORROWINGS		1 300 000	1 075 652	1 346 300	3 721 952	3 933 970
overnight		1 300 000		76 795	1 376 795	16 437
term			1 075 652	1 269 505	2 345 157	3 917 533
FINANCIAL BORROWINGS	28 188			113 105	141 293	183 331
OTHER BORROWINGS	27 124	25 357			52 481	75 519
INTEREST ACCRUED AWAITING PAYMENT		36 440		26 572	63 012	61 623
TOTAL	**3 111 140**	**1 503 049**	**1 288 240**	**2 152 944**	**8 055 373**	**5 235 211**

Customer deposits

At 31 December 2007

(in MAD thousands)

DEPOSITS	Public sector	Private sector			Total 12/31/2007	Total 12/31/2006
		Financial companies	Non-financial companies	Other customers		
CURRENT ACCOUNTS IN CREDIT	602 108	2 608 133	16 514 496	60 919 897	**80 644 634**	**64 616 874**
SAVINGS ACCOUNTS				14 631 712	**14 631 712**	**13 358 800**
TERM DEPOSITS	2 349 968	6 280 313	12 734 812	13 741 404	**35 106 497**	**38 324 654**
OTHER ACCOUNTS IN CREDIT	11 210	36 597	5 330 183	227 036	**5 605 026**	**4 152 193**
INTEREST ACCRUED AWAITING PAYMENT				431 917	**431 917**	**452 298**
TOTAL	**2 963 286**	**8 925 043**	**34 579 491**	**89 951 966**	**136 419 786**	**120 904 819**

Debt securities issued

At 31 December 2007

(in MAD thousands)

SECURITIES	Characteristics					Value	of which		Unamortised value of issue or redemption premiums
	Entitlement date	Maturity	Nominal value	Redemption terms	Interest		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	19/11/2007	18/02/2008	400 000	4,20%	IN FINE	400 000			
CERTIFICATES OF DEPOSIT	03/12/2007	03/03/2008	1 307 000	4,20%	IN FINE	1 307 000	512 000		
TOTAL						**1 707 000**	**512 000**		

Details of other liabilities

At 31 December 2007

(in MAD thousands)

LIABILITIES	Total 12/31/2007	Total 12/31/2006
OPTIONS SOLD		
SUNDRY SECURITIES TRANSACTIONS	**10 622**	**9 086**
SUNDRY CREDITORS	**1 427 972**	**1 114 850**
Amounts due to the State	791 191	572 912
Amounts due to mutual societies	48 667	40 795
Sundry amounts due to staff	148 642	114 603
Sundry amounts due to shareholders and associates	2 148	2 186
Amounts due to suppliers of goods and services	376 859	354 829
Other sundry creditors	60 465	29 525
DEFERRED INCOME AND ACCRUED EXPENSES	**1 938 500**	**1 184 439**
Adjustment accounts for off-balance sheet transactions		
Translation differences for foreign currencies and securities		
Income from derivative products and hedging	15 389	
Inter-company accounts between head office, branch offices and branches in Morocco		
Accrued expenses and deferred income	419 017	367 479
Other deferred income	1 504 094	816 960
TOTAL	**3 377 094**	**2 308 375**

Provisions

At 31 December 2007

(in MAD thousands)

PROVISIONS	Outstandings 12/31/2006	Additional provisions	Write-backs	Other changes	Outstandings 12/31/2007
PROVISIONS, DEDUCTED FROM ASSETS, FOR :	**4 100 336**	**813 969**	**985 471**	**37**	**3 928 871**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	3 887 594	764 595	957 288	37	3 694 938
Available-for-sale securities	27 054	36 203	25 893	-1 090	36 274
Investments in affiliates and other long-term investments	165 177	13 171	2 290	1 090	177 148
Leased and rented assets					
Other assets	20 511	-	-		20 511
PROVISIONS RECORDED UNDER LIABILITIES	**838 004**	**504 413**	**498 675**	**-22**	**843 720**
Provisions for risks in executing signature loans	149 355	19 319	36 580	-167	131 927
Provisions for foreign exchange risks	-	6 858	-		6 858
General provisions	235 999	51 636	198 847		88 788
Provisions for pension fund and similar obligations	58 381	22 540	-		80 921
Other provisions	144 269	154 060	13 248	145	285 226
Regulated provisions	250 000	250 000	250 000		250 000
TOTAL	**4 938 340**	**1 318 382**	**1 484 146**	**15**	**4 772 591**

Subsidies, public funds and special guarantee funds

At 31 December 2007

(in MAD thousands)

	Economic purpose	Total value	Value 12/31/2007	Utilisation	Value 12/31/2007
SUBSIDIES					
PUBLIC FUNDS			not applicable		
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debt

At 31 December 2007

Currency of issue	Value of loan in currency of issue	Price (1)	Interest	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in MAD	of which affiliates		of which related companies	
							Value in MAD 12/31/2006	Value in MAD 12/31/2007	Value in MAD 12/31/2006	Value in MAD 12/31/2007
MAD	2 000 000		3,85%	7 ANS		2 000 000		596 400		
MAD	1 000 000		5,10%	10 ANS		1 000 000		445 000		
TOTAL	**3 000 000**					**3 000 000**		**1 041 400**		

1. BAM price at 12/31/2007
2. Possibly for an unspecified period
3. Refer to the subordinated debt contract note

Shareholders' equity

At 31 December 2007

(in MAD thousands)

SHAREHOLDERS' EQUITY	Outstandings 12/31/2006	Appropriation of income	Other changes	Outstandings 12/31/2007
REVALUATION RESERVE	**420**			**420**
RESERVES AND PREMIUMS RELATED TO SHARE CAPITAL	**9 636 620**	**1 058 380**		**10 695 000**
Legal reserve	192 996	-		192 996
Other reserves	4 007 060	1 058 380		5 065 440
Issue, merger and transfer premiums	5 436 564			5 436 564
SHARE CAPITAL	**1 929 960**			**1 929 960**
Called-up share capital	1 929 960			1 929 960
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
SHAREHOLDERS' UNPAID SHARE CAPITAL				
(-/+) RETAINED EARNINGS	**-7 590**		**2 947**	**-4 643**
(-/+) NET INCOME (LOSS) AWAITING APPROPRIATION				
(-/+) NET INCOME	**1 929 882**			**2 139 766**
TOTAL	**13 489 292**	**1 058 380**	**2 947**	**14 760 503**

Financing commitments and guarantees

At 31 December 2007

(in MAD thousands)

COMMITMENTS	12/31/2007	12/31/2006
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**34 174 355**	**26 027 434**
Financing commitments given to credit institutions and similar establishments	**30 886**	
Import documentary credits		
Acceptances or commitments to be paid	30 886	
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Financing commitments given to customers	**9 473 933**	**7 355 811**
Import documentary credits	6 323 544	5 876 489
Acceptances or commitments to be paid	3 080 481	1 479 323
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments	69 908	
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**6 321 445**	**3 292 824**
Confirmed export documentary credits	705 498	-
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	5 615 947	3 292 824
Non-performing commitments		
Guarantees given to customers	**18 348 090**	**15 378 799**
Credit guarantees given	752 853	902 760
Guarantees given to government bodies	10 913 935	8 905 653
Other guarantees and pledges given	6 233 627	5 132 449
Non-performing commitments	447 675	437 937
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**19 627 182**	**18 031 289**
Financing commitments received from credit institutions and similar establishments		
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received		
Guarantees received from credit institutions and similar establishments	**19 588 837**	**18 005 345**
Credit guarantees received		
Other guarantees received	19 588 837	18 005 345
Guarantees received from the State and other organisations providing guarantees	**38 344**	**25 944**
Credit guarantees received	38 344	25 944
Other guarantees received		

Commitments on securities
At 31 December 2007

(in MAD thousands)

	VALUE
Commitments given	
Securities purchased with repurchase agreement	not applicable
Other securities to be delivered	
Commitments received	
Securities sold with repurchase agreement	not applicable
Other securities to be received	

Forward foreign exchange transactions and commitments on derivative products At 31 December 2007

(in MAD thousands)

	Hedging activities		Other activities	
	31 dec. 07	31 dec. 06	31 dec. 07	31 dec. 06
Forward foreign exchange transactions	**42 459 028**	**41 864 018**		
Foreign currencies to be received	5 609 292	7 998 210		
Dirhams to be delivered	1 330 415	770 292		
Foreign currencies to be delivered	19 724 176	20 093 414		
Dirhams to be received	15 795 145	13 002 102		
of which foreign currency financial swaps				
Commitments on derivative products	**854 977**	**1 267 819**		
Commitments on regulated fixed income markets				
Commitments on OTC fixed income markets				
Commitments on regulated foreign exchange markets	854 977	1 267 819		
Commitments on OTC foreign exchange markets				
Commitments on regulated markets in other instruments				
Commitments on OTC markets in other instruments				

Assets received and pledged as security
At 31 December 2007

(in MAD thousands)

Assets received as security	Net book value	Asset/Off-balance sheet entries in which loans and signature loans pledged are recorded	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets			
Other securities		N/D	
Mortgages			
Other physical assets			
TOTAL			

Assets pledged as security	Net book value	Liability/Off-balance sheet entries in which borrowings and signature loans received are recorded	Value of borrowings and signature loans received that are hedged
Treasury bills and similar assets			
Other securities			
Mortgages			
Other physical assets	2 400 080	Autres valeurs et sûretés	
TOTAL	**2 400 080**		

Breakdown of assets and liabilities by residual life

At 31 December 2007

(in MAD thousands)

	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	23 492 377	4 435 311	1 837 520	1 257 322		31 022 530
Loans and advances to customers	25 448 418	2 196 702	7 239 163	26 077 590	25 213 603	86 175 476
Debt securities	616 405	971 431	1 564 388	4 362 900	5 251 981	12 767 105
Subordinated loans						
Leased and rented assets						
TOTAL	**49 557 200**	**7 603 444**	**10 641 071**	**31 697 812**	**30 465 584**	**129 965 111**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	6 085 081	403 796	101 821	1 257 322		7 848 020
Amounts owing to customers	86 431 511	10 469 121	17 316 036			114 216 668
Debt securities issued		1 707 000				1 707 000
Subordinated debt						
TOTAL LIABILITIES	**92 516 592**	**12 579 917**	**17 417 857**	**1 257 322**		**123 771 688**

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

Risk concentration with the same counterparty

At 31 December 2007

(in MAD thousands)

Number of counterparties	Total commitment
9	21 775 883

Breakdown of foreign currency-denominated assets, liabilities and off-balance sheet items At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
ASSETS		
Cash and balances with central banks, the Treasury and post office accounts	132 958	189 108
Loans and advances to credit institutions and similar establishments	13 894 413	12 989 941
Loans and advances to customers	4 342 860	3 879 472
Trading securities and available-for-sale securities	996 562	951 520
Other assets	106 219	56 078
Investments in affiliates and other long-term investments	1 219 668	962 160
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 983	23 537
LIABILITIES		
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	2 779 585	4 286 185
Customer deposits	812 782	664 335
Debt securities issued		
Other liabilities	1 441 969	765 213
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Shareholders, unpaid share capital (-)	7 811	7 666
Provisions	-5 501	-9 124
Retained earnings		3 695
Net income		
OFF-BALANCE SHEET ITEMS	15 091 173	10 043 894
Commitments given	12 971 442	11 030 649
Commitments received		

Net interest margin
At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Interest and similar income from activities with customers	**4 495 571**	**3 897 611**
of which interest and similar income	4 317 146	3 748 172
of which fee income on commitments	178 425	149 439
Interest and similar income from activities with credit institutions	**1 171 525**	**870 366**
of which interest and similar income	1 161 383	846 430
of which fee income on commitments	10 142	23 936
Interest and similar income from debt securities	**664 152**	**662 470**
TOTAL INTEREST AND SIMILAR INCOME	**6 331 248**	**5 430 447**
Interest and similar expenses on activities with customers	**1 803 254**	**1 493 764**
Interest and similar expenses on activities with credit institutions	**286 151**	**254 465**
Interest and similar expenses on debt securities issued	**36 230**	**-**
TOTAL INTEREST AND SIMILAR EXPENSES	**2 125 635**	**1 748 229**
NET INTEREST MARGIN	**4 205 613**	**3 682 218**

Fee income from services provided
At 31 December 2007

(in MAD thousands)

FEES	12/31/2007	12/31/2006
Account management	134 989	112 088
Payment services	257 886	209 203
Securities transactions	102 345	74 697
Asset management and custody	74 428	65 041
Credit services	74 339	65 590
Corporate finance	-	-
Sale of insurance products	45 328	42 508
Other services provided	182 671	166 779
TOTAL	**871 986**	**735 907**

Income from market activities
At 31 December 2007

(in MAD thousands)

INCOME AND EXPENSES	12/31/2007	12/31/2006
+ Gains on trading securities		
- Losses on trading securities		
Income from activities in trading securities		
+ Capital gains on disposal of available-for-sale securities	360 313	329 305
+ Write-back of provisions for impairment of available-for-sale securities	25 893	2 764
- Losses on disposal of available-for-sale securities	12 030	1 747
- Provisions for impairment of available-for-sale securities	36 203	2 539
Income from activities in available-for-sale securities	**337 973**	**327 783**
+ Gains on foreign exchange transactions - transfers	522 400	292 675
+ Gains on foreign exchange transactions - notes	113 812	106 098
- Losses on foreign exchange transactions - transfers	279 346	36 635
- Losses on foreign exchange transactions - notes	66	148
Income from foreign exchange activities	**356 800**	**361 990**
+ Gains on fixed income derivative products	-	-
+ Gains on foreign exchange derivative products	78 961	42 333
+ Gains on other derivative products	-	-
- Losses on fixed income derivative products	-	-
- Losses on foreign exchange derivative products	66 828	37 516
- Losses on other derivative products	-	-
Income from activities in derivatives products	**12 133**	**4 817**

Income from equity securities
At 31 December 2007

(in MAD thousands)

CATEGORY	12/31/2007	12/31/2006
Available-for-sale securities	1 344	1 060
Investments in affiliates and other long-term investments	527 858	281 773
TOTAL	**529 202**	**282 833**

General operating expenses
At 31 December 2007

(in MAD thousands)

EXPENSES	12/31/2007	12/31/2006
Staff costs	1 354 531	1 015 905
Taxes other than on income	69 167	80 119
External expenses	972 830	931 151
Other general operating expenses	29 182	1 819
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	298 636	302 867
TOTAL	**2 724 346**	**2 331 862**

Other banking income and expenses
At 31 December 2007

(in MAD thousands)

OTHER BANKING INCOME AND EXPENSES	12/31/2007	12/31/2006
Other banking income	1 119 937	777 023
Other banking expenses	825 586	439 900
TOTAL	**294 351**	**337 123**
OTHER BANKING INCOME AND EXPENSES	**12/31/2007**	**12/31/2006**
Non-banking operating income	344 562	284 585
Non-banking operating expenses	20	79
TOTAL	**344 542**	**284 506**
Provisions and losses on irrecoverable loans	1 885 570	1 512 560
Provision write-backs and amounts recovered on impaired loans	1 575 118	1 351 182
NON-RECURRING INCOME AND EXPENSES	**12/31/2007**	**12/31/2006**
Non-recurring income	9 042	9 501
Non-recurring expenses	276 681	91 576

Breakdown of income by business activity and by geographical area At 31 December 2007

(in MAD thousands)

	Maroc
Net banking income	5 916 006
Gross operating income	3 525 320
Pre-tax income	2 958 112
TOTAL	

Reconciliation of net income for accounting and tax purposes

At 31 December 2007

(in MAD thousands)

RECONCILIATION STATEMENT	VALUE	VALUE
I- NET INCOME FOR ACCOUNTING PURPOSES	**2 139 766**	
Net profit	2 139 766	
Net loss		
II- TAX WRITE-BACKS	**1 121 316**	
1- Recurring	1 121 316	
- Income tax	818 345	
- Loss relating to tax inspection	214 650	
- Losses on irrecoverable loans not provisioned	10 746	
- General provisions	51 636	
- Provisions for pension fund and similar obligations	22 540	
- Personal gifts	3 400	
2- Non-recurring		
III- TAX DEDUCTIONS		**1 194 554**
1- Recurring		1 194 554
- 100% allowance on income from investments in affiliates		507 972
- Allowance on disposal of equities		129 916
- Allowance on disposal of investments in affiliates		7 448
- Allowance on disposal of fixed assets		3 150
- Write-back of investment provisions		250 000
- Write-back of general provisions		200 847
- VAT deductible / Tax inspection		53 444
- Personal income tax / salaries		38 728
- Personal income tax / RME		3 048
2- Non-recurring		-
TOTAL	**(T1) 3 261 082**	**(T2) 1 194 554**
IV- GROSS INCOME FOR TAX PURPOSES		**2 066 528**
• Gross profit for tax purposes if T1 → T2 (A)		2 066 528
• Gross loss for tax purposes if T2 ← T1 (B)		
V- TAX LOSS CARRY FORWARDS		
• Financial year Y-4		
• Financial year Y-3		
• Financial year Y-2		
• Financial year Y-1		
VI- NET INCOME FOR TAX PURPOSES		**2 066 528**
• Net profit for tax purposes (A-C)		2 066 528
or		
• 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 the value of gross profit for tax purposes (A)

Determining income after tax from ordinary activities

At 31 December 2007

(in MAD thousands)

I- DETERMINING INCOME	VALUE
Income from ordinary activities after items of income and expenditure	3 225 750
Tax write-backs on ordinary activities	302 971
Tax deductions on ordinary activities	1 194 554
Theoretical taxable income from ordinary activities	2 334 167
Theoretical tax on income from ordinary activities	924 330
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	2 301 420
II. INDICATIONS DU RÉGIME FISCAL ET DES AVANTAGES OCTROYÉS PAR LES CODES DES INVESTISSEMENTS OU PAR DES DISPOSITIONS LÉGALES SPÉCIFIQUES	

Details of value added tax
At 31 December 2007

(in MAD thousands)

TYPE	Balance at 31/12/06	Transactions liable to VAT during the period	VAT declarations during the period	Balance at 31/12/07
	1	2	3	(1+2-3=4)
A. VAT collected	**45 747**	**600 017**	**580 592**	**65 172**
B. Recoverable VAT	**46 492**	**282 040**	**265 577**	**62 955**
On expenses	42 755	219 636	200 869	61 522
On fixed assets	3 737	62 404	64 708	1 433
C. VAT payable or VAT credit = (A+B)	**-745**	**317 977**	**315 015**	**2 217**

Shareholder structure
At 31 December 2007

(in MAD thousands)

Name of main shareholders or associates	Address	Number of shares held: Previous period	Number of shares held: Current period	% of share capital
• Financière d'Investissements Industriels & Immobiliers				
• ONA	C/° ONA 61 rue d'Alger CASA	2 848 809	2 848 809	14,76%
• Al Wataniya	C/° ONA 61 rue d'Alger CASA	2 880 033	2 880 033	14,92%
• Wafacorp	83 avenue des Far CASA	848 722	746 809	3,87%
• Wafa Assurance	2 boulevard Moulay Youssef CASA	711 953	449 409	2,33%
• Groupe MAMDA & MCMA	1 boulevard Abdelmoumen CASA	855 505	1 006 505	5,22%
• AXA Assurances Maroc	16 rue abou Inane RABAT	1 499 404	1 499 404	7,77%
• SNI	120 avenue Hassan II CASA	726 018	601 018	3,11%
• CDG	Angle rues d'Alger et Duhaume CASA	673 203	499 093	2,59%
• CIMR	140 Place My El Hassan RABAT	471 781	469 481	2,43%
• Mutual funds (OPCVM)	Bd Abdelmoumen CASA	462 070	462 070	2,39%
• Sundry Moroccan shareholders	**************************	677 964	727 619	3,77%
• TOTAL - I	**************************	2 231 030	2 693 526	13,96%
B- FOREIGN SHAREHOLDERS		**14 886 492**	**14 883 776**	
Santusa Holding				
Credito Italiano	Paseo de La Castellana N° 24 Madrid (Espagne)	2 808 581	2 808 581	14,55%
Corporacion Financiera Caja de Madrid	1Piazza Corduzio 2010 Milan (Italie)	397 500	397 500	2,06%
Fininvest	Eloy Gonzalo N° 10 - 28010 Madrid (Espagne)	660 465	660 465	3,42%
Sundry foreign shareholders	91/93 BD PASTEUR 6EME ETAGE BUREAU 30615 Paris (France)	277 200	277 200	1,44%
TOTAL - II	**************************	269 358	272 074	1,41%
TOTAL II		**4 413 104**	**4 415 820**	
TOTAL		**19 299 596**	**19 299 596**	**100,00%**

Appropriation of income
At 31 December 2007

(in MAD thousands)

	VALUE		VALUE
A- Origin of appropriated income		**B- Appropriation of income**	
Decision of the AGM 2007			
Earnings brought forward	-7 590	To legal reserve	-
Net income awaiting appropriation		Dividends	868 482
Net income for the financial year	1 929 882	Other items for appropriation	1 058 453
Deduction from income		Earnings carried forward	-4 643
Other deductions			
TOTAL A	**1 922 292**	**TOTAL B**	**1 922 292**

Branch network
At 31 December 2007

BRANCH NETWORK	12/31/2007	12/31/2006
Permanent counters	624	543
Occasional counters	1	3
Cash dispensers and ATMs	550	494
Overseas branches	9	7
Overseas representative offices	34	31
TOTAL		

Summary of key items over the last three financial years
At 31 December 2007

(in MAD thousands)

ITEM	EXERCICE 2007	EXERCICE 2006	EXERCICE 2005
SHAREHOLDERS' EQUITY AND EQUIVALENT	**15 604 223**	**14 327 295**	**13 297 328**
Share capital	1 929 960	1 929 960	1 929 960
Reserves and premiums related to share capital	10 695 000	9 636 620	9 115 920
Net income for the financial year	2 139 766	1 929 881	1 217 380
Retained earnings	-4 643	-7 589	70 529
Revaluation reserve	420	420	420
General provisions	593 720	588 003	788 119
Regulated provisions	250 000	250 000	175 000
INCOME FOR THE FINANCIAL YEAR			
Net banking income	5 916 006	5 041 366	4 634 397
Pre-tax income	2 958 111	2 750 558	1 919 064
Income tax	818 345	820 677	701 684
Dividend distribution	868 482	694 785	578 988
Undistributed income (to reserves or awaiting appropriation)			
PER SHARE INFORMATION (in dirhams)			
Earnings per share	110,87	99,99	63,08
Dividend per share	50	45	36
STAFF			
Total staff costs	1 354 531	1 015 905	1 028 103
Average number of employees during the period			

Key dates and post-balance sheet events
At 31 December 2007

I- Key dates

Balance sheet date (1)	**31 DÉCEMBRE 2007**
Date for drawing up the financial statements (2)	**MARS 2008**

(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	Event	
		Favourable
	Not applicable	
		.Unfavourable
	Not applicable	

Staff
At 31 December 2007

(in numbers)

STAFF	12/31/2007	12/31/2006
Salaried staff	4 723	4 486
Staff in employment	4 723	4 486
Full-time staff	4 723	4 486
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	2 249	2 053
Other staff (full-time)	2 474	2 433
Overseas staff	10	9

Customer accounts
At 31 December 2007

(in numbers)

	12/31/2007	12/31/2006
Current accounts	96 332	88 739
Current accounts of Moroccans living abroad	473 570	431 843
Other current accounts	777 055	651 965
Factoring liabilities	2	2
Savings accounts	433 692	396 362
Term accounts	21 462	26 098
Other deposit accounts	92 622	13 344
TOTAL	**1 894 735**	**1 608 353**

Statutory auditors' report Consolidated financial statements

ERNST & YOUNG

37 Bd. Abdellatif Ben Kaddour
20 050 Casablanca, Morocco

Deloitte.

288, Bd Zerktouni
20000 Casablanca - MOROCCO

To the shareholders of Attijariwafa bank
Casablanca

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2007

We have audited the attached consolidated financial statements of Attijariwafa bank and its subsidiaries (Attijariwafa bank) for the financial year ended 31 December 2007. Responsibility for drawing up these financial statements lies with the Bank's decision-making bodies. Our duty is to express an opinion on these financial statements based on our audit. These financial statements have been drawn up for the first time under International Financial Reporting Standards (IFRS) applicable at 31 December 2007, as indicated in the notes to the financial statements. Figures relating to the 2006 financial year and first half 2006 financial statements have been restated under IFRS as a basis for comparison except for IFRS 3 which, in accordance with the option offered under IFRS 1, has been applied retrospectively from 30 September 2005.

We conducted our audit in accordance with professional standards in Morocco. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit consists of examining, on a sample basis, evidence supporting the amounts and information contained in the financial statements. An audit also involves assessing the accounting principles used, any significant estimates made by General Management and the general presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion expressed hereafter.

In our opinion, the consolidated financial statements of Attijariwafa bank Group referred to in the first paragraph of this report give, in all material aspects, a true and fair view of the consolidated assets and financial position at 31 December 2007 of the whole entity comprising companies included in the scope of consolidation and the consolidated results of its operations and its cash flows for the same financial year under IFRS applicable at 31 December 2007.

Casablanca, le 22 April 2008

The Statutory Auditors

ERNST&YOUNG

Bachir TAZI
Partner

DELOITTE AUDIT

Fawzi BRITEL
Partner

ACCOUNTING STANDARDS AND PRINCIPLES APPLIED BY THE GROUP

International Financial Reporting Standards (IFRS) have been applied to Attijariwafa bank's consolidated financial statements from first half 2007 with the opening balance at 1 January 2006.

Consolidation principles :

Standard :

The scope of consolidation is determined on the basis of what type of control (exclusive control, joint control or material influence) is exercised over the various overseas and domestic entities in which the Group has a direct or indirect interest.

The Group likewise consolidates legally independent entities specifically established for a restricted and well-defined purpose known as "special purpose entities", which are controlled by the credit institution, without there being any shareholder relationship between the entities.

The consolidation method – full consolidation, proportional and equity methods – is determined by what type of control exists.

Policies adopted by Attijariwafa bank :

Attijariwafa bank includes entities in its scope of consolidation in which:

- It holds, directly or indirectly, at least 20% of the voting rights;
- The subsidiary's consolidated figures satisfy one of the following criteria:
  - The subsidiary's total assets exceed 0.5% of consolidated total assets;
  - The subsidiary's net assets exceed 0.5% of consolidated net assets;
  - The subsidiary's sales or consolidated banking income exceed 0.5% of consolidated banking income;

Specialist mutual funds (OPCVM) are consolidated according to SIC 12 which addresses the issue of consolidation of special purpose entities and in particular funds under exclusive control.

Those entities controlled or under exclusive control whose securities are held for a short period of time are excluded from the scope of consolidation.

Property, plant and equipment :

Standard :

Items of property plant and equipment are valued by entities using either the amortised cost method or the mark-to-market method.

Amortised cost method

Under the amortised cost method, assets are valued at cost less accumulated depreciation.

Mark-to-market method

On being recognised as an asset, an item of property, plant and equipment, whose fair value may be accurately assessed, must be marked to market. Fair value is the value determined at the time the asset is marked to market less accumulated depreciation.

Fair value is defined as the amount for which an asset may be exchanged between well-informed and consenting parties acting in normal, competitive market conditions.

The sum-of-parts approach breaks down the items of property, plant and equipment into their most significant individual parts (constituents). They must be accounted for separately and systematically depreciated as a function of their estimated useful lives in such a way as to reflect the rate at which the related economic benefits are consumed.

Estimated useful life under IFRS is the length of time that a depreciable asset is expected to be usable.

Residual value is the value of the asset at the end of its estimated useful life, which takes into account the asset's age and foreseeable condition.

Policies adopted by Attijariwafa bank :

The Group has opted to use the amortised cost method. The fair value method may be used, however, without having to justify this choice, with an account under shareholders' equity.

The Group has also opted not to incorporate borrowing costs directly attributable to the acquisition within the cost of related assets.

Attijariwafa bank has decided against using several depreciation schedules but a single depreciation schedule in the consolidated financial statements under IFRS/IAS.

Under the sum-of-parts approach, the Group has decided against including those parts whose gross value is less than MAD1000k.

The method of allocating actual costs, using original invoices, to each separate part of the asset has been not been adopted. It has been deemed more realistic to break down the original historical cost on a cost replacement basis using technical data.

Residual value :

The residual value of each part is considered to be zero except in the case of land. Residual value is applied only to land (non-amortisable by nature), which is the only component to have an unlimited life.

Investment property :

Standards :

An investment property is a property which is held either to earn rental income or for capital appreciation or for both.

An investment property generates cash flows in a very different way to the company's other assets unlike the use of a building by its owner whose main purpose is to produce or provide goods and services.

An entity has the choice between:

The fair value method : if an entity opts for this treatment, then it must be applied to all buildings.

The amortised cost method

an estimate of the fair value of investment properties must be recorded either in the balance sheet or in the notes to the financial statements.

It is only possible to move from the cost method to the fair value method.

Policies adopted by Attijariwafa bank :

All buildings not used in ordinary activities are classified as investment property except for staff accommodation and buildings expected to be sold within a year.

The Group's policy is to retain all buildings used in ordinary activities and those leased to companies outside the Group.

The historical cost method, modified by the sum-of-parts approach, is used to value investment properties. Information about fair value must be presented in the notes to the financial statements.

Intangible assets :

An intangible asset is a non-monetary asset which is identifiable (distinct from goodwill) and not physical in nature.

Two valuation methods are possible:

- The cost method;
- The mark-to-market method. This treatment is possible if an active market exists.

Amortisation of an intangible asset depends on its estimated useful life. An intangible asset with an unlimited useful life is not amortised but subject to impairment testing at least once a year at the end of the financial year. An intangible asset with a limited useful life is amortised over the life of the asset. An intangible asset produced by the company for internal use is recognised if it is classified, from the R&D phase, as a fixed asset.

Policies adopted by Attijariwafa bank :

Attijariwafa bank has decided against using several amortisation schedules but a single amortisation schedule in the consolidated financial statements under IFRS/IAS.

Acquisition costs not yet amortised as expenses at 1 January 2006 have been restated under shareholders' equity.

Lease rights :
Lease rights must be valued accurately by an external expert. If it is difficult to carry out a valuation, the leases must be removed from consolidated reserves.

Business goodwill :
Business goodwill recorded in the parent company financial statements of the different consolidated entities has been reviewed to ensure that the way in which it is calculated is in accordance with IAS/IFRS.

Software :
The estimated useful life of software differs depending on the type of software (operating software or administrative software).

Amortisation schedules applied by each Group entity may vary from one entity to another by up to two years.

Valuation of software developed in-house :
Group Information Systems' Management provides the necessary information to value software developed in-house. In the event that the valuation is not accurate, then the software cannot be recognised as an asset.

Transfer fees, commission and legal fees : These are recognised as expenses or at purchase cost depending on their value.

Separate amortisation schedules are used if there is a difference of more than MAD1000K between treatment under PCEC and under IAS/IFRS.

Goodwill :

Standard :

Cost of a business combination :

The acquirer must account for the cost of a business combination as the sum of the fair values of assets pledged and liabilities incurred or assumed and items of shareholders' equity issued by the Group in exchange for control of the entity plus all direct costs attributable to business combinations less general administrative costs.

Cost of a business combination reflected in the assets acquired and the liabilities and contingent liabilities assumed :

Accounting treatment for business combinations requires that the acquirer accounts for all identifiable assets, liabilities and contingent liabilities of the acquired entity at fair value on acquisition.

Any difference between the cost of the business combination and the acquirer's share in the net fair value of the assets, liabilities and contingent liabilities is recognised under Goodwill.

Accounting for Goodwill :

On acquisition, the acquirer must account for the Goodwill acquired in a business combination as an asset.

The Goodwill acquired in a business combination is initially recorded at its historical cost but must then be adjusted for accumulated impairment.

Policies adopted by Attijariwafa bank :

In accordance with the provisions of IFRS 1 (First-time Adoption) and IFRS 3, the Group has decided not to amortise goodwill and to only treat Goodwill relating to those acquisitions made no earlier than 3 months before the date for adopting IFRS (1 January 2006).

Goodwill relating to the Group's different acquisitions has been allocated to Cash Generating Units (CGU) for impairment testing purposes.

Impairment tests are conducted at least once a year to ensure that the accounting value of Goodwill is higher than its recoverable value. If this is not the case, irreversible impairment is recognised.

Inventories :

Standard :

Inventories are assets:

- Held for sale during the normal business cycle;
- In the process of being produced for future sale;
- In the form of raw materials or supplies consumed during the production process or to provide services.

Stocks must be valued at the lower of cost or net realisable value.

Net realisable value is the estimated sales price in the normal course of business activity less

- Estimated costs of completion;
- Costs required for making the sale.

Policies adopted by Attijariwafa bank :

Inventories are valued according to the weighted average unit cost method.

Leases :

Standard :

A lease is an agreement by which the Lessor transfers to the Lessee for a specific period of time the right to use an asset in exchange for payment or a series of payments.

Distinction must be made between:

- A finance lease, which is a contract by which almost all the risks and benefits inherent in ownership of the asset are transferred to the lessee;
- An operating lease, which is any contract other than a finance lease.

Finance leases are financial instruments whose nominal value relates to the value of the property acquired/leased minus/plus fees paid/received and any other fees. The rate used in this case is the effective interest rate.

- The effective interest rate is the discount rate which is used to equate:
- The net present value of minimum payments to be received by the Lessor plus the non-guaranteed residual value; and

The property's entry value (equal to initial fair value plus initial direct costs).

Policies adopted by Attijariwafa bank :

No restatement is needed for operating leases for a specific period and which are automatically renewable.

Long-term rental contracts are considered as operating leases.

Leasing contracts are finance leases in which Attijariwafa bank is the Lessor. The Bank only accounts for its share of the contract in its financial statements.

At the beginning of the contract, rents relating to lease contracts for an indefinite period and leasing contracts are discounted using the effective interest rate. Their value relates to the initial financing amount.

Financial assets and liabilities :

Standard :

Loans and receivables

The amortised cost of a financial asset or liability relates to the value at which the instrument has been initially valued:

- Less any repayment of principal;
- Plus or minus accumulated amortisation calculated using the effective interest rate on any difference between the initial amount and the amount to be repaid at maturity;
- Less any reductions for impairment or irrecoverability.

This calculation must include all fees and amounts paid or received directly attributable to the loans, transaction costs and any discount or premium.

Provisions for loan impairment

A provision is booked when there is any indication of impairment to loans and receivables.

Provisions are determined on the basis of the difference between the loan's net carrying amount and its estimated recoverable amount.

Impairment is applied on an individual or collective basis.

Provision for impairment on an individual basis :

In the case of a loan in arrears, losses are determined on the basis of the net present value of future estimated flows, discounted using the loan's initial effective interest rate. Future flows include the value of guarantees received and recovery costs.

In the case of a loan which is not in arrears but for which indications of impairment are indicating forthcoming difficulties, the Group may use empirical tables of comparable losses to estimate and adjust future flows.

Provision for impairment on a collective basis :

If an individual loan impairment test does not produce any indications of impairment, then the loans are classified in groups with similar credit risk profiles before undergoing a collective impairment test.

Bonds and deposits

A deposit or bond classified under "Other financial liabilities" under IAS must be recorded in the balance sheet at its fair value plus or minus transaction costs and fees received. Deposits and bonds classified under "Other financial liabilities" under IAS must be recorded at subsequent year-ends at amortised cost by using the effective interest rate method (actuarial method).

Deposits classified under "Liabilities held for trading" under IAS must be recorded at subsequent year-ends at fair value. The deposit's fair value is calculated excluding accrued interest.

Policies adopted by Attijariwafa bank :

Loans and receivables

The Group's policy is to apply the amortised cost method to all loans maturing in more than one year as a function of their size. Loans maturing in less than one year are recorded at historical cost.

Provisions for loan impairment :

The criteria proposed by Bank Al Maghrib in Circular N°19/G/2002 form the basis of the Group's provisioning policy regarding impairment on an individual basis.

The basis for provisioning for impairment on a collective basis has been adapted as a function of each Group entity's activity and also relates to healthy loans.

Specific provisions :

Attijariwafa bank has developed statistical models, specific to each of the relevant entities, to calculate specific provisions based on:

- Historical data relating to recovery of non-performing loans;
- Information about non-recurring loans available to loan recovery units for relatively significant amounts;
- Guarantees and pledges held.

Collective provisions :

Attijariwafa bank has developed statistical models, specific to each relevant entity, to calculate collective provisions based on historical data relating to loan deterioration – healthy loans becoming non-performing loans.

Bonds

Bonds and deposits are classified under different categories including "Financial liabilities", "Trading liabilities" and "Liabilities accounted for under the fair value option".

Deposits

Sight deposits :

Attijariwafa bank applies IAS39 §49 to sight deposits. The fair value of a sight deposit cannot be lower than the amount due on demand. It is discounted from the first date on which the repayment may be demanded.

Interest-bearing deposits :

- Deposits bearing interest at market rates – the fair value is the nominal value unless transaction costs are significant.

A historical record of 10-year bond yields needs to be kept to be able to justify that the rates correspond to the original market rates.

- Deposits bearing interest at non-market rates – the fair value is the nominal value plus a discount.

Savings book deposits :

The rate applied is regulated for the vast majority of credit institutions.

Accordingly, no specific accounting treatment is required for savings book deposits.

Deposits must be classified under the "Other liabilities" category.

Securities :

Standard :

IAS 39 defines four asset categories applicable to securities:

- Trading securities (financial assets held at fair value through income);
- Available-for-sale financial assets;
- Held-to-maturity investments;
- Loans and receivables, (includes financial assets not quoted on an active market which are purchased directly from the issuer).

The securities are classified depending on the purpose for which they are held.

Trading securities – Financial assets held at fair value through income

According to IAS 39, financial assets or liabilities held at fair value through income are assets or liabilities acquired or generated by the company for the primary purpose of making a profit from short-term price fluctuations or from arbitrage activities.

Securities classified as financial assets held at fair value through income are recognised in the income statement. This category of security is not subject to impairment.

Available-for-sale financial assets

This category includes available-for-sale securities, investment securities and investments in non-consolidated affiliates and other long-term investments.

The standard stipulates that those assets and liabilities which do not satisfy the criteria for the three other asset categories are included in this category.

Changes in the fair value of available-for-sale securities (positive or negative) are recognised directly in equity (transferable equity).

The amortisation of any possible premium/discount of fixed income securities is recognised in the income statement using to effective interest rate method (actuarial method).

On any indication of significant and lasting impairment in the case of equity securities and the occurrence of credit risk for debt securities, the unrealised loss that was recognised in equity must be removed and recognised in the income statement.

On subsequent improvement, a write-back may be booked against the provision for impairment in the case of debt securities but not so for equity securities. In the latter case, a positive change in fair value is recognised in transferable equity and a negative change in equity.

Held-to-maturity investments

This category includes securities with fixed or determinable payments that the Group intends to keep until maturity.

Classifying securities in this category entails an obligation not to dispose of the securities before maturity. If an entity sells a held-to-maturity security before maturity, all of its other held-to-maturity investments must be reclassified as available-for-sale investments for the current and next two reporting years.

Held-to-maturity investments are measured at amortised cost with the premium/discount being amortised using the effective interest rate method (actuarial method).

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value. The estimated recoverable value is the net present value of future estimated flows, discounted using the loan's initial effective interest rate.

On subsequent improvement, a write-back may be booked against the provision for impairment.

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.

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

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.

Policies adopted by Attijariwafa bank :

Portfolio classification

Attijariwafa bank and other entities excluding insurance companies

The instruments held in portfolios are currently classified in the following categories :

Trading securities	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables
• Trading and dealing room portfolios, currently recognised as Trading securities	• Tradable Treasury bills classified under Available-for-sale securities; • Bonds and other debt securities; • Equity securities	• Not applicable	• CNCA bonds; • CIH bonds; • Socio-economic bills; • Non-tradable Treasury bills recorded in the ledgers of Bank Al Maghrib.

Insurance :

Standard :

Insurance contracts :

The main provisions for insurance contracts are summarised below:

- May continue to recognise these contracts in accordance with current accounting policies by making a distinction between three types of contract:
  - Pure insurance contracts;
  - Financial contracts comprising a discretionary participation feature;
  - And liabilities relating to other financial contracts, in accordance with IAS 39, which are recorded under "Amounts owing to customers".
- Requires that embedded derivatives, which do not benefit from exempt status under IFRS 4, are accounted for separately and recognised at fair value through income;
- Requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets;
- A reinsurance cession asset is amortised, by recognising this impairment through income, when and only when:
  - Tangible evidence exists, following the occurrence of an event after initial recognition of the asset in respect of reinsurance cessions, resulting in the cedant not receiving all its contractual cash flows;
  - This event has an impact, which may be accurately assessed, on the amount which the reinsurer is expected to receive from the primary insurer;
- Requires an insurer to keep insurance liabilities on its balance sheet until they are discharged, cancelled, or expire and prohibits offsetting insurance liabilities against related reinsurance assets;
- Requires that a new insurance liability is recorded in accordance with IFRS 4 "Shadow accounting" in respect of policyholders' deferred participation in profits which represents the portion of unrealised capital gains on financial assets to which policyholders are entitled.

Investment-linked insurance :

IAS 39 defines four categories of financial assets as a function of the purpose for which the asset is held:

- Loans and receivables, which are measured at amortised cost using the effective rate method;
- Financial assets at fair value through income;

Held-to-maturity investments, which are measured at amortised cost;

Available-for-sale financial assets, measured at fair value.

Policies adopted by Attijariwafa bank :

Insurance contracts :

A liability adequacy test has already been carried out by Wafa Assurance, which appointed an external firm of actuaries to assess its technical reserves.

The provision for fluctuations in claims relating to non-life insurance contracts is to be cancelled.

Due to its excessively conservative stance, Wafa Assurance is under no obligation to change its accounting policies in respect of insurance contracts. Accordingly, it is not obliged to cancel the provisioning surplus for both technical reserves and provisions for loan impairment.

Investment-linked insurance :

Wafa Assurance

The instruments held in portfolios are currently classified in the following categories:

Trading securities	Available-for-sale financial assets	Held-to-maturity investments	Loans and receivables
• Non-consolidated mutual funds (OPCVM)	• Shares and other equity securities (CDM, Attijariwafa bank, Maroc Télécom etc.); • Investments in SCIs (Panorama);	• Not applicable	• Commercial paper issued by financing companies and long-term investments; • Treasury bills and unquoted debt instruments.

Derivatives :

Standard :

A derivative is a financial instrument or another contract included in IAS 39's scope of application which meets the following three criteria:

- Its value changes in response to a change in a variable such as specified interest rate, the price of a financial instrument, a price, index or yield benchmark, a credit rating, a credit index or any other variable, provided that in the case of a non-financial variable, the variable must not be specific to any one party to the contract (sometimes known as «the underlying»);
- Requires no initial investment or one that is smaller than would be required for a contract having a similar reaction to changes in market conditions; and

Is settled at a future data.

A hedging instrument is a designated derivative or, in the case of a hedge for foreign exchange risk only, a non-derivative designated financial asset or liability. The latter's fair value or cash flows are intended to offset variations in the fair value or cash flows of the designated hedged item.

Policies adopted by Attijariwafa bank :

Attijariwafa bank does not currently use derivatives for hedging purposes and is not therefore subject to provisions applicable to hedge accounting.

All other transactions involving the use of derivatives are recognised as assets/liabilities at fair value through income.

Embedded derivatives :

Standard :

An embedded derivative is a feature within a financial contract whose purpose its to vary a part of the transaction's cash flows in a similar way to that of a stand-alone derivative.

IAS 39 defines a hybrid contract as a contract comprising a host contract and an embedded derivative.

IAS 39 requires that an embedded derivative is separated from its host contract and accounted for as a derivative when the following three conditions are met:

- The hybrid contract is not recognised at fair value;
- Separated from the host contract, the embedded derivative possesses the same characteristics as a derivative;
- The characteristics of the embedded derivative are not closely related to those of the host contract.

IAS 39 recommends that the host contract is valued at inception by taking the difference between the fair value of the hybrid contract (i.e. at cost) and the fair value of the embedded derivative.

Policies adopted by Attijariwafa bank :

If there is a material impact from measuring embedded derivatives at fair value, then they are recognised under "Trading". This was indeed the case for the conversion option embedded in the convertible bonds issued by Attijari bank Tunisie.

Fair value :

Market value is determined:

- Either from quoted market prices in an active market;
- Or by using a valuation technique based on mathematical models derived from recognised financial theories, which makes maximum use of market inputs.

➥ Instruments traded on active markets

Quoted market prices on active markets are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. Listed securities and derivatives such as futures and options, which are traded on organised markets, are valued in this way. The majority of over-the-counter derivatives, such as plain vanilla swaps and options, are traded on active markets. They are valued using widely-accepted models (discounted cash flow model, Black and Scholes model and interpolation techniques) and based on quoted market prices of similar or underlying instruments.

➥ Instruments traded on inactive markets

Instruments traded on an inactive market are valued using an internal model based on directly observable or deduced market data.

Certain financial instruments, although not traded on active markets, are valued using methods based on directly observable market data.

Observable market data may include yield curves, implied volatility ranges for options, default rates and loss assumptions obtained by market consensus or from active over-the-counter markets.

Unlisted shares

The value of unlisted shares is determined on the basis of the Group's share in the net assets of the company calculated using the latest available information.

Provisions :

Standard :

A provision must be booked when the company has a present obligation (legal or implicit) resulting from a past event.

Under IFRS, if the impact is material, it is compulsory to discount future estimated cash flows when the outflow of expected future economic benefits exceeds one year.

Except in the case of combinations, contingent liabilities are not provisioned. When the contingent liability or asset is material, it is compulsory to mention it in the notes to the financial statements.

Policies adopted by Attijariwafa bank

The Group has analysed all its general provisions and:

- How they are matched to inherent risks;
- Has reviewed how they are measured and booked under IAS/IFRS.

Employee benefits

Standard :

General principle

The entity must recognise not only the legal obligation resulting from the formal terms of its defined contribution plan but also any implicit obligation arising from its usage.

Types of employee benefit

Employee benefits are classified under five categories, depending on the nature and terms for paying contributions. Distinction is made between:

- Short-term benefits;
- Post-employment benefits:
  - Defined contribution plans;
  - Defined benefit plans;
- Long-term benefits;
  - Termination benefits;
  - Equity-based compensation benefits.

Post-employment benefits – defined contribution plans

- Actuarial differences – actuarial differences may result in an increase or reduction in the present value of an obligation in respect of defined benefits or the fair value of assets in a defined contribution plan;
- Corridor method – the entity must recognise a portion of its actuarial differences in income or expenses if accumulated actuarial differences at the end of the previous financial year exceed the higher of the following two values:
    - 10% of the present value of the obligation in respect of defined benefits at the year-end;
    - 10% of the fair value of plan assets at the year-end.
- Past service cost - the past service cost is generated when an entity adopts a defined benefit plan or changes the benefits provided under the existing plan;
- Curtailments and settlements – a curtailment occurs when an entity:
    - Can demonstrate a material commitment to reducing the number of beneficiaries in the plan;
    - Changes the terms of a defined contribution plan resulting in the cancellation or material reduction in future benefits for existing employees.

Settlement occurs when an entity enters into agreement which cancels all subsequent legal or implicit obligations for some or all benefits provided under a defined benefit plan.

Long-term benefits

Termination benefits

An entity may make an undertaking to make cash payments to its employees at the end of their respective contracts.

An entity will be demonstrably committed to termination, when and only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

Liability cover

The Group has two options for matching its liabilities;
- By booking an internal provision;
- By outsourcing its obligation to provide benefits by subscribing to an insurance contract.

Valuing defined benefit plans involves the use of actuarial techniques to accurately measure the value of accumulated employee benefits in return for services rendered during the current and previous financial years.
Actuarial assumptions are the best estimates made by the company to determine the final cost of post-employment benefits. These assumptions comprise:
- Demographic assumptions;
- Expected rate of return on plan assets;
- Discount rate/inflation rate;
- Salaries, employee benefits and medical expenses.

Policies adopted by Attijariwafa bank

Attijariwafa bank has opted for a defined contribution retirement benefits plan. Accordingly, no specific accounting treatment is required under IFRS.

In the case of post-employment medical cover, Attijariwafa bank does not have sufficient information to be able to account for its medical cover as a defined benefit plan.

The Group, on the other hand, has booked specific provisions for liabilities to employees including end-of-career bonuses and service awards (Ouissam Achougl).

Share-based payments

Share-based payments are payments based on shares issued by the Group. The payments are made either in the form of shares or in cash for amounts based on the value of the Group's shares.

Examples of share-based payments include stock options or employee share plans.

Attijariwafa bank's employees have been able to subscribe for shares in the Group through an employee share offering which will enable employees to purchase up to 3% of the company over the long-term. The aim is to develop an employee savings scheme and to build a benefits surplus.

Under the subscription terms, employees may subscribe for shares at a discount to the current market price over a specified period. The inaccessibility period is taken into consideration when expensing this benefit.

Deferred taxation :

Standard :

A deferred tax asset or liability is recognised each time that the recovery or payment of an asset or liability's carrying amount will result in an increase or reduction in future tax payments compared to what they would have been previously.

A company will most likely be able to offset a deductible temporary difference against taxable income:
- If it has sufficient taxable temporary differences within the remit of the same tax authority and in relation to the same entity;
- Tax management allows it the opportunity to generate taxable income in the related financial years. Deferred taxes may not be amortised under IFRS.

Policies adopted by Attijariwafa bank :

Assessing the probability of generating future taxable income :

Deferred tax assets are not recognised unless it is probable that future taxable income will be generated. This probability can be ascertained by the business projections of the companies in question.

Accounting for deferred tax liabilities in respect of temporary differences relating to intangible assets resulting from business combinations :

A deferred tax liability is recognised for goodwill relating to intangible assets resulting from business combinations even if these intangible assets have an indefinite life.

Accounting for deferred tax assets in respect of deductible temporary differences relating to consolidated investments in affiliates :

A deferred tax asset must be recognised in respect of deductible temporary differences relating to consolidated investments in affiliates when these temporary differences are likely to be resolved in the foreseeable future and when it is probable that taxable profit will be generated.

Possibility of revising Goodwill if a deferred tax asset is identified after the regularisation period allowed under IFRS :

A deferred tax asset, which is not identifiable at the time of acquisition but recognised subsequently, is recognised through consolidated income and Goodwill is restated retrospectively even after the regularisation period expires. The impact of this revision is also recognised through consolidated income.

Deferred taxes recognised initially in equity :

The impact of changes to tax rates and/or tax rules is recognised in equity.

Consolidated financial statements under IFRS at 31 December 2007

Consolidated IFRS
at 31 December 2007

(in MAD thousands)

BALANCE SHEET (under IFRS)	12/31/2007	12/31/2006
Cash and balances with central banks, the Treasury and post office accounts	16 792 773	15 589 251
Financial assets at fair value through income	17 464 753	19 589 892
Derivative hedging instruments	-	-
Available-for-sale financial assets	20 827 045	19 983 933
Loans and advances to credit institutions and similar establishments	21 716 978	21 500 260
Loans and advances to customers	119 047 103	91 596 981
Interest rate hedging reserve	-	-
Held-to-maturity investments	-	-
Current tax assets	240 450	176 740
Deferred tax assets	684 047	676 592
Other assets	6 156 876	5 050 355
Non-current assets held for sale	-	50 771
Investment property	87 971	89 535
Property, plant and equipment	755 572	794 983
Intangible assets	3 283 108	2 972 480
Goodwill	763 429	588 578
TOTAL ASSETS	4 090 987	3 889 964
TOTAL ASSETS (under IFRS)	**211 911 091**	**182 550 315**

LIABILITIES (under IFRS)	12/31/2007	12/31/2006
Amounts owing to central banks, the Treasury and post office accounts	18 138	239 662
Financial liabilities at fair value through income	2 471 285	2 620 461
Derivative hedging instruments	-	-
Amounts owing to credit institutions and similar establishments	12 496 059	10 184 853
Customer deposits	151 662 070	133 990 230
Debt securities issued	2 527 344	937 582
Interest rate hedging reserve	-	-
Current tax liabilities	645 772	512 840
Deferred tax liabilities	1 232 276	1 637 375
Other liabilities	6 317 045	4 400 022
Liabilities related to non-current assets held for sale	-	-
Insurance companies' technical reserves	11 788 733	10 331 015
General provisions	997 238	1 070 557
Subsidies, public funds and special guarantee funds	262 050	288 199
Tradable debt securities	3 337 234	404 365
Share capital and related reserves	7 366 523	7 366 523
Consolidated retained earnings	6 769 032	5 129 635
Group share	5 856 005	4 413 207
Minority interests	913 028	716 428
Unrealised deferred capital gains or losses	1 270 573	1 045 393
Net income for the financial year	2 749 718	2 391 602
Group share	2 454 409	2 267 433
Minority interests	295 308	124 170
TOTAL LIABILITIES	211 911 091	182 550 315

Shareholders' equity		
Group share	16 947 510	15 092 557
Minority interests	1 208 336	840 597
TOTAL	18 155 847	15 933 154

Management accounting statement (under IFRS)

au 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Interest and similar income	8 694 705	7 162 833
Interest and similar expenses	3 120 856	2 553 772
NET INTEREST MARGIN	**5 573 850**	**4 609 060**
Fees received	1 882 616	1 609 402
Fees paid	175 562	173 787
NET FEE INCOME	1 707 054	1 435 615
Net gains or losses on financial instruments at fair value through income	820 684	1 354 872
Net gains or losses on available-for-sale financial assets	328 315	197 186
INCOME FROM MARKET ACTIVITIES	**1 148 999**	**1 552 058**
Income from other activities	3 556 577	2 643 197
Expenses on other activities	3 193 415	2 824 638
NET BANKING INCOME	**8 793 065**	**7 415 292**
General operating expenses	3 885 326	3 190 671
Depreciation, amortisation and provisions	340 095	378 865
GROSS OPERATING INCOME	**4 567 643**	**3 845 756**
Cost of risk	-658 591	-2 506
OPERATING INCOME	**3 909 052**	**3 843 249**
Net income from companies accounted for under the equity method	-1 565	1 342
Net gains or losses on other assets	7 216	18 377
Changes in value of goodwill	-	-
PRE-TAX INCOME	**3 914 704**	**3 862 969**
Income tax	1 164 986	1 471 367
NET INCOME	**2 749 718**	**2 391 602**
Minority interests	295 308	124 170
NET INCOME GROUP SHARE	**2 454 409**	**2 267 433**
Earnings per share (in dirhams)	127,17	117,49
Dividend per share (in dirhams)	127,17	117,49

Statement of changes in shareholders' equity

au 31 December 2007

(in MAD thousands)

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolidated income (4)	Unrealised or deferred capital gains or losses (5)	Shareholders' equity Group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 December 2005		**1 929 960**	**5 436 564**	**-1 486 836**	**5 515 504**	**316 654**	**11 711 846**	**216 368**	**11 928 214**
Effect of changes to accounting policies							-		-
Shareholders' equity restated at 31 December 2005		**1 929 960**	**5 436 564**	**-1 486 836**	**5 515 504**	**316 654**	**11 711 846**	**216 368**	**11 928 214**
Transactions related to share capital					1 086 707		1 086 707	451 515	1 538 221
Share-based payments							-	-	-
Transactions related to Treasury stock				-10 400			-10 400	-	-10 400
Dividends					-643 664		-643 664	-41 255	-684 919
Net income for the financial year 2006					**2 267 433**		**2 267 433**	**124 170**	**2 391 602**
Plant, property and equipment and intangible assets - revaluations and disposals (A)	(A)						-		-
Financial instruments - changes in fair value and transfers through income (B)	(B)				-62 770	728 739	665 969	80 047	746 016
Translation differences - changes in fair value and transfer through income (C)	(C)				14 665		14 665	9 752	24 418
Unrealised or deferred capital gains or losses (A+B+C)	**(A)+(B)+(C)**	**-**	**-**	**-**	**-48 104**	**728 739**	**680 635**	**89 800**	**770 434**
Changes in scope of consolidation							-		-
Shareholders' equity at 31 December 2006		1 929 960	5 436 564	-1 497 235	8 177 875	1 045 393	15 092 557	840 597	15 933 154
Effect of changes to accounting policies							-		-
Shareholders' equity restated at 31 December 2006		1 929 960	5 436 564	-1 497 235	8 177 875	1 045 393	15 092 557	840 597	15 933 154
Transactions related to share capital					118 343		118 343	31 030	149 372
Share-based payments					-106 029		-106 029		-106 029
Transactions related to Treasury stock				-230 121	393 661		163 540		163 540
Dividends					-814 130		-814 130	-66 389	-880 519
Net income for the financial year 2007					2 454 409		2 454 409	295 308	2 749 718
Plant, property and equipment and intangible assets - revaluations and disposals (D)	(D)						-		-
Financial instruments - changes in fair value and transfers through income (E)	(E)				-211 520	225 180	13 660	66 329	79 989
Translation differences - changes in fair value and transfer through income (F)	(F)				27 382		27 382	-2 108	25 274
Unrealised or deferred capital gains or losses (D+E+F)	(D)+(E)+(F)	-	-	-	-184 138	225 180	41 042	64 221	105 263
Changes in scope of consolidation					-2 221	-	-2 221	43 568	41 347
Shareholders' equity at 31 December 2007		1 929 960	5 436 564	-1 727 356	10 037 770	1 270 573	16 947 510	1 208 336	18 155 847

Consolidated cash flow statement
At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Pre-tax income	**3 914 704**	**3 862 969**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	340 095	378 865
+/- Net impairment of goodwill and other fixed assets	-	-
+/- Net amortisation of financial assets	8 951	110 464
+/- Net provisions	754 352	230 740
+/- Net income from companies accounted for under the equity method	1 565	-1 342
+/- Net gain/loss from investment activities	-746 972	-1 179 996
+/- Net gain/loss from financing activities	-	-
+/- Other movements	41 564	31 399
Total non-cash items included in pre-tax income and other adjustments	**399 554**	**-429 871**
+/- Flows relating to transactions with credit institutions and similar establishments	959 833	-2 985 699
+/- Flows relating to transactions with customers	-9 710 709	6 384 701
+/- Flows relating to other transactions affecting financial assets or liabilities	4 066 800	-5 223 654
+/- Flows relating to other transactions affecting non-financial assets or liabilities+/-	-	-
+/- Taxes paid	69 223	-97 601
Net increase/decrease in operating assets and liabilities	**-4 614 852**	**-1 922 253**
Net cash flow from operating activities	**-300 595**	**1 510 845**
+/- Flows relating to financial assets and investments	-38 285	-325 110
+/- Flows relating to investment property	-35 334	18 314
+/- Flows relating to plant, property and equipment and intangible assets	-754 807	-260 161
Net cash flow from investment activities	**-828 427**	**-566 958**
+/- Cash flows from or to shareholders	-880 519	-684 919
+/- Other net cash flows from financing activities	4 404 896	-480 784
Net cash flow from financing activities	**3 524 377**	**-1 165 702**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-12 298**	**-212**
Cash and cash equivalents at the beginning of the period	**2 383 058**	**-222 026**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office	**19 538 995**	**19 761 021**
Inter-bank balances with credit institutions and similar establishments	15 349 588	12 475 906
Cash and cash equivalents at the end of the period	4 189 407	7 285 115
Net cash balance (assets and liabilities) with central banks, the Treasury and post office	**21 922 053**	**19 538 995**
Inter-bank balances with credit institutions and similar establishments	16 774 635	15 349 588
Net change in cash and cash equivalents	5 147 418	4 189 407
Variation de la trésorerie nette	2 383 058	-222 026

Tables relating to notes to the financial statements at 31 December 2007

Financial assets at fair value through income
At 31 December 2007

(in MAD thousands)

	Actifs financiers détenus à des fins de transaction	Actifs financiers à la JV par résultat sur option
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	-	81
Treasury notes and similar securities	45 332	-
Bonds and other fixed income securities	**5 278 260**	**-**
• Listed securities	1 288 466	-
• Unlisted securities	3 989 794	-
Shares and other equity securities	**8 434 893**	**-**
• Listed securities	8 333 402	-
• Unlisted securities	101 491	-
Derivative instruments	**3 599 221**	-
Related loans	**106 967**	-
Fair value on the balance sheet	17 464 673	81

Available-for-sale financial assets

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Securities valued at fair value		
Treasury notes and similar securities	11 505 051	10 354 803
Bonds and other fixed income securities	2 891 981	3 393 036
Listed securities	173 805	-
Unlisted securities	2 718 175	3 393 036
Shares and other equity securities	2 291 011	3 461 175
Listed securities	2 162 470	3 429 007
Unlisted securities	128 540	32 177
Securities in non-consolidated affiliates	4 139 003	2 774 919
Total available-for-sale securities	**20 827 045**	**19 983 933**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 6,411 million at 31 December 2007 against MAD 5,386million at 31 December 2006.

Listed securities totalled MAD 1,689million in 2007 against MAD 2,750million in 2006 whilst unlisted securities totalled MAD 880million in 2007 against MAD 307million in 2006.

Loans and advances to credit institutions

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Credit institutions		
Accounts and loans	19 474 770	19 007 277
Securities received under repo agreements	34 612	-
Subordinated loans	-	-
Other loans and advances	1 959 879	2 312 036
Total principal	**21 469 261**	**21 319 313**
Related loans	247 717	180 948
Provisions	-	-
Net value	**21 716 978**	**21 500 260**
Internal operations		
Current accounts	1 868 189	564 816
Accounts and long-term advances	15 036 741	11 407 921
Subordinated loans	447 128	-
Related loans	21 443	-

Loans and advances to credit institutions by geographical area

At 31 December 2007

(in MAD thousands)

Breakdown of loans and advances to credit institutions by geographical area

	12/31/2007	12/31/2006
Morocco	16 148 543	12 841 117
Tunisia	220 927	209 347
Senegal	197 770	20 492
Europe	980 067	3 579 571
Others	3 921 953	4 668 785
Total principal	**21 469 261**	**21 319 313**
Related loans	247 717	180 948
Provisions		
Net loans on the balance sheet	21 716 978	21 500 260

Loans and advances to customers

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Transactions with customers		
Commercial loans	27 030 144	24 645 467
Other loans and advances to customers	70 097 354	52 178 700
Securities received under repo agreements	1 204 703	1 398 908
Current accounts in debit	18 175 260	13 576 993
Total principal	**116 507 462**	**91 800 068**
Related loans	880 043	797 809
Provisions	6 211 278	6 977 711
Net value	**111 176 227**	**85 620 165**
Leasing activities		
Property leasing	954 294	607 868
Leasing of movable property, long-term rental and similar activities	7 281 496	5 725 906
Total principal	**8 235 790**	**6 333 774**
Related loans	10 454	10 623
Provisions	375 367	367 582
Net value	**7 870 876**	**5 976 816**
Total	**119 047 103**	**91 596 981**

Loans and advances to customers by geographical area

At 31 December 2007

(in MAD thousands)

	12/31/2007				12/31/2006			
	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions
Morocco	99 901 056	5 786 620	4 808 525	253 148	76 731 323	6 195 723	5 298 552	264 371
Tunisia	10 219 046	2 091 499	1 322 069	60 903	7 942 326	3 245 966	1 763 348	14 096
Senegal	1 318 075	240 899	133 991	0	19 232	0	0	0
Europe	1 240 038	8 747	8 009	0	930 551	5 909	4 926	0
Others	3 906 370	30 900	0	0	3 051 484	11 328	0	0
Total principal	**116 584 586**	**8 158 665**	**6 272 594**	**314 052**	**88 674 917**	**9 458 926**	**7 066 826**	**278 467**
Related loans	890 497				808 432			
Provisions								
Net loans on the balance sheet	**117 475 083**	**8 158 665**	**6 272 594**	**314 052**	**89 483 348**	**9 458 926**	**7 066 826**	**278 467**

General provisions

At 31 December 2007

(in MAD thousands)

	Stock at 12/31/2006	Changes in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Collective provisions
Provisions for risks in executing signature loans	251 608	152	44 352	-	63 417	-1 751	230 944
Provisions for social benefit liabilities	231 517	1 929	409	-	28 592	-1 167	204 096
Provisions for litigation and liability guarantees	150 663	-	100 336	-	13 248	-24 330	213 421
Provisions for tax risks	242 000	-	-	214 650	27 350	-	-
Provisions for taxes	-	-	-	-	-	-	-
Other provisions	194 769	15 166	206 131	-	18 286	-49 003	348 777
Provisions pour risques et charges	**1 070 557**	**17 247**	**351 228**	**214 650**	**150 894**	**-76 251**	**997 238**

Sector information

Attijariwafa bank's sector information is structured around the following business activities:

- **Domestic banking, Europe and Offshore** comprising Attijariwafa bank SA, Attijariwafa bank Europe, Attijari International bank and holding companies incorporating the Group's investments in consolidated subsidiaries;
- **Specialised financial companies** comprising Moroccan subsidiaries involved in consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International retail banking** activities comprising Attijari bank Tunisie and Attijari bank Sénégal;
- **Insurance and property** comprising Wafa Assurance, amongst others.

Information by business activity

At 31 December 2007

(in MAD thousands)

BALANCE SHEET 2007	Domestic banking, Europe and Offshore	Specialised financing companies	Insurance and property	International retail banking	TOTAL
Total net assets	**158 887 896**	**18 342 868**	**15 990 025**	**18 690 302**	**211 911 091**
of which					
Assets					
Financial assets at fair value through income	11 111 019		6 262 808	90 927	**17 464 753**
Available-for-sale financial assets	12 238 021	2 276	6 318 072	2 268 675	**20 827 045**
Loans and advances to credit institutions and similar establishments	20 235 335	565 867	-21 563	937 339	**21 716 978**
Loans and advances to customers	91 019 293	14 913 700	637 255	12 476 855	**119 047 103**
Property, plant and equipment	2 377 885	461 741	30 993	412 489	**3 283 108**
Liabilities					
Amounts owing to credit institutions and similar establishments	6 826 125	4 699 004	21 056	949 873	**12 496 059**
Customer deposits	137 102 423	292 950	676	14 266 021	**151 662 070**
Technical reserves for insurance contracts			11 788 733		**11 788 733**
Subordinated debt	3 070 622	202 919		63 693	**3 337 234**
Shareholders' equity	**13 871 154**	**992 929**	**3 080 073**	**211 691**	**18 155 847**

INCOME STATEMENT 2007	Domestic banking, Europe and Offshore	Specialised financing companies	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	3 994 221	938 292	150 427	490 909		**5 573 850**
Net fee income	1 314 884	302 774	-26 357	295 644	-179 891	**1 707 054**
Net banking income	5 774 905	1 444 699	758 305	844 398	-29 244	**8 793 065**
Operating expenses	2 648 797	525 733	246 572	493 469	-29 244	**3 885 326**
Operating income	2 590 743	734 551	481 938	101 820		**3 909 052**
Net income	1 728 695	439 594	474 920	106 508		**2 749 718**
Net income Group share	1 686 710	335 432	376 264	56 004		**2 454 409**

Plant, property and equipment and intangible assets

At 31 December 2007

(in MAD thousands)

	2007			2006		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 180 170	548 025	1 632 146	2 369 622	603 979	1 765 642
Movable property and equipment	2 112 929	1 429 814	683 115	1 920 407	1 439 422	480 985
Leased movable property	389 571	57 754	331 817	292 709	56 206	236 503
Other property, plant and equipment	1 136 904	500 873	636 030	850 229	360 879	489 350
Total property, plant and equipment	**5 819 573**	**2 536 466**	**3 283 108**	**5 432 966**	**2 460 486**	**2 972 480**
IT software acquired	462 451	133 787	328 664	594 548	116 351	478 198
IT software developed in-house	-	-	-	-	-	-
Other intangible assets	731 304	296 540	434 764	403 097	292 716	110 381
Total intangible assets	**1 193 755**	**430 327**	**763 429**	**997 645**	**409 067**	**588 578**

Financial liabilities at fair value through income

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Securities pledged under repo agreements	7 728	830 236
Derivative instruments	2 463 557	1 790 225
Fair value on the balance sheet	**2 471 285**	**2 620 461**

Amounts owing to credit institutions

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Credit institutions		
Accounts and borrowings	9 023 375	9 917 677
Securities pledged under repo agreements	3 185 916	99 940
Total principal	12 209 291	10 017 617
Related debt	286 768	167 237
Value on the balance sheet	12 496 059	10 184 853
Internal operations		
Current accounts in credit	985 145	1 192 521
Accounts and long-term advances	16 319 184	12 155 819
Related debt	-	5 185

Amounts owing to customers

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Current accounts in credit	100 523 137	82 376 784
Savings accounts	39 127 913	43 055 504
Other amounts owing to customers	6 161 054	4 708 901
Securities pledged under repo agreements	5 366 534	3 380 100
Total principal	**151 178 637**	**133 521 289**
Related debt	483 433	468 942
Value on the balance sheet	**151 662 070**	**133 990 230**

Breakdown of amounts owing to customers

At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Morocco	106 015 142	94 821 652
Tunisia	11 886 659	11 262 322
Senegal	1 735 805	29 873
Europe	1 210 965	836 158
Others	30 330 065	26 571 283
Total principal	**151 178 637**	**133 521 288**
Related debt	483 433	468 942
Value on the balance sheet	**151 662 070**	**133 990 230**

Net fee income
At 31 December 2007

(in MAD thousands)

	Income	Expenses	Net
Net fees on transactions	**868 039**	**90 847**	**777 192**
with credit institutions	11 306	35 879	-24 573
with customers	400 269	-	400 269
on securities	225 821	11 027	214 794
on foreign exchange	13 549	0	13 549
on forward financial instruments and other off-balance sheet transactions	217 094	43 941	173 153
Banking and financial services	**1 014 577**	**84 715**	**929 862**
Net income from mutual fund management (OPCVM)	288 609	16 007	272 602
Net income from payment services	532 836	66 444	466 392
Insurance products	53 971	-	53 971
Other services	139 161	2 264	136 897
Net fee income	**1 882 616**	**175 562**	**1 707 054**

Net interest margin
At 31 December 2007

(in MAD thousands)

	12/31/2007			12/31/2006		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Transactions with customers	**6 822 577**	**2 112 788**	**4 709 789**	**5 519 297**	**1 767 170**	**3 752 128**
Accounts and loans/borrowings	6 165 598	1 984 192	4 181 406	4 999 321	1 700 877	3 298 444
Repurchase agreements	20 274	105 723	-85 449	5 701	18 690	-12 989
Leasing activities	636 705	22 873	613 832	514 275	47 603	466 672
Inter-bank transactions	**1 016 389**	**691 834**	**324 555**	**793 753**	**580 557**	**213 196**
Accounts and loans/borrowings	1 009 974	685 223	324 751	790 430	580 557	209 873
Repurchase agreements	**6 415**	**6 610**	**-196**	**3 323**		**3 323**
Debt issued by the Group		**316 234**	**-316 234**		**206 046**	**-206 046**
Available-for-sale assets	**855 740**		**855 740**	**849 783**		**849 783**
Held-to-maturity assets						
Total net interest income	**8 694 705**	**3 120 856**	**5 573 850**	**7 162 833**	**2 553 772**	**4 609 060**

Cost of risk
At 31 December 2007

(in MAD thousands)

	12/31/2007	12/31/2006
Additional provisions	**-856 955**	**-85 147**
Provisions for loan impairment	-506 137	-57 872
Provision for impairment of held-to-maturity securities (excluding interest rate risk)		
Provisions for signature loans	-44 352	
Other general provisions	-306 467	-27 275
Provision write-backs	**1 590 364**	**546 702**
Provision write-backs for loan impairment	1 253 413	500 203
Provision write-backs for impairment of held-to-maturity securities (excluding interest rate risk)		
Provisions write-backs for signature loans	63 417	7 293
Provision write-backs for other general provisions	273 534	39 205
Change in provisions	**-1 392 000**	**-464 061**
Losses from counterparty risk on available-for-sale financial assets (fixed income securities)		
Losses from counterparty risk on held-to-maturity assets		
Losses on non-provisioned irrecoverable loans and advances	-118 147	-113 295
Losses on provisioned irrecoverable loans and advances	-1 202 752	-453 594
Discount on restructured loans		
Amounts recovered on impaired loans and advances	143 548	102 828
Losses on signature loans		
Other losses	-214 650	
Cost of risk	**-658 591**	**-2 506**

ADDITIONAL INFORMATION

Business combinations

Acquisition of Banque Sénégalo-tunisienne

1. In 2007, Attijariwafa bank acquired a 66.67% stake in Banque Sénégalo-Tunisienne (BST) for MAD258million.

The full consolidation of BST resulted in goodwill, provisionally estimated at MAD182million, being recognised on the balance sheet.

2. In the second half of 2007, BST was merged with Attijariwafa bank Sénégal, both companies being controlled by Attijariwafa bank. The purpose was to bring together the entire banking activities of both banks aimed at offering customers a more extensive branch network under a single brand and adopting identical banking practice.

On completing the transaction, Attijariwafa bank holds a 71.3% stake in the new consolidated entity named Attijari bank Sénégal, which has also been fully consolidated. Its contribution to consolidated income Group share was MAD23million.

Subordinated debt issued in 2007

On 14 February 2007, Attijariwafa bank received the authorisation of the CDVM to issue two subordinated bonds totalling MAD2billion, reserved for institutional investors. For each issue, 10,000 bonds were issued, each with a nominal value of MAD100,000 and a maturity of 7 years. Nominal interest for both issues was set at 3.85% i.e. a risk premium of 60 basis points.

On 12 November 2007, Attijariwafa bank issued two subordinated bonds totalling MAD1billion. One bond (MAD800million) was listed on the Casablanca Stock Exchange and the other (MAD200million) was unlisted. The bond has the following characteristics – maturity 10 years, nominal rate 5.1%, risk premium 80 basis points.

Share capital and earnings per share

Number of shares and nominal value

At 31 December 2007, Attijariwafa bank's share capital was composed of 19,299,596 shares, each with a nominal value of MAD100.

Attijariwafa bank shares held by the Group

At 31 December 2007, Attijariwafa bank Group held 1,455,702 Attijariwafa bank shares totalling MAD1,727,356K, deducted from shareholders' equity.

Earnings per share

The Bank does not have any instruments with a dilutive impact on earnings. Accordingly, diluted EPS (earnings per share) was the same as basic EPS (earnings per share).

	12/31/2007	12/31/2006
Basic EPS	127,17	117,49
Diluted EPS	127,17	117,49

Regulatory capital requirements

Attijariwafa bank is subject to prudential regulations stipulated by Bank Al Maghrib (Morocco's central bank) such as the solvency ratio and the separation of risks.

The Group's solvency ratio, in accordance with Circular N°25/G/2006, is expressed as the ratio of total prudential equity to risk-weighted risk liabilities (credit, market and operational risks).

Prudential equity is determined in accordance with Circular N°25/G/2006. It is divided into three categories – Tier 1, Tier 2 and Tier 3 capital, from which a certain number of deductions are made.

Staff benefits

Post-employment benefits provided by the Group vary depending on legal obligations and local practice.

The Group's employees benefit from short-term benefits (paid holidays, sick leaves), long-term benefits (Ouissam Achougl service awards, pilgrimage bonuses) and post-employment defined benefit or defined contribution benefits (end-of-service payments, Group retirement plans, health cover).

Short-term benefits are recognised in income in the period in which they are incurred by the different entities of the Group providing such benefits.

Post-employment defined contribution plans

These plans are characterised by periodic payment of contributions to external organisations responsible for administering the plans. These plans discharge the employer from any subsequent obligation since the organisation assumes responsibility for paying the employee the amounts due (CNSS, CIMR). The Group's contributions are charged to income in the period in which they are incurred.

Post-employment defined benefit plans

These plans are characterised by an obligation on the part of the employer to employees and future employees. Provisions are required if they are not entirely pre-financed.

The net present value of the liability is calculated using the projected unit credit method which makes actuarial assumptions about future salaries, the retirement age, life tables, staff turnover as well as the discount rate.

Revisions to these actuarial assumptions or the difference between the assumptions and reality will result in actuarial differences which are recognised in income in the period in which they are incurred in accordance with the accounting policies applied by the Group.

End-of-career bonuses

These plans are characterised by one-off payments calculated on the basis of an employee's length of service and salary on retirement.

Those employees who have worked for the company for at least 20 years qualify on retirement. The number of years of service gives entitlement to a number of months of salary. End-of-career bonuses are calculated on the basis of the following:

- Number of months of salary acquired by the employee depending on length of service;
- Gross monthly salary;
- Probability of being alive at retirement age;
- Probability of being employed by the company at retirement age;
- Discount factor in respect of "n" where "n" is the number of years to retirement and taking into account future salary growth rates.

Ouissam Achoughl service award

The award may be earned several times during an employee's career, such as on reaching 15, 20, 25, 30, 35 or 40 years of service. The number of years of service gives entitlement to a number of months of salary. For example, the 15-year Ouissam Achougl service award is calculated on the basis of the following:

- Number of months of salary acquired by the employee is based on 15 years of service;
- Gross monthly salary;
- Probability of being alive after 15 years of service;
- Probability of being employed by the company;
- Discount factor in respect of "n" where "n" is the number of years to retirement and taking into account future salary growth rates.

Assumptions for calculation :

	31/12/2005	12/31/2006	12/31/2007
Beginning of period	1 janv. 05	1 janv. 06	1 janv. 07
End of period	31 déc. 05	31 déc. 06	31 déc. 05
Discount rate	3,25%	2,61%	4,21%
Salary growth rate	4,00%	4,00%	4,00%
Expected rate of return on plan assets	NA	NA	NA
Average residual life expectancy of activity	4,64	4,55	4,55

The results of the calculation are as follows :

Change in actuarial debt	12/31/2007	12/31/2006
Actuarial debt Y-1	**231 518**	**198 962**
Cost of services rendered over the period	- 8 267	14 928
Impact from discounting	- 27 750	11 972
Employee contributions	-	-
Plan amendments/curtailments/settlements	-	-
Acquisition/disposal (change to scope of consolidation)	1 743	-
Payment on cessation of activity	-	-
Contributions paid (compulsory)	-	-
Interest on discounting	6 852	5 655
Actuarial debt Y	**204 096**	**231 518**

Charge comptabilisée	12/31/2007	12/31/2006
Expense recognised	**7 286**	**-17 859**
Cost of services rendered over the period	27 750	-11 972
Expected return on assets over the period		
Amortisation of past service cost		
Amortisation of actuarial gains/losses		
Gains/losses on curtailments and settlements		
Gains/losses on surplus limitations	- 6 852	- 5 655
Net expense charged to income	**28 183**	**-35 486**

Share-based payments

Attijariwafa bank's Annual General Meeting on 24 May 2007 ratified the Board of Directors' decision to offer employees a share in the Group's equity. The same Annual General Meeting delegated all powers to the Board of Directors to set the terms and conditions for the share offering and to execute it.

Accordingly, the Board of Directors, at its meeting of 25 September 2007, approved, in principle, a share offering for employees of Attijariwafa bank Group and set out the terms and conditions.

This offering is part of a broader initiative of selling stock to employees of the Group aimed at creating a savings plan which is likely to result in 3% of the Bank being owned by employees over the next 5-10 years. This will be achieved by a series of share offerings every year or every other year depending on circumstances.

The present offering was executed with the Bank acquiring 289,494 Attijariwafa bank shares representing 1.5% of the equity on the Block-trade market.

The transaction was valued at MAD540,388,800. Attijariwafa bank shares were offered at MAD1800 per share to subscribers to Formule Classique and at MAD2000 to subscribers to Formule Plus.

This share offering has a 5-year "lock-up", beginning on the date of the offering, which prohibits any share sale during the 5-year period. Early disposal is possible after two years for shares subscribed under Formule Classique.

Expenses related to this offering totalled MAD197million in 2007.

The remaining appendices are available on the Bank's website: www.attijariwafabank.com.

Scope of consolidation

Company name	Sector of activity	(A)	(B)	(C)	(D)	Country	Method	Share of control (%)	Share of equity held (%)
Attijariwafa bank	Banking					Morocco	Top		
Attijariwafa Europe	Banking					France	IG	100,00%	100,00%
Attijari International Bank	Banking					Morocco	IG	50,00%	50,00%
Attijari bank Sénégal	Banking			(1)	(6)	Senegal	IG	71,43%	71,43%
Attijari bank Tunisie	Banking					Tunisia	IG	54,56%	45,66%
Wafasalaf	Consumer finance					Morocco	IG	65,94%	65,94%
Wafabail	Leasing					Morocco	IG	97,83%	97,83%
Wafa Immobilier	Property					Morocco	IG	100,00%	100,00%
Attijari Immobilier	Property					Morocco	IG	100,00%	100,00%
Attijari Factoring Maroc	Factoring					Morocco	IG	75,00%	75,00%
Wafa Cash	Cash activities					Morocco	IG	98,46%	98,46%
Wafa LLD	Long-term rental					Morocco	IG	100,00%	100,00%
Attijari Finances Corp.	Investment banking					Morocco	IG	100,00%	100,00%
Wafa Gestion	Asset management					Morocco	IG	66,00%	66,00%
Attijari Intermédiation	Financial company					Morocco	IG	100,00%	100,00%
Finanziaria SpA	Insurance		(2)			Italy	IG	100,00%	100,00%
FCP Sécurité	Specialist mutual fund (OPCVM)					Morocco	IG	79,23%	79,23%
FCP Optimisation	Specialist mutual fund (OPCVM)					Morocco	IG	79,23%	79,23%
FCP Stratégie	Specialist mutual fund (OPCVM)					Morocco	IG	79,23%	79,23%
FCP Expansion	Specialist mutual fund (OPCVM)					Morocco	IG	79,23%	79,23%
FCP Fructi Valeurs	Specialist mutual fund (OPCVM)					Morocco	IG	79,23%	79,23%
BCM Corporation	Holding company					Morocco	IG	79,23%	79,23%
Wafa Corp	Holding company					Morocco	IG	100,00%	100,00%
OGM	Holding company					Morocco	IG	100,00%	100,00%
Andalumaghreb	Holding company					Spain	IG	100,00%	100,00%
Moussafir Hotels	Hotel management					Morocco	IG	83,70%	83,70%
Sud Sicar	Risk Capital					Tunisia	MEE	33,34%	33,34%
Panorama	Property					Morocco	IG	30,70%	30,70%
PANORAMA	Société immobilière					Maroc	IG	79,23%	79,23%

A) Movements occurring during the first half 2006)
B) Movements occurring during the second half 2006)
C) Movements occurring during the first half 2007)
D) Movements occurring during the second half 2007)

1. Acquisition	7. Change of method - proportional consolidation to full consolidation (FC)
2. Creation, breach of threshold	8. Change of method - proportional consolidation to equity method (EM)
3. Entry into scope of consolidation under IFRS	9. Change of method - equity method (EM) to full consolidation (FC)
4. Disposal	10. Change of method - full consolidation (FC) to equity method (EM)
5. Deconsolidation	11. Change of method - equity method (EM) to proportional consolidation
6. Merger between consolidated entities	12. Change of method - reconsolidation

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Wafasalaf

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