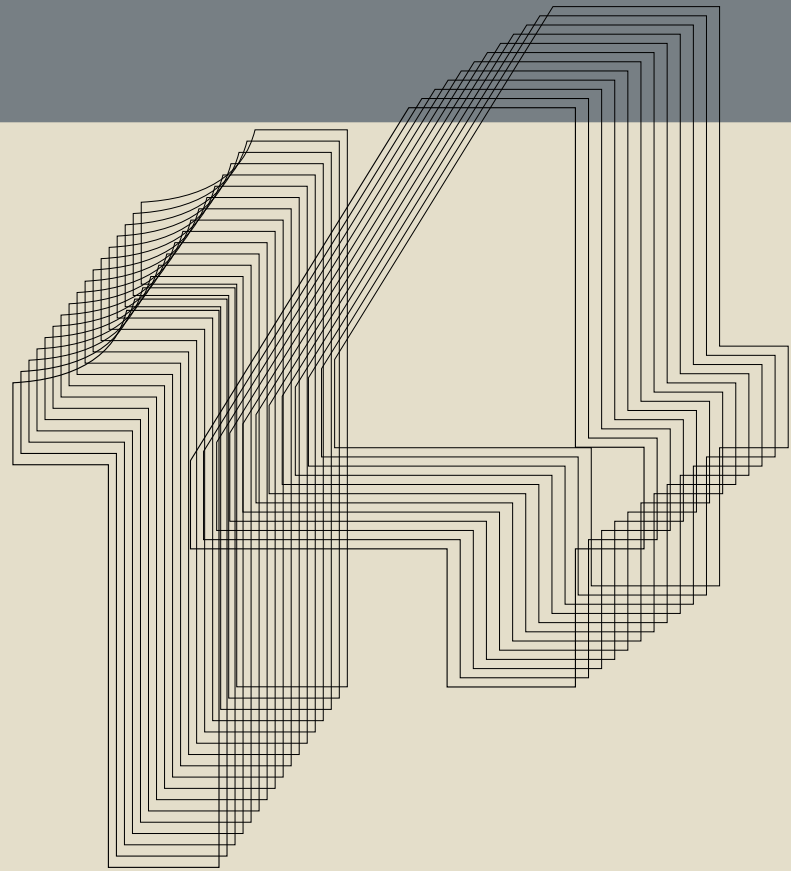


التجاري وفا بنك  
Attijariwafa bank

# Pillar III - Basel III

as of 31 December

14



## Pillar III : Quantitative and qualitative information

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

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

### 1. Management of capital and capital adequacy

#### 1-1 Composition of regulatory capital

In June 2014, Bank Al-Maghrib's prudential regulations for the adoption of Basel III entered into force. Consequently, Attijariwafa bank Group is required to comply with, on both an individual and a consolidated basis, a core-capital ratio of no less than 5.5%, a Tier 1<sup>1</sup> capital ratio of no less than 6.5%, and a Tier 1 and Tier 2<sup>2</sup> capital ratio of no less than 9.5%. In addition to these requirements there is a capital conservation buffer (on the basis of core capital) equal to 2.5% of risk-weighted assets. When the capital conservation buffer is included, the minimum limits are 8% for Core Equity Tier 1 (CET1), 9% for the Tier 1 capital ratio, and 12% for the total.

At the end of December 2014, in accordance with circular 14/G/2013, the regulatory capital of Attijariwafa bank Group comprised both Tier 1 and Tier 2 capital.

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

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

(in MAD thousands)

	12/31/2014	06/30/2014
<b>Tier 1 capital</b>	<b>30 751 383</b>	<b>29 895 798</b>
Items to be included in core capital	38 668 752	37 355 485
Share capital	2 035 272	2 035 272
Reserves	30 614 460	30 828 007
Retained earnings	2 714 459	1 453 703
Minority interests	3 304 561	3 437 483

Ineligible core capital	-362 712	-398 981
<b>Items to be deducted from core capital</b>	<b>-7 554 657</b>	<b>-7 459 687</b>
<b>Core Equity Tier 1 (CET1)</b>	<b>30 751 383</b>	<b>29 895 798</b>
<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>7 287 511</b>	<b>7 287 511</b>
Subordinated debt with maturity of at least five years	7 520 000	6 960 340
Unrealized gains from marketable securities	297 636	243 880
Other items	148 239	143 291
<b>Ineligible Tier 2 capital</b>	<b>-48 500</b>	<b>-60 000</b>
<b>Total regulatory capital</b>	<b>38 668 758</b>	<b>37 183 308</b>

At December 31, 2014, Group core capital amounted to MAD **30,751,383** thousand. Group Tier 2 capital amounted to MAD **7,287,511** thousand. Total capital amounted to MAD **38,668,758** thousand, 4.0% more than in June 2014.

#### 1-2 Internal Capital Adequacy Assessment Process (ICAAP)<sup>4</sup>

In the framework of Pillar III, Attijariwafa bank has implemented a forecasting process for monitoring and measuring capital adequacy, in order to ensure that its capital provides permanent protection against risk exposure, in compliance with regulations set out by the regulatory authority.

#### 1-3 Capital requirements

At December 31, 2014, Attijariwafa bank Group's total risk-weighted assets with regard to Pillar I, in compliance with circular 26/G/2006 (standards for calculating capital requirements for credit and market risk, using the standardized approach), amounted to MAD **306,089,175** thousand. Risk-weighted assets are calculated by means of the standardized approach for credit, counterparty, and market risks, and by means of the basic indicator approach for operational risk.

(in MAD thousands)

	12/31/2014	06/30/2014
<b>Credit and counterparty risk</b>	<b>268 116 113</b>	<b>265 023 075</b>
Credit risk <sup>5</sup>	267 312 600	263 946 100
Counterparty risk	803 513	1 076 988
<b>Market risk</b>	<b>6 263 713</b>	<b>8 962 775</b>
<b>Operational risk</b>	<b>31 709 363</b>	<b>30 622 463</b>
<b>Total</b>	<b>306 089 175</b>	<b>304 608 313</b>

Pillar I		
	Risk covered	Method for measurement and management
Credit and counterparty risk	√	Standardized approach
Market risk	√	Standardized approach
Operational risk	√	Basic indicator approach (BIA)

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

2- Tier 2 capital is composed mainly of instruments whose initial maturity is no less than five years, of unrealized capital gains from investments, and of general risk provisions (Article 24 of directive 14/G/2013).

3- Held investments of more than 10% whose historic value is less than 10% of Group capital are weighted at 250%.

4- Internal Capital Adequacy Assessment Process.

5- Including credit risk for other assets (fixed assets, various other assets, and equity holdings).

### 1-4 Capital adequacy ratio

At December 31, 2014, the Group's Core Equity Tier 1 capital ratio (CET1) amounted to 10.05% and its capital adequacy ratio stood at 12.63%.

(in MAD thousands)

	12/31/2014	06/30/2014
Core capital	30 751 383	29 895 798
Total capital	38 668 758	37 183 308
Risk-weighted assets	306 089 174	304 608 310
<b>Core Equity Tier 1 ratio (CET1)</b>	<b>10.05%</b>	<b>9.81%</b>
<b>Capital adequacy ratio</b>	<b>12.63%</b>	<b>12.21%</b>

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

### 2-1 Valuation methods for trading-book securities and options

Securities for equities, currencies, and commodities (both regulated and OTC) are valued at market price.

Currency options are valued by means of the Garman-Kohlhagen model<sup>6</sup>.

### 2-2 Net counterparty risk on derivative products

The equivalent weighted credit risk for derivative products at December 31, 2014, amounted to MAD **803,010** thousand. This risk breaks down as follows:

(in MAD thousands)

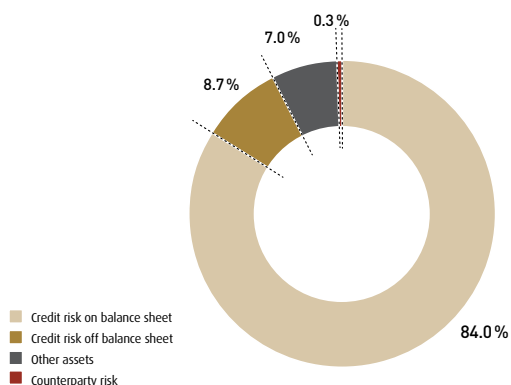
Exposure	Equivalent credit risk
Credit establishments and equivalent	222 758
Customers	580 252
<b>Total</b>	<b>803 010</b>

### 2-3 Impact of downgrade of external credit ratings on the amount of collateral to be provided

In compliance with circular 26/G/2006, Attijariwafa bank opted to apply a weighting of 100% to all corporate claims, regardless of external ratings.

### 2-4 Counterparty risk

Counterparty risk represents 0.3% of total credit risk and concerns temporary sales and derivatives in the banking and trading books.



6- Currency-pricing formula derived from the Black-Scholes model.

### 2-5 Counterparty risk: exposure covered by collateral

Total financial guarantees against exposure to counterparty risk amount to MAD 3,422,129 thousand. Collateral covers mainly repurchase agreements and reverse-repo agreements.

(in MAD thousands)

Net exposure	Exposure covered by collateral
<b>15 258 227</b>	<b>3 422 129</b>

### 2-6 Guarantees

(in MAD thousands)

	Exposure covered by guarantees
Sovereigns	828 592
Institutions	16 896 914
Customers	9 779 892
Credit establishments and equivalents in Morocco and abroad	545 620
<b>Total</b>	<b>28 051 018</b>

### 2-7 Credit-risk concentration and credit-risk-mitigation (CRM) techniques

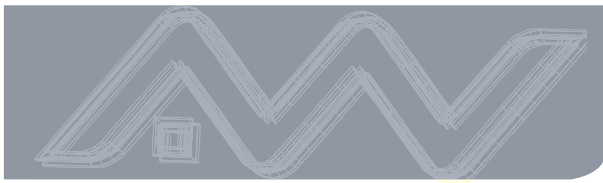
The guarantees and collateral presented in the following table include only those guarantees and collateral eligible under the standardized approach in compliance with circular 26/G/2006.

(in MAD thousands)

	Net exposure before CRM and weighting	Exposure covered by guarantees	Exposure covered by collateral
Sovereigns	41 435 573	828 592	160 155
Institutions	17 452 633	16 896 914	0
Credit establishments and equivalent	28 092 128	545 620	3 444 664
Large enterprises	214 687 679	9 761 786	2 454 358
Small and medium-sized enterprises	30 164 449	16 559	0
Very small enterprises	1 986 552	1 299	974
Retail customers	77 214 299	247	47 535 404
<b>Total</b>	<b>411 033 313</b>	<b>28 051 018</b>	<b>53 595 555</b>

## 3. Individual information for each significant subsidiary

The following table provides information on the solvency of Group subsidiaries.



#### Attijariwafa bank

(in MAD thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Attijariwafa bank	Bank Al Maghrib	12%	26 792 620	209 137 031	12.81%

#### Attijariwafa bank Europe

(in euros)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Attijariwafa bank Europe	ACPR	13%	40 253 077	265 574 737	15.15%

ACPR: Autorité de Contrôle Prudentiel et de Résolution [The French Prudential Supervisory Authority]

#### Attijari bank Tunisie

(in TND thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	10%	345 359	3 159 233	10.93%

BCT: Banque Centrale de Tunisie [Central Bank of Tunisia]

#### Wafasalaf

(in MAD thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Wafasalaf	Bank Al Maghrib	12%	1 380 769	11 103 725	12.44%

#### Wafabail

(in MAD thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Wafabail	Bank Al Maghrib	12%	975 701	8 129 864	12.00%

#### Wafa Immobilier

(in MAD thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	12%	52 045	255 356	20.38%

#### Attijari Factoring

(in MAD thousands)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
Attijari Factoring	Bank Al Maghrib	12%	139 428	1 158 842	12.03%

#### Wafa Assurance

(in MAD thousands)	Regulatory authority	Margin	Minimum solvency margin	Ratio
Wafa Assurance	DAPS	4 976 656	1 610 412	309.03%

DAPS : Direction des Assurances et de la Prévoyance Sociale [Morocco's Insurance Regulatory Authority]

#### CBAO

(in CFA francs millions)	Regulatory authority	Required minimum	Capital	Risk-weighted assets	Ratio
CBAO	BCEAO	8%	63 754	426 603	14.94%

BCEAO : Banque Centrale des Etats de l'Afrique de l'Ouest [Central Bank of West African States]

## 4. Enterprise Governance

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

### Board of Directors

The Board of Directors (BD) consists of a group of institutions and individual persons (administrators) in charge of managing the bank. They are appointed by the shareholders general meeting. The BD includes several members including a chairman and a secretary.

Any institution which is member of the BD appoints an individual person to represent it. The organization and the prerogatives of the BD are set by the bank by-laws and are subject to national law.

### 4-1 General Management Committee

The general management committee joins together the heads of the various centers under the chairmanship of the Chairman and Chief Executive Officer.

This Committee meets once a week and provides a summary view of the operational activities in the different sectors and prepares questions to be submitted to the Board of Directors in a joint approach.

Members	Function	Date of taking
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Managing Director	2003
Mr. Omar BOUNJOU	Managing Director	2003
Mr. Ismail DOUIRI	Managing Director	2008
Mr. Talal EL BELLAJ	Managing Director	2014

#### 4-2 General Management and Coordination Committee

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

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

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

Members	Function	Title
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
Mr. Omar BOUNJOU	Co-CEO, Retail Banking Division	Managing Director
Mr. Ismail DOUIRI	Co-CEO, Finance, Technology and Operations Division	Managing Director
Mr. Boubker JAI	Co-CEO, Corporate and Investment Banking, Capital Markets and Financial Subsidiaries	Managing Director
Mr. Talal EL BELLAJ	Co-CEO, Global Risk Management	Managing Director
Mr. Saad BENJELLOUN	Head of the Great Casablanca region	Deputy Managing Director
Mr. Saad BENWAHOUD	Head of North-West region	Deputy Managing Director
Mr. Said SEBTI	Head of North-East region	Deputy Managing Director
Mr. Mohamed BOUBRIK	Head of South-West region	Executive Director
Mr. Rachid EL BOUZIDI	Head of MLA Banking	Executive Director
Mr. Fouad MAGHOUS	Head of South region	Executive Director
Mr. Hassan BEDRAOUI	Managing Director, Attijariwafa bank Europe	Deputy Managing Director
Mr. Mouaouia ESSEKELLI	Transaction Banking Group	Deputy Managing Director
MR. HASSAN BERTAL	SMEs Banking	Deputy Managing Director
Mr. Chakib ERQUIZI	Capital Markets Banking	Deputy Managing Director
Mr. Omar GHOMARI	Group Human Resources	Deputy Managing Director
Mrs. Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Deputy Managing Director
Mr. Mounir OUDGHIRI	International Retail Banking	Deputy Managing Director
Mr. Youssef ROUISSI	Corporate & Investment Banking	Deputy Managing Director
Mr. Younes BELABED	Retail Banking Support & Resources	Executive Director

Mrs. Saloua BENMEHREZ	Group Communication	Executive Director
Mr. Ismail EL FILALI	Group General Audit	Executive Director
Mrs. Malika EL YOUNSI	Group Legal Advisory	Executive Director
Mrs. Noufissa KESSAR	Private Banking	Executive Director
Mr. Rachid KETTANI	Group Finance Division	Executive Director
Mrs. Soumaya LRHEZZIOUI	Group Information Systems	Executive Director
Mr. Driss MAGHRAOUI	Retail & Business Markets	Executive Director
Mr. Mohamed SOUSSI	Group Services & Processing	Executive Director

#### 4-3 Other Committees emanating from the Board of Directors

##### • Strategic Committee:

Chaired by the Chairman and Chief Executive Officer, this committee is in charge of operational results and strategic projects of the Group. This committee meets every two months.

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing SNI
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director

##### • Major Risk Committee:

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing SNI
Mr. José REIG	Director
<b>Guest Members</b>	
Mr. Ismail DOUIRI	Co-CEO, Finance, Technology and Operations Division
Mr. Talal EL BELLAJ	Co-CEO, Global Risk Management

##### • Audit and Accounts Committee:

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

Members	Function
Mr. Abed YACOUBI-SOUSSANE	Chairman
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
<b>Guest Members</b>	
Mr. Talal EL BELLAJ	Co-CEO, Global Risk Management
Mr. Ismail EL FILALI	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance

##### • Appointment and Remuneration Committee:

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

Membres	Function
Mr. Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan OURIAGLI	Director, Representing SNI
Mr. José REIG	Director



**Attijariwafa bank**

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