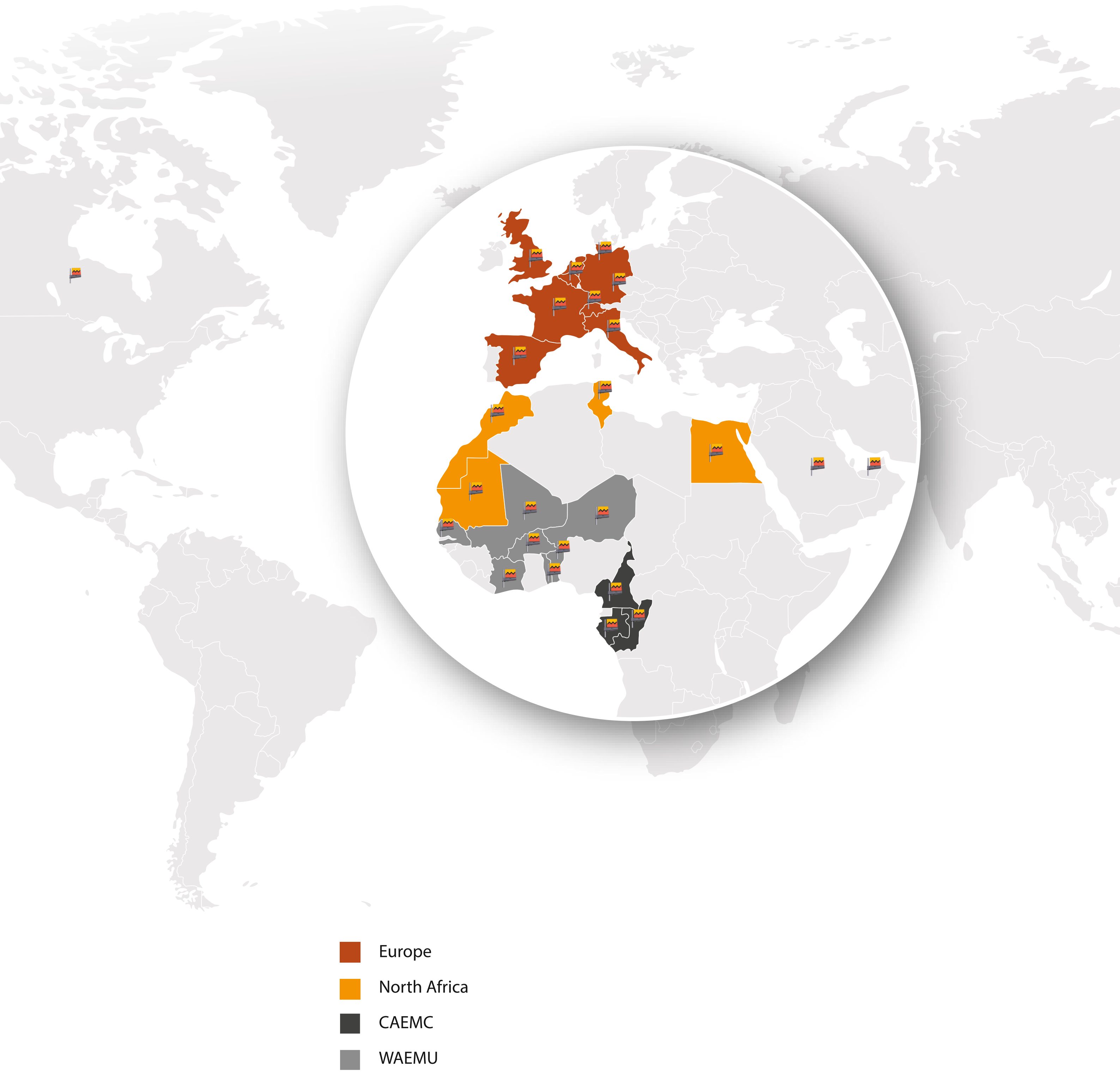
التجاري وفا بنك
Attijariwafa bank

MANAGEMENT REPORT 2017

CONTENTS

ATTIJARIWAFA BANK: AN INTERNATIONAL BANKING AND FINANCIAL GROUP



Management Report

Economic environment

World : global GDP growth

Global business activity showed signs of strengthening in 2017. Global GDP growth in 2017 rose 3.7% and is expected to increase by 3.9% in 2018, according to the latest forecast of the International Monetary Fund (IMF). This recovery is underpinned by the improved macroeconomic outlook of developed countries and emerging markets, which are benefiting from various monetary and budgetary measures intended to boost the economy, and by a significant rise in commercial trade.

Among developed countries, GDP growth in the eurozone came to 2.4% in 2017, compared with 1.8% in 2016. This performance was attributable mainly to core member states, especially Germany (2.5%), France (1.8%), and Italy (1.6%).

In the United States, economic growth continued its positive trend in 2017, with a rise of 2.3% driven by recovery in consumer spending and business investment. By contrast, the British economy slowed slightly (1.7%) because of the uncertainty surrounding Brexit.

In Japan, GDP rose 1.8% in 2017, thanks to stronger global demand and a renewal in public investment.

GDP growth in developing countries came to 4.7% in 2017 and is expected to reach 4.9% in 2018. This performance is due mainly to the Russian economy (1.8% in 2017, vs. −0.2% in 2016) and to the Brazilian economy (1.1% in 2017 vs. −3.5% in 2016). Both countries are gradually emerging from their recessions.

However, the outlook varies significantly from one country to another. Emerging countries in Asia enjoyed continuing robust GDP growth of 6.5% in 2017, while in sub-Saharan Africa GDP growth came to 2.7% in 2017, compared with 1.4% in 2016. By contrast, the Middle East must confront lower oil prices, fallout from geopolitical tensions, and civil strife within several countries. GDP growth in the Middle East totaled 2.5% in 2017, compared with 4.9% in 2016.

GDP GROWTH	2016	2017	2018^F
World	**3.2%**	**3.7%**	**3.9%**
Developed countries	**1.7%**	**2.3%**	**2.3%**
Eurozone	1.8%	2.4%	2.2%
France	1.2%	1.8%	1.9%
Germany	1.9%	2.5%	2.3%
Spain	3.3%	3.1%	2.4%
United Kingdom	1.9%	1.7%	1.5%
United States	1.5%	2.3%	2.7%
Japan	0.9%	1.8%	1.2%
Emerging and developing countries	**4.4%**	**4.7%**	**4.9%**
North Africa and Middle East	4.9%	2.5%	3.6%
Sub-Saharan Africa	1.4%	2.7%	3.3%

Source : IMF (January 2018)

Monetary policy

The European Central Bank left its monetary policy unchanged in 2017, with interest rates at 0%. The ECB decided to reduce its monthly net purchases to 30 billion from January 2018 until September 2018.

The Fed raised its federal funds rate twice in 2017, first by 25 bp in June and again by 25 bp in December, to a target range of 1.25%–1.5%. By maintaining an accommodating monetary policy, the Fed creates favorable conditions for the job market and for a sustainable return to a 2% inflation rate.

In addition, the Bank of England decided at its meeting of November 2, and for the first time in a decade, to raise interest rates by 25 bp, to 0.5%.

Inflation

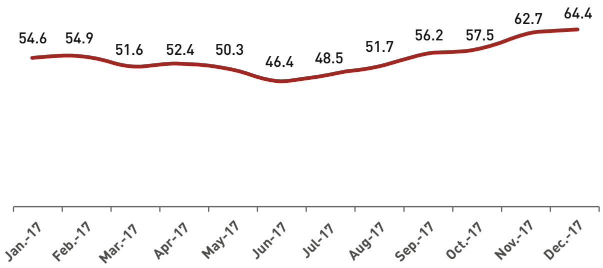
Inflation has increased in developed countries, where the consumer price index rose 1.7% in 2017, compared with 0.8% in 2016.

In emerging economies, inflation was unchanged in 2017 (4.1%).

Oil market

After declining in the first half of 2017, oil prices rose to $64.40 in December 2017, a three-year high. These changes were due mainly to production disruptions in the North Sea and Libya.

Change in Brent prices in 2017 (USD)



Africa

According to the latest figures from the African Development Bank, Africa experienced moderate economic growth of 3.4% in 2017, and is expected to grow by 4.3% in 2018F. This recovery was largely attributable to a hike in commodities prices that began in 2016.

Regional growth rates, however, remain uneven.

Economic indicators in Africa, by region

	GDP (%)		Inflation (%)	
	2017	2018F	2017	2018F
Africa	3.4%	4.3%	9.8%	8.3%
Central Africa	2.2%	3.8%	2.2%	2.4%
East Africa	5.7%	6.0%	9.9%	8.9%
North Africa	3.4%	3.7%	10.3%	8.2%
Southern Africa	1.9%	2.6%	8.7%	7.7%
West Africa	3.5%	5.5%	11.4%	9.8%

AfDB- May 2017

The following section describes the main changes in 2017 in the economic environments of the countries where Attijariwafa bank does business.

North africa

(2017 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Tunisia	163,610	11.3	3,517
Mauritania	1,030,700	3.9	1,284
Libya	1,759,540	6.4	5,166
Egypt	1,001,450	92.3	3,685

IMF, October 2017

Economic environment

In North Africa, GDP growth is improving and should reach 3.4% in 2017 and 3.7% in 2018, according to the AfDB. However, regional growth remains moderate because of political unrest and the level of local oil production.

In 2017, oil-exporting countries should achieve GDP growth of 3.0%, due in part to economic growth in Libya. The midyear rise in Libyan oil production capacity (1 million barrels per day in 2017, compared with 0.4 million a year earlier) resulted in estimated GDP growth for 2017 of 55.1%, compared with –3.0% in 2016).

Oil-importing countries also enhance regional growth (4.0% in 2017 vs. 3.0% in 2016), with positive trends in Egypt (4.1% in 2017), Tunisia (2.3% in 2017), and Morocco (4.0% in 2017).

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2017	2018F	2017	2018F	2017	2018F	2017	2018F
Tunisia	2.3	3.0	4.5	4.4	-5.9	-5.3	-8.7	-8.4
Mauritania	3.8	3.0	2.1	3.7	-0.6	-1.8	-14.2	-9.6
Libya	55.1	31.2	32.8	32.1	-43.0	-23.3	1.8	9.8
Egypt	4.1	4.5	29.9	13.0	-9.5	-7.3	-5.9	-3.8

IMF, October 2017

The region's budget deficit came to –11.1% in 2017 (compared with –13.5% in 2016), weakened by a high budget balance in Libya (–43.0% in 2017). Inflation was 10.3% in 2017, compared with 8.1% in 2016.

WAEMU

(2017 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Benin	112,622	11.4	826
Burkina Faso	274,200	18.9	696
Ivory Coast	322,463	25.0	1,599
Niger	1,267,000	18.8	421
Mali	1,240,192	18.9	794
Senegal	196,722	16.1	998
Togo	56,785	7.7	622

IMF, October 2017

ECONOMIC ENVIRONMENT

According to the IMF, growth of the West African Economic and Monetary Union (WAEMU) continues at a steady pace. GDP rose 6.4% in 2017, compared with 6.3% in 2016. This solid performance is attributable to positive results in the primary sector, to momentum in building and public works, and to ongoing growth in transport and communications.

Key economic indicators by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2017	2018F	2017	2018F	2017	2018F	2017	2018F
Benin	5.4	6.0	2.0	2.1	-6.1	-4.0	-8.7	-7.1
Burkina Faso	6.4	6.5	1.5	2.0	-5.5	-4.6	-7.2	-7.1
Ivory Coast	7.6	7.3	1.0	2.0	-4.5	-3.7	-2.9	-2.8
Niger	4.2	4.7	1.0	2.1	-7.5	-6.2	-18.6	-18.3
Mali	5.3	5.0	0.2	1.2	-3.5	-3.3	-7.0	-5.6
Senegal	6.8	7.0	2.1	2.2	-3.7	-3.0	-5.1	-5.2
Togo	5.0	5.3	0.8	1.2	-4.6	-2.7	-8.3	-7.3

IMF, October 2017

The region's inflation rate came to 1.2%, aided by stable prices and good harvests in most member states. The budget deficit contracted 4.7% in 2017.

The monetary policy committee decided in 2017 to leave unchanged (2.5%) the minimum interest rate of invitations to tender for liquidity operations, and to leave the marginal discount rate at 4.50%. The ratio for legal reserves applicable to the Union's banks was reduced in March 2017 from 5% to 3%.

CAEMC

(2017 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Cameroon	475,440	24.3	1,263
Congo	342,000	4.3	1,794
Gabon	267,667	1.9	7,584

Source : IMF

Economic environment

GDP growth in 2017 in the Central African Economic and Monetary Community (CAEMC) rose slightly (0.3%), compared with a 0.6% decline in 2016. This performance was due mainly to reduced public spending and to a decline in oil production in the region.

Inflation remains low (1.0%in 2017), in line with the lackluster economy. The budget balance improved to –3.0% in 2017.

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2017	2018^{F}	2017	2018^{F}	2017	2018^{F}	2017	2018^{F}
Cameroon	4.0	4.6	0.7	1.1	-3.6	-2.8	-3.6	-3.5
Congo	-3.6	2.8	-0.4	-1.1	-1.8	3.8	-15.9	2.5
Gabon	1.0	2.7	2.5	2.5	-3.6	-1.0	-9.3	-6.7

IMF - october 2017

The regional central bank (BCAS) tightened monetary policy by raising its prime rate in March 2017, by increasing controls on bank refinancing, and by eliminating legal advances. The interest rate for invitations to tender was raised from 2.45% to 2.95%.

Morocco

- Economic growth improved to 4.0% in 2017, in line with:
  - growth of 13.6% in value-added agricultural activity in 2017, boosted by higher cereal production (95.6 million quintals in 2017, compared with an average of 73 million quintals over the past five years);
  - a 2.7% rise on nonagricultural GDP in 2017, due mainly to momentum in the secondary sector, which enjoyed growth of 2.9% in 2017;
- Inflation kept under 1% (0.7% in 2017 and 1.5% forecast for 2018);
- Ongoing macroeconomic recovery:
  - narrowing of budget deficit, from –4.0% of GDP in 2016 to –3.5% in 2017;
  - trade deficit unchanged thanks to significant momentum among exporting industries;
  - slight decline in sovereign debt, to 64.5% of GDP in 2017;
  - current account deficit stabilized at 4.4% in 2017;
  - record level of foreign-currency reserves, covering 5 months and 24 days.
- According to the latest forecasts of the Haut Commissariat au Plan, growth is expected to come to 2.8% in 2018.

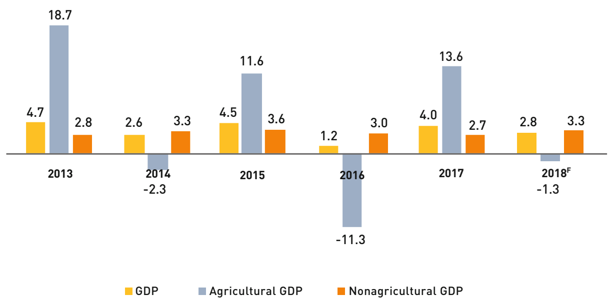
Quarterly Moroccan GDP growth (year on year)

In (%)	2015	2016	T1-17	T2-17	T3-17	2017	2018*
GDP	4.5%	1.2%	4.1%	4.0%	3.3%	4.0%	2.8%
Agricultural V-A	11.6%	-11.3%	11.3%	10.4%	9.2%	13.6%	-1.3%
Non agricultural GDP	3.6%	3.0%	3.2%	3.2%	2.6%	2.7%	3.3%

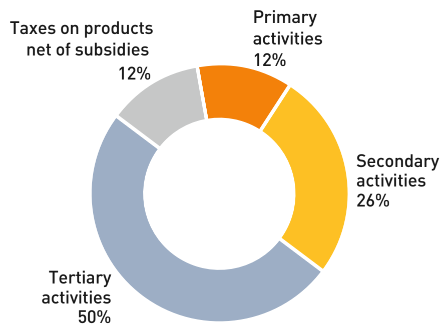
(*): Estimates

Source: Ministry of Finance - BAM HCP (January 2018)

GDP growth 2013–2018^{F} (%)



GDP in 2016



Sector analysis of GDP reveals a growing focus on services, with the tertiary sector accounting for 50% of Moroccan GDP, compared with 26% for the secondary sector and 12% for the primary sector.

Primary sector

Agricultural value-added in 2017 grew 13.6%, compared with a decline of 11.3% in 2016. The positive trend in primary activity was due mainly to a favorable 2016–2017 harvest (95.6 million quintals in 2017). The primary sector's contribution to GDP is estimated to be 1.6 points in 2017, compared with a negative contribution of 1.4 points in 2016.

Exports from the agriculture and agribusiness sector strengthened in 2017, to MAD 52.2 billion (+7.6%).

The fishery sector declined in 2017, mainly as a result of the application of biological rest periods and of enhanced measures against illegal fishing. The volume of inshore and traditional fishery landings declined 5.3%, to 1,310,495 tons. The value of landings rose by 6.4%, to MAD 7.3 billion.

Secondary sector

The secondary sector rose an estimated 2.9% in 2017, compared with 1.2% in 2016.

Phosphates

Value-added in the mining sector continued the recovery begun in 2016 (+2.2%), with growth of 17.8% in 2017. This solid performance is attributable to strong international demand for phosphate rock and phosphate derivatives, mainly from Latin America, Europe, and Africa. Exports of phosphate rock and phosphate derivatives rose 11.1% in 2017, to MAD 44.0 billion.

Production of phosphate rock grew 22.0% in volume, to MAD 32.8 million tons, the best performance since 2012.

Energy

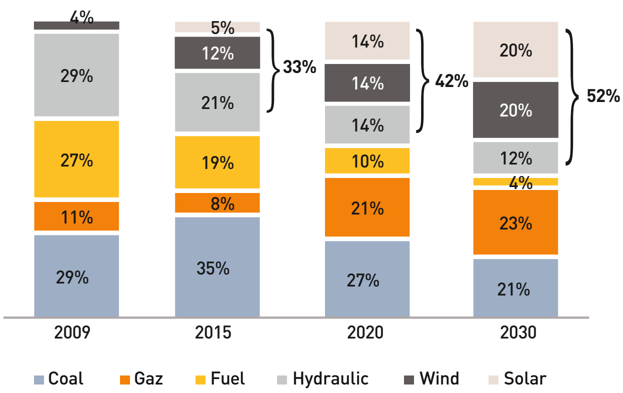
The energy sector grew by 3.5% in 2017, to 31,320.2 million kWh. This change was due mainly to increased production by the National Water and Electricity Office (ONEE), enhanced by recovery in private production.

Electricity consumption continued to rise. Sales of electricity increased 4.5%, to 31,353.2 million kWh, after hikes of 5.0% for high- and mid-tension energy, and of 3.0% for low-tension energy.

Imports of energy-related products rose 27.4% (to MAD 69.5 billion), comprising increases of 31.1% (to MAD 34.3 billion) in gas-oil sales, and of 24.1% (to MAD 13.8 billion) in sales of petroleum gas and other hydrocarbons.

In 2009, Morocco began an energy transition program designed to break its dependency on fossil fuels. This energy strategy is now in phase II (2016–2030). The goal is to increase the share of renewable energies in the overall energy mix to 52%.

Share of renewable energies by 2020



Source : Moroccan energy investment company and the National Moroccan Office of electricity and water utility.

Morocco participated in the 23rd United Nations Climate Change Conference (COP23), held in Bonn in November 2017.

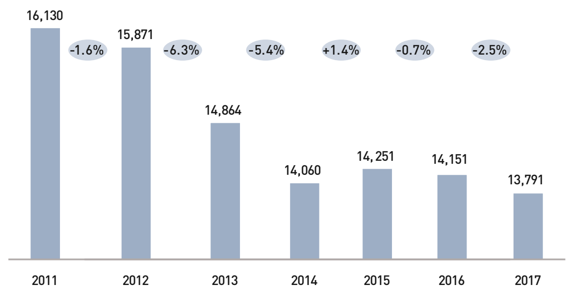
Also in attendance was HRH Princess Lalla Hasnaa, Chairwoman of the Mohammed VI Foundation for Environmental Protection, who presided over the signing ceremony of the memorandum of understanding between the United Nations Framework Convention on Climate Change (UNFCCC) and the Foundation. The memorandum defines the areas of collaboration between the two parties.

Construction and public works

Weak growth (+0.4%) in the construction and public works sector in 2017 was due largely to the slowdown in self-building and public works activities.

Cement sales, a key performance indicator for the sector, declined by 2.5% in 2017, to 13,791 thousand tons. This decline was cushioned by positive momentum in the second half of 2017 (+4.9%).

Domestic cement consumption (thousand tonnes)



Source : Ministry of Housing and Urban Planning

Mortgage loan outstandings rose 4.1% in 2017, to MAD 254.9 billion, in line with the robust growth in home loans (+3.6%, totaling MAD 194.1 billion) and with real-estate development loans (+5.9%, totaling MAD 60.8 billion).

As of the end of September the construction and public works sector had created 7,000 jobs, of which 4,000 were urban and 3,000 rural, totaling 0.6% of the sector's total employment.

Tertiary sector

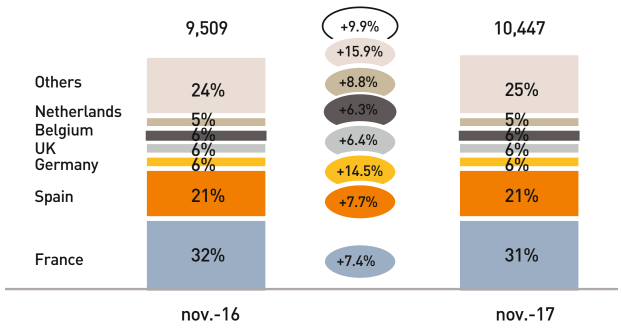
The tertiary sector grew 2.7% in 2017, a contribution of 1.3 points to GDP growth. This performance was in line with growth in the tourism, transport, and telecommunications sectors.

Tourism

Tourism in Morocco enjoyed steady growth, mainly from the external market.

The number of tourists had increased 9.9% by the end of November 2017, to 10.4 million. This trend is attributable to 5.1% growth (to 5.1 million) in visits by Moroccans living abroad, and to a 14.9% rise (to 5.3 million) in foreign tourists.

Arrivals by country (in thousands)



Source: Ministry of Tourism

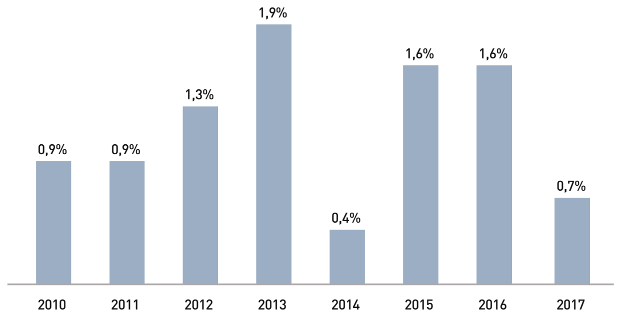
Overnight stays in star-rated hotels rose 14.9%, totaling 20.5 million (+18.3% for foreign tourists and +8.2% for Moroccans).

The two most popular destinations, Agadir and Marrakech, accounted for 60% of total overnight stays. These two destinations experienced growth of 17.7% and 11.6%, respectively.

Inflation

Inflation in Morocco remained moderate in 2017. The consumer price index rose by 0.7%, the result of a 0.1% increase in food prices and a 1.4% increase in nonfood prices.

Trend of consumer price index



Source : HCP

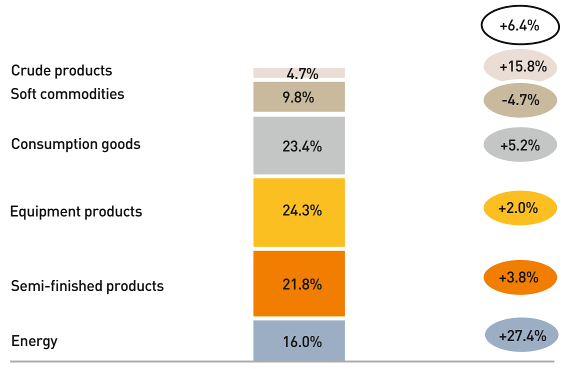
Foreign trade

The trade deficit was virtually unchanged (+0.6%) in 2017, totaling MAD 107.5 billion. This stability was underpinned by a 7.3% rise, to MAD 474.9 billion, in imports of goods and services, and by growth in exports of 9.4%, to MAD 367.4 billion.

The rise in imports was due primarily to higher energy costs (+27.4%, to MAD 69.5 billion), which accounted for 56.8% of the total rise in imports.

Other imports also grew, albeit to a lesser extent: finished consumer goods (+MAD 5.0 billion), semifinished goods (+MAD 3.5 billion), raw materials (+MAD 2.8 billion), and capital goods (+MAD 2.1 billion).

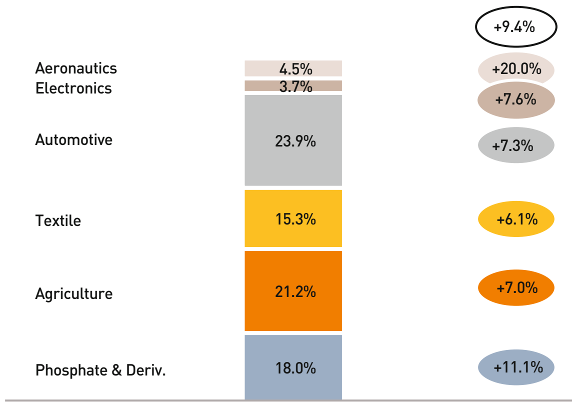
Total imports in 2017



Source : Office des changes

This rise in exports was across all sectors, but especially phosphates and phosphates derivatives (+11.1%, to MAD 44.0 billion), the Global Trades of Morocco (+7.3%, to MAD 58.6 billion, for automotive and +20.0%, to MAD 11.1 billion, for aeronautics), and agriculture (+7.0%, to MAD 51.9 billion).

Total exports in 2017

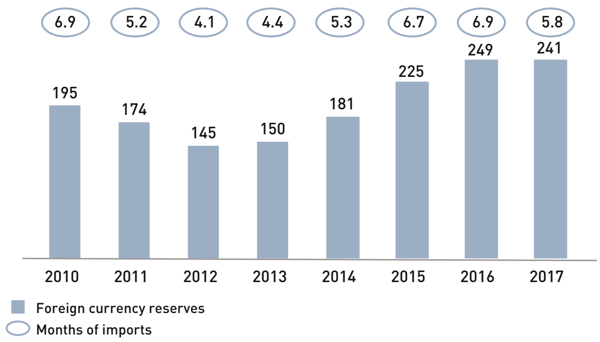


Source : Office des changes

Morocco's economic performance was further enhanced by an increase in net international reserves, which at the end of 2017 stood at MAD 240.9 billion. Reserves now cover five months and twenty-four days of import needs.

Foreign Currency Reserves trend

(MAD billions)



Source : Bank Al-Maghrib

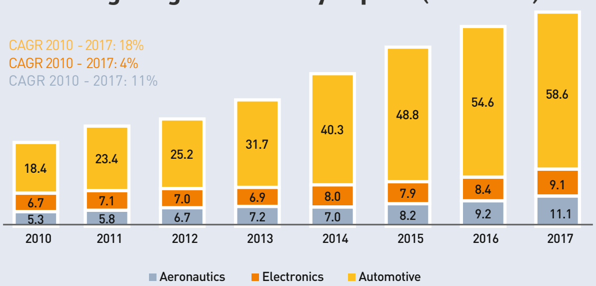
As part of its strategy for economic diversification and for integration into global value chains, Morocco has committed to reforms designed to strengthen its position as a target for international investors and as a regional and international trade center.

Morocco's global industries continue to perform well

Morocco's Global Industries continued to develop in 2017. The automotive sector moved to first place for the first time since 2014, ahead of phosphates and phosphate derivatives.

The automotive sector alone accounted for 24% of total exports in 2017, with revenues totaling MAD 58.6 billion.

Change in global industry exports (MAD billions)



After the successful installation in Morocco of global players such as Renault and PSA, a memorandum of understanding for the completion of an electric vehicle production center has been signed by the Moroccan state and the Chinese group BYD Auto Industry. The project will create 2,500 direct jobs and a 50-hectare site, of which 30 hectares will be covered.

This strategic partnership aims to build production sites for batteries, for electric passenger vehicles, buses, and trucks, and for electric monorail trains. Morocco is thus introducing for the first time in Africa a subsidiary for the production of electric vehicles intended for both export and the local market.

Launch of 26 investment projects in the automotive sector.

In December 2017, His Majesty King Mohamed VI chaired the launch ceremony for **26 industrial investment projects** in the automotive sector, with total investment of MAD 13.78 billion.

These investment projects demonstrate the country's determination to position the automotive sector as a global construction and export hub. The investments also reflect the confidence shown by well-known manufacturers. The investment projects are as follows:

- six fall within the implementation process for the Renault Ecosystem;
- thirteen investment projects will be implemented as part of the PSA Peugeot Ecosystem in Kenitra;
- five investment projects fall with the Cabling and Connector Ecosystem;
- two investment projects are part of the Valeo Ecosystem.

Source : Office des changes

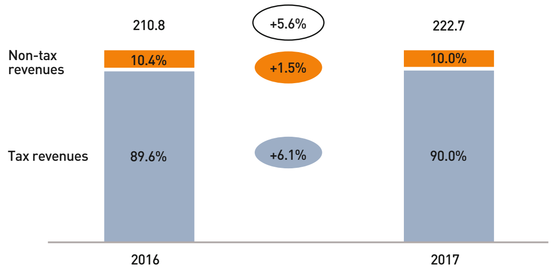
Remittances from Moroccans living abroad rose by 4.5%, to MAD 65.4 billion. Net foreign direct investment grew by 15.4%, to MAD 24.4 billion. This change was facilitated by a 60.1% decline in outflows, to MAD 5.7 billion, accompanied by a 14.9% decrease in inflows, to MAD 30.1 billion.

Public finances

Treasury revenue and expenditure anticipate improvement in the ordinary balance, which rose from MAD 7.2 million at the end of 2016 to MAD 15.8 billion at the end of 2017. This change is attributable to:

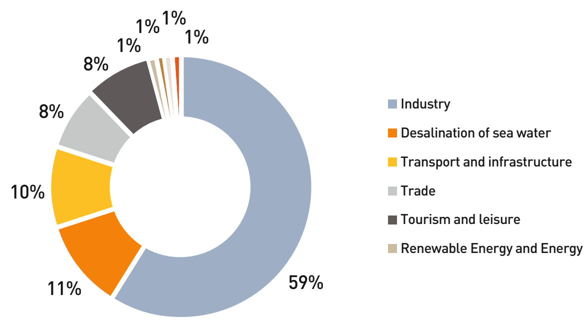
• a 5.6% rise in ordinary revenue, to MAD 222.7 billion, distributed as follows:

Change in ordinary revenues
(MAD billions)



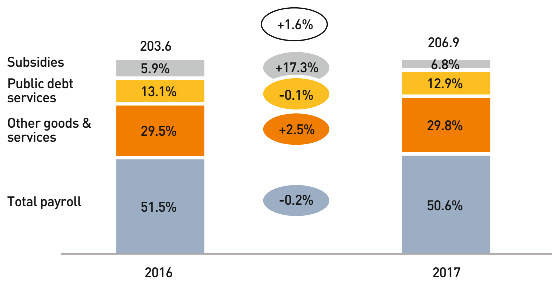
Source : Moroccan General Treasury

Breakdown of investment by sector



• a 1.6% increase in ordinary expenditure, to MAD 206.9 billion, distributed as follows:

Change in ordinary expenses
(MAD billions)

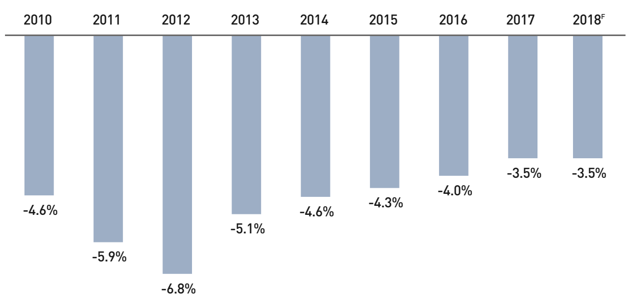


Source : Moroccan General Treasury

Public investment rose 8.6% in 2017, to MAD 67.0 billion.

If the special Treasury accounts surplus of MAD 13.2 billion is taken into account, the budget deficit continues to decline, totaling MAD –37.6 billion (–3.5% of GDP), compared with MAD –42.3 billion a year earlier.

Budget deficit trend (% of GDP)



Source : HCP

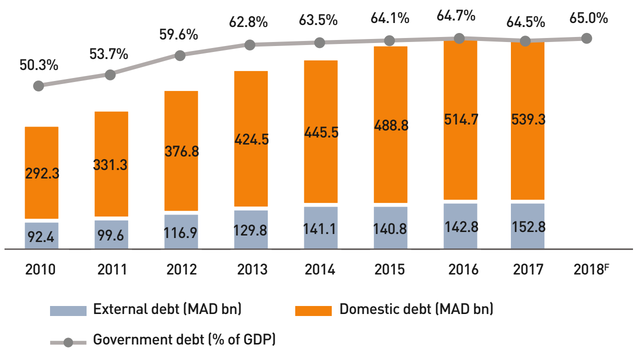
Approval of 48 investment projects in 2018

The Investment Commission approved 48 investment projects for a total of MAD 32.32 billion, thereby creating 6,190 direct jobs and 13,952 indirect jobs.

Government debt

Domestic debt totaled MAD 539.3 billion in 2017, representing nearly 50% of GDP. External debt stocks amounted to MAD 152.8 billion, or 14.2% of GDP. Total government debt in 2017 equaled 64.5% of GDP.

Change in government debt (in % GDP)



Source : Ministry of Finance and HCP

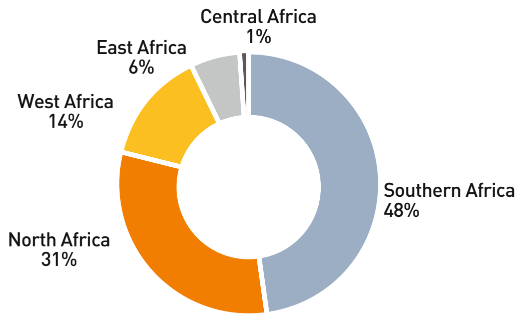
Banking and financial environment

AFRICA

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

At the end of 2016, the 200 largest African banks had total assets of $1,471.4 billion. The breakdown is as follows:

Breakdown of total assets of the 200 leading banks by region



Source : Jeune Afrique special edition no. 47

Southern Africa remains the largest contributor to total assets, boosted by South African banks (39.7%). North Africa comes in second place. The shares of total assets of Egyptian and Moroccan banks amount to 10.8% and 9.8%, respectively. West Africa is in third place, mainly as a result of performances by Nigerian banks (7.3%). Egyptian and Nigerien banks have fallen in the asset classification tables because of the extreme devaluation of their currencies.

Central Africa is the weakest region, contributing only 1% of total assets. In contrast, East Africa grows stronger every year and currently accounts for 6% of total assets.

Total net banking income of the 200 banks declined by 2.3%, to $63.9 billion.

Development of the financial sector in Africa

	Domestic loans to private sector in % of GDP	Bank deposits in % of GDP
Africa	36.3%	54.4%
Sub-Saharan Africa	24.4%	29.7%
North Africa	48.1%	61.4%
East Africa	21.0%	26.4%
West Africa	20.3%	27.2%
Southern Africa	43.1%	44.4%

Source : African Development Bank (2015)

For business lending, North Africa has the highest «domestic loans to private sector» ratio, at 48.1% of GDP, almost twice that of sub-Saharan Africa and the subregions (i.e., East Africa and West Africa).

For deposits, North Africa stands in first place, at 61.4%. By contrast, East Africa comes in last, at 26.4%.

Access to financial institutions

	% of population with a bank account
Africa	24,7%
Sub-Saharan Africa	20,9%
North Africa	28,5%
East Africa	21,1%
West Africa	13,7%
Southern Africa	36,7%

Source : African Development Bank (2015)

Southern Africa has the highest financial penetration rate (36.7%); the lowest is in West Africa, where only 13.7% of the adult population has a bank account.

Innovation of the banking sector in Africa

	ATMs per 100,000 adults	% of adults using mobile banking services
Africa	15.4	7.7%
Sub-Saharan Africa	13.9	8.8%
North Africa	16.8	6.6%
East Africa	3.4	21.8%
West Africa	7.8	1.6%
Southern Africa	26.7	5.6%

Source : African Development Bank (2015)

Although the penetration rate of ATMs in Africa is only 15.4%, African banks continue to invest in bank infrastructure. They are also embracing digital technology through online banking and systems for electronic transactions.

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

North Africa

The North African banking sector plays an important role on the continent, and accounts for 30.8% of all assets of the 200 largest African banks, according to the Jeune Afrique rankings for 2016.

	Tunisia	Mauritania	Egypt
Banks	23	16	38
Branch network	1,827	197	3,882
Number of ATMs	2,385	23	9,832
Penetration rate	47%	14%	33%
Total assets	TND 82.3 billion	NA	EGP 3,962.6 billion
Deposits	TND 57.0 billion	MRO 440,0 billion	EGP 2754,2 billion
Loans	TND 59.0 billion	MRO 440.0 billion	EGP 2,754.2 billion
NBI	TND 59.0 billion	MRO 41.7 billion	EGP 108.8 billion
Net income		MRO 410.0 billion	EGP 1,300.2 billion
ROE	11.1%	5.1%	30.9%
ROA	1.0%	0.9%	2.0%

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

Egypt

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

Banking overview

The Egyptian banking sector is very liquid and enjoys high-quality risk and profitability indicators (ROE of 31%, nonperforming-loan ratio of 6%, capital-adequacy ratio of 14%).

At the end of 2016 there were 38 banks operating in the Egyptian market, with 3,882 branches and 9,832 ATMs.

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

Business activity

Total assets increased 49% in 2016, to EGP 3,962.6 billion. The ratio of bank assets to GDP stands at 116%.

Loans total EGP 1,300.2 billion, while deposits amount to EGP 2,754.2 billion. The loan-to-deposit ratio stands at 47%.

Results

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

West African Economic and Monetary Union (WAEMU)

Banking overview

At December 31, 2016, the WAEMU banking system comprised 138 lending institutions (123 banks and 15 financial institutions offering banking services), compared with 137 a year earlier. This change is the result of the granting of a banking license to Stanbic bank in Ivory Coast, of authorization accorded Sonibank to open a branch in Benin, and of the cancellation of BHM's banking license in Mali after the bank was acquired by BMS.

Network density has increased. Branches, offices, and sales points total 2,542 units, an increase of 4.6%. At the same time, the number of ATMs has risen 7.5%, to 3,010 units.

	Banks	Financial institutions	Total	Network	ATMs
Benin	16		16	209	301
Burkina Faso	13	4	17	281	376
Ivory Coast	27	2	29	666	934
Guinea-Bissau	5		5	28	51
Mali	13	3	16	557	440
Niger	12	1	13	155	158
Senegal	24	3	27	412	484
Togo	13	2	15	234	266
Total	**123**	**15**	**138**	**2,542**	**3,010**

Source : General Secretariat of the Banking Commission

Business activity

The WAEMU banking system has proven its resilience in a challenging economic climate.

As a result of asset growth in all WAEMU countries, total assets of credit institutions rose 15.7%, amounting to FCFA 32,658 billion at the end of 2016.

	Total assets (FCFA millions)	Market share of total assets
Benin	3,578,645	11.0%
Burkina Faso	4,466,461	13.7%
Ivory Coast	9,736,471	29.8%
Guinea-Bissau	240,956	0.7%
Mali	4,346,449	13.3%
Niger	1,391,621	4.3%
Senegal	6,336,178	19.4%
Togo	2,561,483	7.8%
Total	**32,658,264**	**100.0%**

Source: General Secretariat of the Banking Commission

Ivory Coast is the leader in terms of total assets (29.8%), followed by Senegal (19.4%), Mali (13.3%), and Burkina Faso (13.7%). Guinea-Bissau is far behind, accounting for only 0.7% of total assets in WAEMU.

Loans rose by 12.5%, to FCFA 16,847 billion. Deposits increased by 9.4%, to FCFA 20,688 billion. The loan-to-deposit ratio stands at 81.9%.

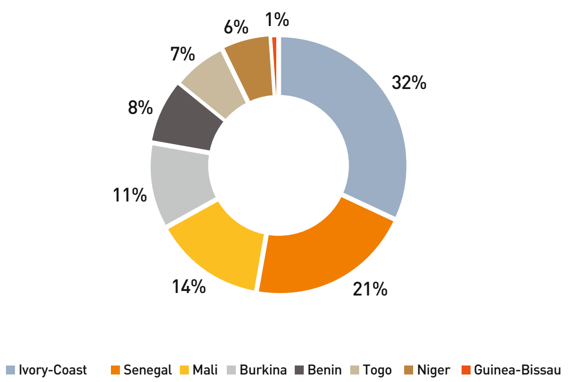
Results

Net banking income totaled FCFA 1,643 billion at the end of 2016, an 8.1% increase from the previous year.

Ivory Coast is the largest contributor (32.2%) to WAEMU net banking income, followed by Senegal (21.0%), Mali (14.0%), and Burkina Faso (11.5%).

Estimated total net income rose 93.7%, from FCFA 129 billion in 2015 to FCFA 424 billion in 2016. All countries contributed to this performance, except for Guinea-Bissau (FCFA 0.7 billion). Net income among the other countries was as follows: Ivory Coast (35.0%), Senegal (15.3%), Burkina Faso (14.9%), Togo (14.8%), Mali (14.2%), Niger (5.7%), and Benin (0.2%).

Distribution of Net Banking Income by country in 2016



Economic and Monetary Community of Central Africa (EMCCA)

Banking overview

At August 31, 2017, the EMCCA banking system totaled 54 banks in operation, including two recent entries (BOA in Cameroon and BHT in Chad). There are 15 banks in Cameroon, 4 in the Central African Republic, 11 in Congo, 10 in Gabon, 5 in Equatorial Guinea, and 9 in Chad.

	Banks	Total assets (FCFA millions)	% of non-performing loans
Cameroon	15	4,109	13.9%
Central African Republic	4	194	26.9%
Congo	11	1,810	8.5%
Gabon	10	2,410	9.7%
Equatorial Guinea	5	1,640	26.1%
Chad	9	851	23.4%
Total	**54**	**11,015**	**14.9%**

Source : General Secretariat of the Banking Commission

Business activity

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

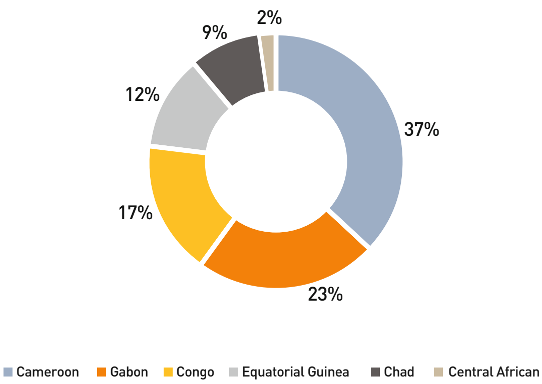
EMCCA banks had total assets of FCFA 11,015 billion at the end of December 2016, up 3.7% year on year.

Deposits declined by 4.4%, totaling FCFA 9,426 billion. By contrast, loans rose 4.9%, to FCFA 8,504 billion.

Results

Despite a challenging economic context, Central African banks achieved net banking income of FCFA 914.8 billion in 2016, a slight improvement of 0.7%. Net income for the region totaled FCFA 87.3 billion, down 29.9% mainly because of poor result of banks in Cameroon (94.4%), Congo (41.6%), and the Equatorial Guinea (20.2%).

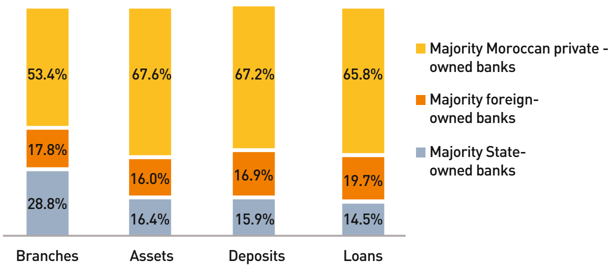
Net banking product by banking center in 2016



MOROCCO

The banking sector plays a vital role in the Moroccan economy, with banking assets representing 1.18 times GDP in 2016. As of June 30, 2017, there were 83 financial institutions in Morocco: 19 banks, 33 finance companies, 6 offshore banks, 13 microcredit associations, 10 money-transfer companies, the Caisse Centrale de Garantie, and the Caisse de Dépôt et de Gestion.

Banks ownership concentration (in %)



The banking system's shareholding structure is composed mainly of private Moroccan shareholders, especially holdings, insurance companies, and mutual societies. In second place are foreign investors, mainly French, Spanish, American, and Jordanian.

The main banking groups continue to expand on both the national and the regional levels. Outside Morocco, banking groups are established mainly in sub-Saharan Africa, where there are 41 subsidiaries with nearly 1,400 bank agencies in 25 different African countries. In Europe and on other continents, banking groups operate via 3 subsidiaries, 17 branches, and 47 representative offices.

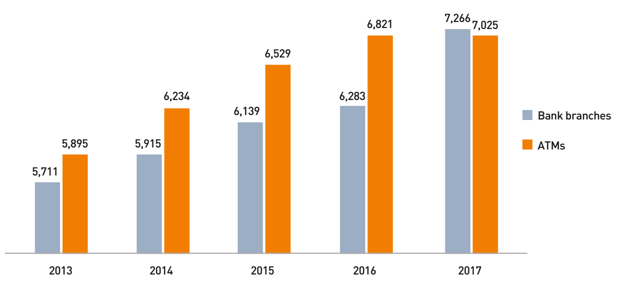
With 12 lending institutions (including 6 banks) listed on the stock market, the banking sector was the largest sector (34.4%) of the Casablanca Stock Exchange in terms of market capitalization as of the end of 2017.

Growth in banking facilities and branch networks

Access to banking facilities was expected to progress in 2016, with the completion of work begun in 2015 for the implementation of Islamic finance and the introduction of payment establishments.

In 2017, the branch networks expanded to a total of 7,266 agencies. The ATM network totaled 7,025 units at the end of 2017, after the installation of 204 new ATMs during the year.

Change in branch networks



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

New branch networks raised access to banking facilities to 71% at the end of June 2017, compared with 69% at the end of December 2016. However, bank branches are largely concentrated in the country's main cities, and are less common in rural areas.

The number of Moroccan bank cards continued to rise in 2017. As of December 31, 2017, there were 14.1 million cards in circulation, a 9.4% increase from a year earlier.

With digital technology rapidly expanding within the banking sector, the number of online sales rose 84.2% in 2017, to 6.5 million transactions.

In addition, Bank Al-Maghrib has undertaken to promote a more responsible approach to finance by means of an action plan designed to gradually align the banking sector with the needs of sustainable development.

Sector rules and regulations

In 2017 the Central Bank continued to strengthen its banking regulatory system. Capital requirements (countercyclical protection) were amended, the debt classification system was overhauled, and new measures were designed to fight money laundering.

In addition, a more flexible exchange-rate system was launched in January 2018. The system features a widened trading range (+/– 2.5%), inside which the dirham can fluctuate on the basis of supply and demand on the interbank foreign exchange market. The BAM will intervene only when necessary to protect the trading range.

Results of banking-sector activity in 2017

In 2017 the Moroccan banking sector saw improved its activity.

Loan outstandings increased by 3.3%, to MAD 817,235 million at the end of 2017 (compared with +4% between 2015 and 2016, and +5% between 2009 and 2015). This change is attributable to the following:

- rapid growth of mortgage loans (+4.1%, compared with +2.2% in 2016), to MAD 254,944 million at the end of 2017;
- growth in equipment loans (+9.1%, compared with +8.9% in 2016), to MAD 174,561 million at the end of 2017;
- a rise in consumer loans (+4.8%, compared with +4.7% in 2016), to MAD 54,682 million in 2017.

Customer deposits grew to MAD 841,712 million (+5%) in 2017 as a result of:

- a 4.7% rise in passbook savings accounts, totaling MAD 124,304 million;
- a 6.1% rise in current accounts, totaling MAD 144,570 million;
- growth of 8.3% in checking accounts, totaling MAD 374,999 million.

The loan-to-deposit ratio stood at 96.7% at the end of 2017, down 1.9 points from 98.6% a year earlier.

Commitments by signature grew 20.1%, to MAD 273,116 million, of which 55.5% was for commitment guarantees.

Nonperforming loans decreaset by 1%, to MAD 61,894 million, compared with +8.5% in 2016.

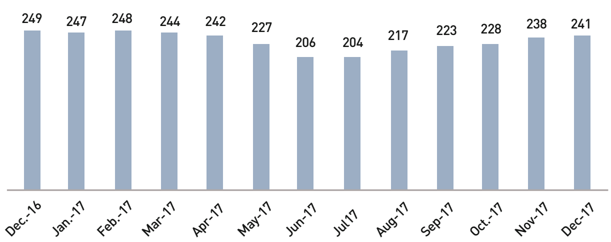
Provisions and bank charges increased by 2.2%, to MAD 43,608 million,

resulting in a nonperforming-loan ratio of 7.60% and a coverage ratio of 70.50%.

Money market

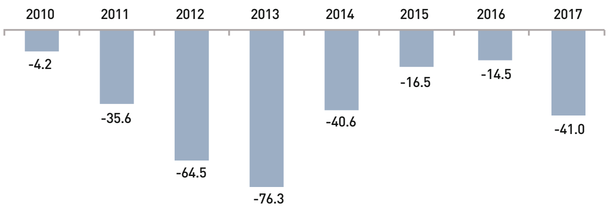
In 2017, the money market performed satisfactorily, despite a budget deficit of MAD 41.0 billion. This situation is largely attributable to a 3.2% fall in foreign-exchange reserves, to MAD 241 billion at the end of 2017 (the year's low was MAD 204 billion, in July 2017). The decline was triggered mainly by significant currency outflows: 1) massive purchases of foreign currencies to hedge against the growing flexibility of the dirham; 2) the financing of acquisitions abroad and the reimbursement of an international loan of 500 million (Eurobond Morocco 2017).

Change in foreign exchange reserves (in MAD billions)



Source : Attijari Global Research

Change in liquidity deficit (MAD billions)



Source : Attijari Global Research

It is in this context that Bank Al-Maghrib maintained its accommodative monetary policy and left interest rates unchanged throughout 2017, at 2.25%. This decision was motivated by inflation that was curbed at 1.6% in 2016 and 0.7% in 2017, and by changes in bank loans.

Given these conditions, and in order to smooth the growing demand by banks for central bank money, Bank Al-Maghrib played its role of regulator to perfection. Taking into account the increasing liquidity shortfall, the issuing institution activated two monetary policy instruments: seven-day advances, and repo and guaranteed loan operations (MAD 37.4 billion and MAD 4.5 billion, respectively). The aim is to stabilize the market and maintain interbank rates at levels close to the prime rate.

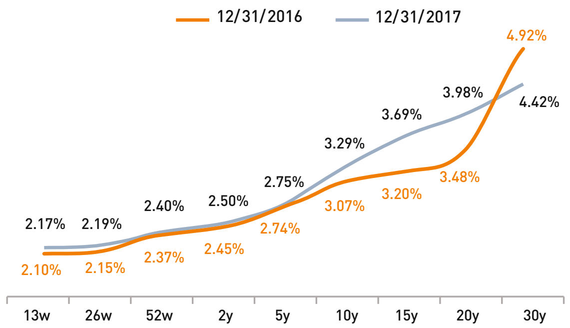
Bank Al-Maghrib was very efficient in easing the significant pressure on interbank rates. The trend of rising rates in the monetary market in 2017 was in line with the erosion of foreign-exchange reserves and the rising shortfall in liquidity. On average, interbank rates came to 2.28% in 2017, compared with 2.27% in 2016.

Bond market

Because of the absence of international issues, the domestic market was the sole source of government financing in 2017. Despite this situation, Morocco continues to enjoy favorable conditions internationally (i.e., moderate spreads underpinned by an investment grade rating). In addition, Morocco has substantial leeway with regard to foreign debt, which constitutes less than 25.0% of the country's total debt.

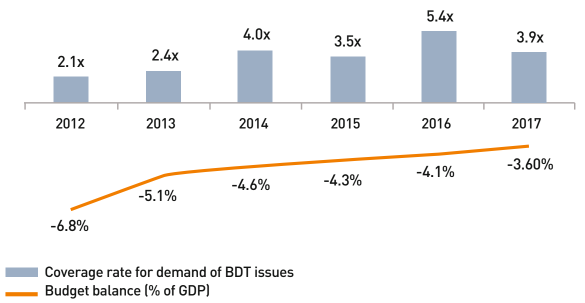
Demand in Treasury bills fell by 12.2% year on year, in line with a decline in liquidity of market participants. Demand totaled MAD 276.0 billion at the end of 2017. At the same time, the government's use of the primary market rose in 2017. Gross issuance amounted to MAD 110.7 billion, stable from 2016 after a 25.0% decline in 2015. Including redemptions in 2017, net issuance totaled MAD 26.7 billion, up 33.9% from a year earlier.

Change in bond yields between 2016 and 2017



Source : Attijari Global Research

Change in budgetary indicators



Source : Attijari Global Research

Overall bond yields trended upwards in 2017. This was due mainly to soft demand from investors for Treasury bills, in line with the net decline in liquidity in financial markets. Required rates of return rose nearly across the board in 2017, up to 50 bp for maturities of 20 years.

In aggregate terms, domestic debt totaled MAD 539.3 billion at the end of 2017, while external debt came to MAD 152.8 billion. Consequently the government debt ratio declined to 64.5% of GDP in 2017, compared with 64.7% in 2016.

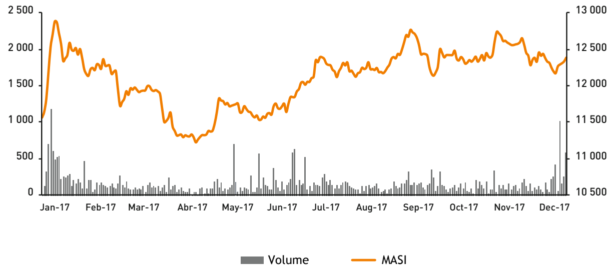
Stock market

The stock market trended upwards in 2017. The MASI index rose 6.4% in 2017, ending the year at 12,389 points, while the MADEX index gained 5.8%, to 10,100 points.

This performance can be clearly seen in trading volume. Transaction volume on the central market came to MAD 39.5 billion for a daily average of MAD 158 million, up 23% from a year earlier. Volume in 2017 was concentrated mainly on six stocks: ATW, IAM, BCP, Addoha, Cosumar, and Marsa Maroc, which accounted for half of all transactions. Block-trading volume totaled MAD 24.1 billion.

Market capitalization stood at MAD 627 billions at the end of 2017, a rise of 7.5% year on year.

Change in stock market in 2017



Source : Attijari Global Research

Analysis of group results

Business activity (in morocco)

Customer deposits

Attijariwafa bank's customer deposits rose by 8.0% in 2017, to MAD 224.7 billion. This change results from:

- an 7.9% rise in non-interest-bearing deposits, to MAD 152.0 billion, attributable to:
  - a 10.3% rise in checking accounts, to MAD 103.5 billion;
  - a 6.1% rise in current accounts with short-term lines of credit, to MAD 38.0 billion;
- an 8.0% rise in interest-bearing deposits, to MAD 72.6 billion.

The bank's market share in customer deposits stood at 26.7% at the end of 2017.

Loan disbursals

In 2017, Attijariwafa bank's loan disbursals grew by 2.6%, to MAD 209.7 billion. This change is attributable mainly to:

- a 10.0% rise in equipment loans, to MAD 62.0 billion;
- a 7.0% increase in mortgage loans, to MAD 60.2 billion;
- a 9.4% rise in consumer loans, to MAD 11.7 billion.

The bank's market share in lending stood at 25.8% at the end of 2017.

Attijariwafa bank's nonperforming loans fell by 2.0%, to MAD 11.3 billion. Simultaneously provisions for nonperforming loans rose by 0.7%, to MAD 8.3 billion, bringing the coverage ratio to 73.1%. The nonperforming-loan ratio stood at 5.4% at the end of the year, and the cost of risk came to 0.43%.

Commitments by signature

Commitments by signature grew by 58.4% in 2017, to MAD 117.6 billion. The bank now holds a 40.7% share in that market.

Source : GPBM

Parent-company results at december 31, 2017

Net banking income

In 2017, net banking income (NBI) totaled MAD 11.5 billion, down 19.2% from 2016. This was due mainly to a 66.7% decline in other banking income, which in 2016 included nonrecurring revenues. Excluding nonrecurring items, net banking income rose 2.9%.

Net banking income breaks down as follows:

	2017	Share of NBI	2016	Share of NBI	Change	
					MAD millions	%
Net interest margin	7,011	60.9%	6,854	48.1%	157	2.3%
Income from lease financing and similar agreements	-7	-0.1%	59	0.4	-66	-112.0%
Fee income	1,637	14.2%	1,494	10.5%	143	9.6%
Income from market activities	2360	20.5%	2,203	15.5%	158	7.2%
(+) Other banking income	1,528	13.3%	4,588	32.2%	-3,060	-66.7%
(-) Other banking expenses	1,026	8.9%	961	6.8%	64	6.7%
Net banking income	**11,503**	**100.0%**	**14,236**	**100.0%**	**-2,733**	**-19.2%**

Net interest margin

Net interest margin rose by 2.3%, to MAD 7.0 billion. Net interest margin breaks down as follows:

- interest and related income was virtually unchanged (+0.1%) and came to MAD 10.3 billion. This change is due to lower interest and related income from customer activities (–0.2%) and to higher interest and related income from credit institutions (+6.6%), in line with lower interest rates.
- Interest and related expenses fell 4.4%, to MAD 3.3 billion, because of lower interest and related expenses from customer activities (13.9%). Interest and related expenses from credit institutions rose 13.8%.

Income from lease financing and similar agreements

The deficit from lease financing and similar agreements amounted to MAD 7.1 million in 2017, compared with income of MAD 59.2 million in 2016.

Fee income

Fee income in 2017 totaled MAD 1.6 billion, up 9.6% more than in 2016.

Income from market activities

Income from market activities totaled MAD 2.4 billion, up 7.2% from a year earlier. This change is due to higher income from currency trading (+MAD 187 million) and from derivatives activities (+MAD 162 million), both of which offset the decline in income from securities trading (–MAD 150 million) and from other securities (–MAD 42 million).

Other banking income and expenses

In 2017, other banking income totaled MAD 1.5 billion, compared with MAD 4.6 billion in 2016. This change is attributable mainly to nonrecurring income received in 2016.

Other banking expenses rose 6.7%, to MAD 1.0 billion.

General operating expenses

General operating expenses in 2017 totaled MAD 4.5 billion, a rise of 5.2% year on year. This increase was due mainly to higher staff costs (+7.2%) and to an increase in external expenses (+4.5%). The cost-to-income ratio came to 39.2%.

in MAD millions	December 2017	December 2016	Change	
			MAD	%
Staff costs	2,068	1,929	139	7.2%
Taxes	123	120	3	2.5%
External expenses	1,886	1,804	81	4.5%
Other general operating expenses	19	16	3	20.5%
Depreciation and amortization expenses*	412	415	-3	-0.6%
General operating expenses	4,508	4,286	224	5.2%

* tangible and intangible assets

Gross operating income

Gross operating income totaled MAD 7.3 billion in 2017, compared with MAD 10.1 billion in 2016. The decline is due to lower net banking income (–19.2%) and to higher general operating expenses (+5.2%).

Income from ordinary activities

Income from ordinary activities totaled MAD 6.3 billion in 2017, a rise of 27.7% year on year.

Net provisions declined by 44.6%, to MAD 751.8 million, because of:

- gross provisions of MAD 2.7 billion in 2017, compared with MAD 2.4 billion in 2016;
- write-backs of gross provisions of MAD 2.0 billion in 2017, compared with MAD 1.1 billion in 2016.

The coverage ratio for nonperforming loans came to 73.1% in 2017.

Net income

Net income fell 40.1% in 2017, to MAD 4.2 billion.

Shareholders' equity

Shareholders' equity (excluding net income) rose by 15,8% in 2017, to MAD 32.9 billion, compared with MAD 28.4 billion in 2016.

Total assets

On December 31, 2017, total assets stood at MAD 319.4 billion, up 6.6% from a year earlier.

Difficulties encountered : None

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

Allocation of net income

Net income for the year	**4 158 011 419,37**
Retained earnings from prior years	467 722,22
Distributable income	4 158 479 141,59
Allocation	
Statutory dividend 6%	122 116 335,60
Amount required to bring the dividend per share to MAD 12.50 MAD	2 421 973 989,40
Total payout	**2 544 090 325,00**
Extraordinary reserves	**1 614 000 000,00**
Retained earnings	**388 816,59**

Activity and results of main subsidiaries

Specialized finance companies

Wafasalaf

In a highly competitive market that has attracted new entrants, particularly Islamic banks, Wafasalaf achieved noteworthy commercial and financial success in 2017.

Total production in 2017 for the consumer-credit subsidiary rose 9.4%, to MAD 11.5 billion. This change is attributable to growth of 7.1% (to MAD 5.2 billion) in in-house production combined with an 11.4% rise (to MAD 6.3 billion) in managed production.

Total outstandings rose by 7.9%, to MAD 29.6 billion. This result was in line with the 4.2% rise (to MAD 12.6 billion) in in-house outstandings, and the 10.8% increase (to MAD 16.9 billion) in managed outstandings.

In MAD millions	2016	2017	Change
Total production	**10,534**	**11,522**	**9.4%**
In-house production	4,863	5,208	7.1%
Managed production	5,670	6,314	11.4%
Total outstandings	**27,430**	**29,596**	**7.9%**
In-house outstandings	12,130	12,643	4.2%
Managed outstandings	15,300	16,954	10.8%

Wafasalaf remains the leader of its sector, with market share of 32% of gross outstandings as of the end of September 2017.

Net banking income rose slightly (+0.5%), to MAD 969.5 million, while net income increased by 2.2%, to MAD 341.6 million.

Wafabail

Wafabail showed positive growth in 2017. Total production came to MAD 4.3 billion, a rise of 6.6%. Total outstandings improved by 3.0%, to MAD 12.1 billion.

In MAD millions	2016	2017	Change
Total production	3,992	4,254	6.6%
Total oustandings	11,777	12,131	3.0%

The subsidiary is still the uncontested leasing leader, with market share of 26.1% as of the end of September 2017.

Wafabail ended 2017 with net banking income of MAD 350.5 million (+1.0%) and net income of MAD 125.0 million (+5.2%).

Wafa Immobilier

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

Total outstandings rose 5.7%, to MAD 58.5 billion. Home-buyer outstandings increased 3.4%, to MAD 50.0 billion, while developer outstandings rose 21.3%, to MAD 8.6 billion.

The number of home-buyer mortgages grew 2.4%, to 170,916.

In MAD millions	2016	2017	Change
Total outstandings	**55,376**	**58,507**	**5.7%**
Home-buyer outstandings	48,321	49,952	3.4%
Developer outstandings	7,055	8,555	21.3%
Number of mortgages	**166,957**	**170,916**	**2.4%**

Wafa Immobilier expanded its network by adding three new sales offices in Casablanca, Bouskoura, and Ben Guerir, bringing the total to 57 branches.

For its commitment to quality, leadership, technology, and innovation, Wafa Immobilier was awarded the Majestic Falcon Award for Quality & Excellence at the International Quality Convention held in Dubai in November 2017. The subsidiary was also awarded the Socrates prize for Best Regional (EBA) Enterprise and Manager of the Year by the Council of the International Socrates Committee, by the British organization European Business Assembly, and by the members and partners of the Oxford Academic Union and the Club of Rectors of Europe.

In addition, Wafa Immobilier is the first finance company to receive for the second consecutive year ISO 9001:2015 certification.

Wafa Immobilier's net banking income totaled MAD 314.0 million in 2017, an annual rise of 4.1%. Net income came to MAD 100.0 million, up 4.0%.

Wafacash

Wafacash's main performance indicators were positive in 2017. The number of transactions rose 10.8%, to 28.6 million, while total volume increased 10.0%, to MAD 67.8 billion. Acquisition of the Hissab Bikhir clientele grew 8.4%.

In MAD millions	2016	2017	Change
Number of transactions (millions)	25.8	28.6	10.8%
Total volume (MAD billions)	61.7	67.8	10.0%

Key events for Wafacash in 2017 included:

- PayCash enhanced through integration onto the platforms of new partners Air France, TLS Contact, and Auto Hall;
- signature of a partnership with Small World for international money transfer;
- launch of a new Wafacash distribution concept with 78 dedicated kiosks throughout Morocco;
- expanded network, with 184 new sales points, bringing the total to 1,783 at the end of 2017;
- receiving the CFI.co "Best Money Transfer Services Morocco" award for the second consecutive year;
- launch of "Yellow Challenge," a scouting program for innovative start-ups and very small enterprises that have the capacity to "disrupt" the ecosystem;
- the effective launch of Wafacash Central Africa in Cameroon on November 1, 2017.

Wafacash had net banking income of MAD 402.0 million in 2017, a rise of 5.1% year on year, while net income amounted to MAD 138.0 million.

Attijari Factoring Maroc

Despite intense competition and relentless pressure on the Moroccan factoring market in 2017, Attijari Factoring (AFM) retained its leader position with growth of nearly 3%. Production rose from MAD 15,563 million in 2016 to MAD 15,970 million in 2017. This change is due mainly to:

- coverage by AFM of all customer segments (corporate, SME, and very small enterprises);
- the implementation of a diversified offer of products and services with significant value-added.

As part of the Group's assistance program for SMEs and very small enterprises, the factoring subsidiary significantly boosted production for these two categories (+42% and +15%, respectively).

AFM again enjoyed very strong growth (+12%) in reverse factoring, thereby making a significant contribution to very small enterprises and SMEs.

In MAD millions	2016	2017	Change
Total production	**15,563**	**15,970**	**2.6%**
Total oustandings	**2,526**	**2,318**	**-8.2%**

Net banking income came to MAD 82.4 million (+6.8%), and net income totaled MAD 33.8 million (+5.3%).

Wafa LLD

The automotive market in Morocco grew 3.4% in 2017, with 168,593 new vehicles sold.

	2016	2017	Change
Total managed fleet	4,903	5,413	10.4%

Wafa LLD ended the year with a fleet of 5,413 vehicles, after the addition of 1,535 new vehicles and the disposal of 1,025 vehicles.

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

Wafa LLD had revenues in 2017 of MAD 213.3 million (+4.6%), and net income of MAD 17.5 million (+62.6%).

Bank Assafaa

In the first half of 2017, five Islamic banks were licensed by Bank Al-Maghrib to begin operations as Islamic financial institutions.

Bank Assafa began operating in July 2017, after the Central Bank had communicated the accounts agreement.

At present the bank has a network of 23 branches, and 256 employees.

Bank Assafa offers Murabaha mortgages and other services related to current banking operations. The bank plans to roll out other Islamic finance products and services.

Hundreds of Murabaha mortgages were initiated in 2017. At present, the bank has several thousand active account holders.

Bank Assafa's financial performance in 2017 was affected by the significant investment required for the banking structure. Bank Assafa faced major challenges in 2017 related to the bank's development strategy. Special efforts were made to enhance teams and to expand the sales network.

Investment-banking subsidiaries

Corporate Finance: Attijari Finances Corp.

In 2017, Attijari Finances Corp. continued to distinguish itself in M&A advisory through its role in the following successful strategic operations:

M&A

- advisor to **MASEN** for the Noor PVI **invitation to tender** for the selection of a developer of three solar-energy projects (Ouarzazate, Laâyoune, and Boujdour) for a total of 170 MW;
- advisor to the **Ivory Coast state** for a **€300 million debt issuance** for development of Cocody Bay;
- advisor to **ONCF** for the **implementation of an invitation to tender** for the supply of wind energy.

In market activities, the bank remained active in equity and debt capital markets in 2017, largely through successful completion of the following:

ECM

- advisor to **Managem** for its **capital increase** by cash contribution and offset of claims, for **MAD 973.3 million**;
- advisor to **Auto Hall** for its **capital increase** by optional conversion of exceptional dividends, for **MAD 123 million**.

DCM

- advisor to **TM2 SA** for the issuance of a **State-backed bond** for **MAD 2.275 billion**;
- advisor to **Autoroutes du Maroc** for the issuance of a **State-backed bond** for **MAD 3.7 billion**;
- advisor to **Attijariwafa bank** for the issuance of a **subordinated bond** for **MAD 1.5 billion**;
- advisor to **Wafasalaf** for the issuance of a **subordinated bond** for **MAD 250 million**;
- advisor to **Wafabail** for the **amended prospectus** for the BSF issue (Financing company's bonds);

- advisor to **Wafabail** for the **amended prospectus** for the BSF issue;
- advisor to **Managem** for the issuance of a of a **commercial paper program** for **MAD 1.0 billion**;
- advisor to **Société Ivoirienne de Banque (SIB)** for the issuance of a **subordinated bond** for **FCFA 14 billion**;
- advisory to Attijariwafa bank for the issuance of a **subordinated bond** for **MAD 1.25 billion**.

Revenues for Attijari Finances Corp. amounted to MAD 51.3 million in 2017, compared with MAD 65.4 million a year earlier.

Attijari Invest

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

In 2017, Attijari Invest continued to grow and to create value-added through the following:

- portfolio growth with the addition of a new industrial stake;
- increased deal flow with high-potential SMEs in various business sectors;
- monitoring of more than 20 portfolio positions;
- structuring of an African fund focused on energy efficiency and designed to create innovative economic models based on renewable energy.

For CSR in 2017, Attijari Invest continued to encourage its employees to participate in the Injaz Al Maghrib program, which supports young entrepreneurs and exposes Moroccan junior-high and high-school students to the entrepreneurial spirit.

Investment-banking subsidiaries

Asset management: Wafa Gestion

In 2017, Wafa Gestion has assets under management (AUM) of MAD 105.2 billion. In average AUM, Wafa Gestion exceeded the MAD 100 billion mark, growing from MAD 93.9 billion to MAD 101.8 billion (+8.3%).

The Moroccan asset management market stood at MAD 415.9 billion at the end of December 2017.

The asset-management subsidiary has consolidated its leadership position, with average market share of 26.3%.

The year 2017 saw several exceptional financial achievements:

- **16%** growth in turnover, to **MAD 351.1** million, compared with revenue of MAD 302.5 million in 2016;
- a rise in net income of **17%**, to **MAD 92.7 million**, compared with MAD 80.08 million.

Other highlights for Wafa Gestion were:

- its funds outperformed benchmark indices and competing funds;
- greater specialization of its asset-management teams (the foundation of asset management);
- strengthened control system and risk management;
- new software for production, monitoring, and investor reporting;
- affirmation by Fitch Ratings of **Wafa Gestion's** National Investment Management Quality Rating (IMQR) at Excellent (mar). This rating reflects Wafa Gestion's qualities as a longstanding asset-management firm.

Attijari Titrisation

In 2017, Attijari Titrisation successfully issued MAD 1 billion of mortgage-backed securities for Attijariwafa bank.

Investors appreciated the low risk of these financial securities which are related to assets acquired by the fund (liabilities exclusively for civil servants of the Moroccan state), and the safety measures in place (reserve funds, interest rate differentials, and the subordination of units).

In 2018, Attijari Titrisation will continue to produce new securitization products that combine safety, liquidity, and transparency.

Securities brokerage: Attijari Intermédiation

The Casablanca Stock Exchange ended 2017 with the MASI up 6.4% for the year. Total trading volume on the central market rose 23.1%, to MAD 78.9 billion, of which MAD 17.9 billion was through Attijari Intermédiation.

The securities-brokerage subsidiary finished the year with market share of 22.7%.

Highlights of 2017 for Attijari Intermédiation included:

- a capital increase for Managem for MAD 973.3 million;
- winning the Arab Federation of Exchanges prize for the fourth consecutive year for «Highest Traded Value» on the Casablanca Stock Exchange.

Attijari Intermédiation had revenues of MAD 36.0 million, compared with MAD 46.9 million in 2016 (boosted by the Sodep-Marsa Maroc IPO). Operating income totaled MAD 12.1 million, up 28% from 2016.

Net income (excl. exceptional income) totaled MAD 15.1 million, 44% more than in 2016.

Research and analysis:

The research and analysis activity contributes significantly to the performance of the stock market, through extensive coverage of listed companies. This coverage is of great interest to investors.

In 2017, 35 recommendations were issued, with the following results:

- 80% of price targets were attained;
- the average period for reaching the price targets was seven months;
- volume rose 70% during the first month of a recommendation.

Securities brokerage: Wafa Bourse

Thanks to favorable market conditions at the beginning of the year, and as a result of efforts made in innovation and proximity, Wafa Bourse's activity grew significantly in 2017. Transaction volume doubled, to MAD 2.7 billion, up sharply (+115%) year on year. Customer enthusiasm for trading from mobile devices was confirmed, with the mobile application accounting for 16% of Wafa Bourse trading volume in 2017.

The year was also notable for assets under management, up 21% year on year, to nearly MAD 1.2 billion.

As of the end of Q3 2017, Wafa Bourse had market share of more than 46%* of online trading volume. This figure continued to grow in Q4 2017.

In 2017, Wafa Bourse had revenues of more than MAD 12 million, 70% more than a year earlier.

* On the basis of the latest data from the AMMC (Moroccan financial markets authority) published on September 30, 2017.

Wafa Assurance

Wafa Assurance activity

Distribution network

Wafa Assurance has expanded its network through the opening of 27 new sales points. At the end of 2017, the network comprised 220 agents, 61 direct agencies, and 55 salespeople.

Wafa Assurance now works with 200 brokers.

The company has also opened a recruitment campaign to attract candidates for the insurance agents' examination.

Human resources

The company launched the final phase of career and mobility organization as part of the new human resources guidelines initiated in 2016.

The recruitment of 125 new employees in 2017 brought total headcount in the company to 686 as of the end of 2017.

In addition, half of the Wafa Assurance employees participated in training courses totaling 1,123 man-days. The training was mainly for insurance skills and personal development.

International development

Continued growth was enjoyed by the Life subsidiary in Tunisia, and by the Life and P&C subsidiaries in Senegal, with premiums rising steadily across the board.

Wafa Assurance's Life and P&C subsidiaries in Ivory Coast and its Life subsidiary in Cameroon were effectively launched in 2017, after teams had been recruited and information systems and a marketing plan implemented.

Results

Premiums

Premiums in 2017 rose 10.1%, to MAD 8,050, with strong momentum in each market and branch.

This growth was split almost evenly between life and P&C.

Life premiums rose 9.6%, to MAD 4,431 million, thanks largely to savings products, which grew 11.0% year on year, to MAD 3,588 million.

Life insurance with death benefits generated premiums of MAD 844 million (+4.1%) in 2017.

P&C premiums grew steadily in 2017, to MAD 3,618 million (+10.6%), boosted by auto insurance, property damage, and other branches.

Results

P&C earnings declined by 18.2%, to MAD 786 million, as a result of higher claims and lower financial results.

Life earnings rose slightly, by MAD 2 million, to MAD 293 million. The solid performance of savings products helped compensate for the rise in death claims.

Non-technical results improved by MAD 67 million, attributable mainly to a decline of MAD 58 million in interest expense.

As a result of corporate tax expenses of MAD 218 million, the company had net income in 2017 of MAD 819 million (−2.6%), compared with MAD 841 million in 2016.

Subsidiaries

Wafa IMA Assistance

Premiums written in 2017 totaled MAD 244 million, a 17% increase (MAD 35 million) year on year.

Net income came to MAD 23.6 million in 2017, a rise of MAD 13.6% million.

Attijari Assurance

Premiums in 2017 totaled TND 67 million (MAD 270 million), an increase of 26.5% from the previous year.

After a non-technical loss of TND 2.2 million (MAD −8.0 million) impacted by net financial income, net income came to TND 3.9 million (MAD 15 million), a rise of TND 2.4 million year on year.

Wafa Assurance Vie Sénégal (life)

Premium income totaled FCFA 5,783 million (MAD 96 million), a 73% rise from FCFA 3,346 million in 2016.

Net income at the end of Q3 2017 was profitable for the first time, at FCFA 424 million (MAD 7 millions), compared with a deficit of FCFA 297 million (MAD 5 million) in 2016.

Wafa Assurance Sénégal (P&C)

Premium income totaled FCFA 1,631 million (MAD 27 million), up 50% year on year. Seventy-one percent of premium income was from the auto and health branches.

Net income was negative, at FCFA −345 million (MAD −5.7 million), compared with FCFA −595 million in 2016.

Wafa Assurance Vie Côte d'Ivoire (life)

Wafa Assurance Côte d'Ivoire ended its first financial year with premium income of FCFA 3,169 million (MAD 52.3 millions), attributable to savings products (79%), with premiums of FCFA 2,502 million (MAD 41.4 million).

Net income was negative, at FCFA −462.2 million (MAD −7.6 million).

Wafa Assurance Côte d'Ivoire (P&C)

Wafa Assurance Côte d'Ivoire ended its first financial year with premium income of FCFA 2,227 million (MAD 36.8 million), due largely to auto (38%) and health (27%) insurance.

Net income was negative, at FCFA −212 million (MAD −3.5 million).

Wafa Assurance Vie Cameroun

The Cameroonian subsidiary also completed its first full year of activity, with premium income of FCFA 2,479 million (MAD 41 million), almost entirely from savings products.

Net income was negative, at FCFA −337 million (MAD −5.6 million).

Subsidiaries in Africa

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

In pursuance of its international strategy, Attijariwafa bank Group continues to expand its African presence, thereby consolidating its status as a leading regional player and bolstering south-south cooperation.

In May 2017, Attijariwafa bank finalized its 100% acquisition of Barclays Bank Egypt, now called Attijariwafa bank Egypt.

The international retail banking subsidiaries had excellent performances in 2017.

North Africa

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

(In MAD millions)

2017	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Deposits	22,833	1,546	11,427
Total loans	19,890	1,348	6,144
Total assets	29,743	2,134	14,765
NBI	1,469	163	1,351
Net income	446	59	606
Network	207	26	56

CONTRIBUTIONS*	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Customer deposits	7.2%	0.5%	3.1%
Loans and advances to customers	7.4%	0.5%	2.0%
Total assets	6.4%	0.5%	3.7%
NBI	6.8%	0.8%	4.0%
Net income	6.9%	0.9%	6.0%

* Contributions: contribution to Group (IFRS).

WAEMU zone

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

(In MAD millions)

2017	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Deposits	12,046	2,045	11,357	4,874	982
Total loans	10,142	1,533	10,720	3,834	572
Total assets	16,035	2,856	16,938	6,636	1 785
NBI	1,092	189	978	364	115
Net income	300	58	376	1,2	7,9
Network	99[1]	8	60	80	12

(1) Includes Benin, Burkina Faso, and Niger.

CONTRIBUTIONS*	CBAO-Senegal	CDS-Senegal	SIB-Ivory-Coast	BIM-Mali	BIA-Togo
Customer deposits	3.7%	0.6%	3.6%	1.5%	0.3%
Loans and advances to customers	3.7%	0.5%	3.8%	1.3%	0.2%
Total assets	3.5%	0.6%	3.6%	1.5%	0.3%
NBI	5.0%	0.8%	4.4%	1.8%	0.5%
Net income	5.1%	0.8%	6.0%	-0.8%	0.4%

* Contributions: contributions to Group (IFRS).

CAEMC zone

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

(In MAD millions)

2017	UGB-Gabon	CDC-Congo	SCB-Cameroun
Deposits	5,364	2,948	7,526
Total loans	4,634	2,348	5,181
Total assets	6,556	3,785	9,093
NBI	733	382	759
Net income	206	126	180
Network	21	19	55

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

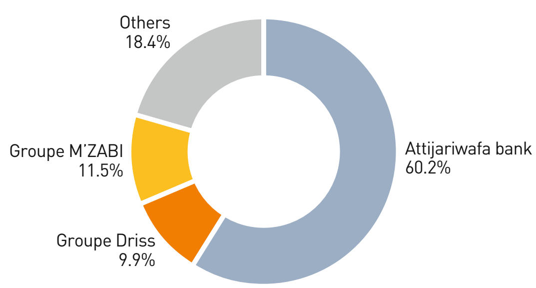
(*) Contributions: contributions to Group (IFRS).

Focus on Attijari bank Tunisie (ABT)

Highlights of 2017

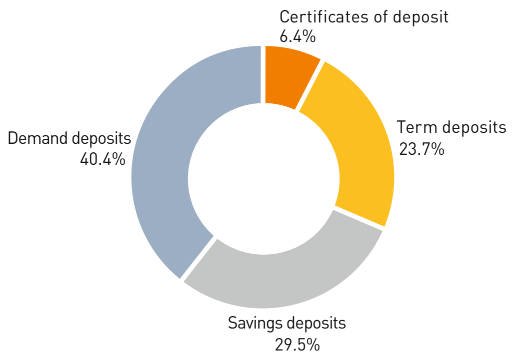
- Attijari bank Tunisie received the STP Award 2016 by Commerzbank for the excellence of its service in the treatment of commercial payments and financial transfers in euros.
- Attijaribank Tunisie was named "Best Enterprise Committed to the Promotion of Tunisian Artisanal Crafts" during its participation in "Our Beautiful Tunisia" organized by the Regional Chamber of Women Chefs of Aryana.
- For the fourth year in a row, The Banker magazine named Attijari bank Tunisie "Bank of the Year."
- The number of branches totaled 207 on December 31, 2017.

ABT's shareholding structure at 2017



Key performance indicators for the tunisian banking sector

Structure of deposits in 2016



(In MAD billions)	2017	2016	2015
Number of banks	23	23	23
Network branches	1,824*	1,774	1,701
Number of inhabitants per bank branch (in thousands)	Nd	6.4	6.6
Total assets/GDP	Nd	120.3	114.3
Benchmark interest rate	5.00%	4.25%	4.25%

* At June 30, 2017

Source: Central Bank of Tunisia

Key financial-performance indicators for attijari bank tunisie

Attijari bank Tunisie had very good performances in 2017.

Deposits rose 9.9%, to MAD 22.8 billion, while loans increased by 16.8%, to MAD 19.9 billion.

Net banking income of the Tunisian subsidiary rose 14.2% in 2017, to MAD 1.4 billion. Net income climbed 9.5%, to MAD 446.1 million.

(In MAD billions)	2017	2016	2015
Total deposits	22,8	20,8	18,5
Total loans	19,9	17,0	14,6
Total assets	29,7	26,1	23,0
NBI (parent company)	1,4	1,2	1,0
Net income	0,45	0,41	0,35
(parent company)	28,7%	28,1%	26,1%
ROE	10,7%	10,8%	10,5%
Deposit market share	8,9%	8,8%	8,1%
Loan market share	207	203	201

Constant exchange rate: 1 TND = MAD 3,8056

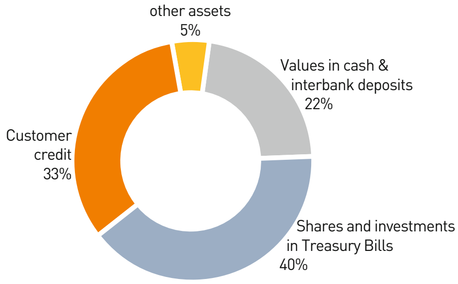
Focus on Attijariwafa bank Egypt (ABE)

Highlights in 2017

- In the first half of 2017, Attijariwafa bank finalized its acquisition (100%) of Barclays Bank Egypt, after obtaining all required regulatory authorizations.
- With this transaction, the Group is able to operate in Egypt, with its a large economy and strong growth outlook. The population of 96 million inhabitants will allow the Group to expand its African network, thereby paving the way for development in the Middle East and East Africa.
- Immediately after the acquisition of the Attijariwafa bank teams went to work to create a 2022 strategic plan for Attijariwafa bank Egypt, whose objective is to enhance its position in the Egyptian banking sector.

Key performance indicators for the egyptian banking sector

Breakdown of the balance sheet in 2016



	2017	2016	2015
Number of banks	38	38	38
Network branches	Nd	3 882	3 824
Transformation ratio	47.2%	47.0%	40.9%
Legal reserves	14%	10%	10%
Benchmark rate	19.25%	15.25%	9.75%
Nonperforming loan ratio	Nd	6.0%	7.1%
Coverage ratio	Nd	99.1%	99.0%
Capital-adequacy ratio	Nd	14.0%	14.5%

Source : Banque Centrale Egyptienne

Key financial-performance indicators for Attijariwafa bank Egypt

In 2017, all financial-performance indicators for Attijariwafa bank Egypt showed significant growth. Loans rose sharply and interest margins widened.

Levels of profitability and capitalization were very satisfactory (ROE of 31.8%, ROA of 4.0%, and CET1 of 17.3% at June 30, 2017).

(In MAD billion)	2017	2016	2015
Total deposits	11.4	9.7	8.1
Total loans	6.4	4.9	3.6
Total assets	14.6	12.4	10.6
NBI (parent company)	1.4	1.1	0.8
Net income	0.60	0.36	0.32
(parent company)	31.8%	24.7%	21.6%
ROE	1%*	1%	1%
Deposit market share	1%*	1%	1%
Number of branches	56	56	56

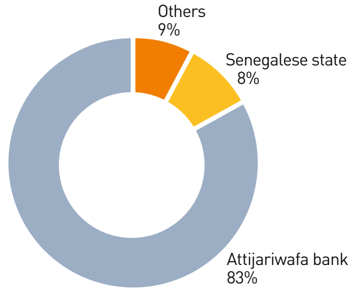
Constant exchange rate: 1 EGP = MAD 0.5249 (*) PDM sept-17

Focus on Compagnie Bancaire de l'Afrique de l'Ouest (CBAO)

Highlights of 2017

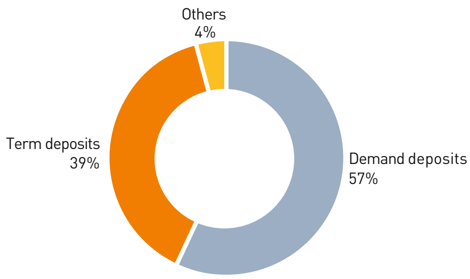
- Organization of the 2nd edition of the Africa Development Club on October 6–7, 2017, on the theme "Develoment of new cities: the case of Diamniadio."
- Participation in May 2017 in the Smart Up program, with 54 projects entered for the selection of a Senegalese representative in Morocco.
- Commitment of CBAO to projects related to the implementation of the new Basel II and Basel III prudential systems designed to improve the quality of financial information and risk management.

CBAO's shareholding structure at June 2017



Key performance indicators for the senegalese banking sector

Structure of deposits in banking sector 2016



	2017	2016	2015
Number of banks	25	24	24
Network branches	Nd	412	392
Minimum bid rate for invitations to provide liquidity	2,50%	2,50%	2,50%
Discount rate for marginal lending facility	5,50%	4,50%	3,50%
Ratio for legal reserves	3,0%	5,0%	5,0%

Source : BCEAO

Key financial-performance indicators for CBAO

In 2017, CBAO deposits grew 6.8%, to MAD 12.0 billion. Outstanding loans increased by 3.8%, from MAD 11.2 billion in 2016 to MAD 11.6 billion in 2017.

CBAO's net banking income came to MAD 1.1 billion, up 6.6% from 2016. Net income rose 29.9% in 2017, to MAD 303.6 million.

(In MAD billion)	2017	2016	2015
Total deposits	12.0	11.3	10.8
Total loans	11.6	11.2	9.8
Total assets	-	15.6	13.8
NBI (parent company)	1.1	1.02	0.94
Net income	0.3	0.24	0.19
(parent company)	-	20.3%	14.6%
ROE	15.9%	16.2%	17.3%
Deposit market share*	15.1%	15.7%	16.9%
Loan market share*	99	99	168

Exchange rate: 1 FCFA = MAD 0,017031
PDM (sept-17)

Consolidated results

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

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

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

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

In 2009, with its principal shareholder, SNI, Attijariwafa bank acquired 51.0% of Banque Internationale pour le Mali (BIM) during its privatization. Also in 2009, the bank opened a representative office in Tripoli.

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

In 2010, the Group consolidated its position as the leading regional player by opening a CBAO branch in Burkina Faso.

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

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

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

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

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

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

Key consolidated subsidiaries

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

Analysis of consolidated business activity

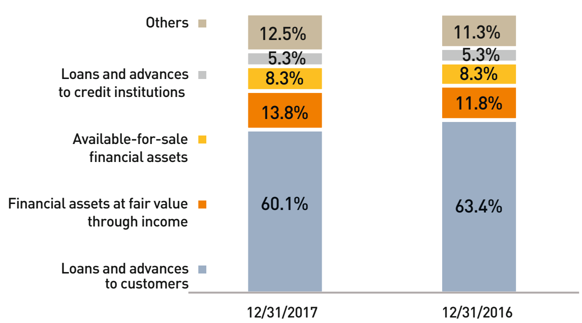
Total assets

At the end of 2017, Attijariwafa bank Group's assets totaled MAD 475.7 billion, a rise of 10.9% year on year.

Broken down by geographic area, 73.9% of total assets were in Morocco, with the rest in other North African countries, WAEMU, CAEMC, and Europe.

Total assets comprised loans and advances to customers (60.1%), financial assets at fair value through profit or loss (13.8%), and available-for-sale financial assets (8.3%). These three items account for 82.2% of total assets.

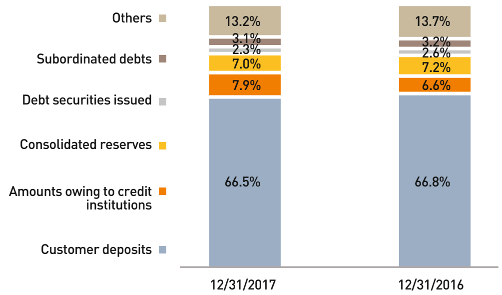
Structure of assets



The rise in assets was attributable mainly to:

- a 5.3% increase, to MAD 286.0 billion, in loans and advances to customers;
- a 30.6% rise, to MAD 65.9 billion, in financial assets at fair value through profit or loss;
- a 11.8% rise, to MAD 25.3 billion, in loans and advances to credit institutions and similar establishments.

Structure of liabilities



The rise in liabilities was due mainly to:

- a 10.5% increase, to MAD 316.2 billion, in customer deposits;
- higher (+33.1%) amounts owed to credit institutions and similar establishments, totaling MAD 37.7 billion;
- a 7.7% rise, to MAD 33.2 billion, in insurance companies' technical reserves.

Deposits

At December 31, 2017, customer deposits of MAD 316.2 billion accounted for 66.5% of total liabilities, compared with MAD 286.3 billion a year earlier. This trend was attributable to:

- an 8.3% rise in deposits in Morocco, Europe, and the offshore zone, to MAD 230.3 billion;
- a 16.7% rise in international retail banking deposits, to MAD 81.5 billion.

Loans

Loans and advances to customers in 2017 increased 5.3%, to MAD 286.0 billion. This growth is the result of a rise in consumer loans by the Bank in Morocco and offshore zone (3.1%), and a rise in loans by International Retail Banking (12.3%).

The loan-to-deposit ratio came to 90.4% in 2017, compared with 94.9% in 2016.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 7.2% in 2017, to MAD 50.8 billion. This strengthening of the Group's financial base was due mainly to the consolidation of Attijariwafa bank Egypt on the balance sheet of Attijariwafa bank Group.

Group solvency

Attijariwafa bank Group ended the first half of 2017 with a Tier 1 capital ratio of 9.7% and a capital-adequacy ratio of 12.3%, higher than the minimum regulatory requirements of 9% and 12%, respectively, and effective since June 30, 2014.

Consolidated results of attijariwafa bank group

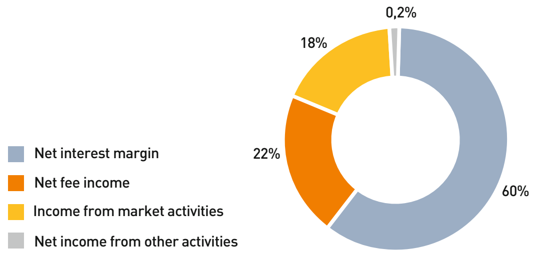
Consolidated net banking income

At December 31, 2017, consolidated net banking income totaled MAD 21.6 billion, compared with MAD 19.7 billion in 2016. This 10% rise is attributable to:

- an 11.2% rise in interest margin, to MAD 12.9 billion;
- an 8.3% increase in fee income, to MAD 4.8 billion;
- a 14.5% increase in income from market activities, to MAD 3.9 billion;
- an 81.2% decline in income from other activities, to, MAD 43.7 million.

At December 31, 2017, net banking income broke down as follows:

Net Banking Income structure at 31 December 2017



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

- Morocco, Europe, and offshore zone: +4.4%, to MAD 11.1 billion;
- Specialized finance companies: +3.4%, to MAD 2.4 billion;
- Insurance: +0.2%, to MAD 1.4 billion;
- International retail banking: +23.7%, to MAD 7.2 billion.

Gross operating income

Gross operating income rose 10.8% in 2017, totaling MAD 11.7 billion. General operating expenses (including depreciation, amortization, and impairment) rose by 9.2%, to MAD 10.0 billion. The cost-to-income ratio came to 46.1%.

Cost of risk

The cost of risk rose by 8.3%, to MAD 2.2 billion. As a share of total loan outstandings, the cost of risk came to 0.72%, virtually unchanged from the previous year. The nonperforming-loan ratio came to 7.0%, down 0.1 point from the previous year.

Consolidated net income

Group consolidated net income rose by 16.5% in 2017, to MAD 6.6 billion.

Net income (Group share)

Net income (Group share) grew 13.3% in 2017, to MAD 5.4 billion.

Return on equity (ROE) came to 14.9% in 2017, while return on assets (ROA) was unchanged at 1.4%.

Contributors to net income (Group share) at December 31, 2017	
Banking in Morocco, Europe, and offshore zone	+14.7%
Specialized financial companies	+1.3%
Insurance	-49.5%
International retail banking	+45.2%

Global Risk Management

CONTENTS

Global Risk Management

Mission and Organisation of Global Risk Management

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

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

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

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

There are five main categories of risk:

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

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

Counterparty risk

Upstream

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

Downstream

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

Operational risk

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

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

Country risk

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

Market risk

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

ALM risk

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

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

General measures

1- Governance and organisation

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

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

These entities include:

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

Board of Directors' role:

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

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

General Management's role:

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

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

Role of Committees:

Major Risks Committee

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

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

Group Credit Risk Committee

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

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

Audit and Accounts Committee

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

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

Market Risks Committee

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

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

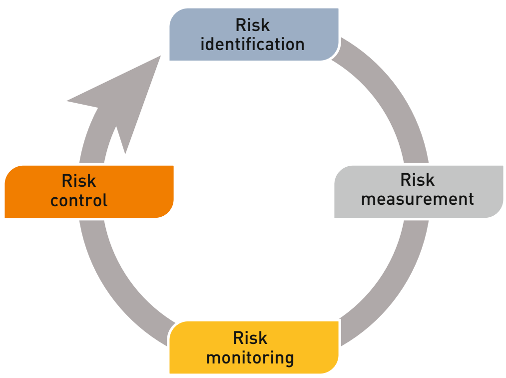
Global Risk Management's role:

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

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

2- Risk Management Process

The risk management process comprises four main stages:



Risk identification:

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

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

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

Risk measurement:

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

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

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

Risk Monitoring:

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

Risk Control:

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

I- CREDIT RISK

A- Credit policy

I- General principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Counterparty risk:

General principles underlying risk-taking:

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

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

These strategies are also adapted as a function of:

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

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

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

II.1 Customer selection:

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

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

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

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

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

II.2 Loan transaction structure:

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

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

III. Measures governing credit activity:

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

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

III.1 Prudential rules:

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

Before:

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

During:

This phase is governed by the following regulatory provisions:

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

After:

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

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

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

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

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

III.2 Concentration risk:

Concentration risk is the risk inherent in any exposure that may result in significant losses, potentially threatening an institution's financial solidity or its ability to continue to carry out its core activities. Concentration risk may arise from exposure to:

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

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

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

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

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

1. The bank's penetration rate in each industry sector;

2. Its asset quality (loss experience and rating);

3. Sector prospects based on business conditions (economic intelligence, industry-based advisory committees, trade federations, Budget provisions etc.) in order to ascertain what commercial approach is required and to ensure that the bank's loan portfolio retains an optimal risk profile in terms of sector concentration.

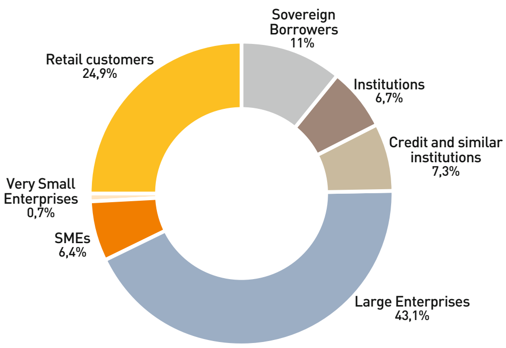
Regularly reviewing the bank's exposure against a backdrop of changing business conditions makes decision-making easier and enables real-time adjustments in quantitative, even qualitative, limits by:

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

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

III.2.1- Diversification by counterparty:

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

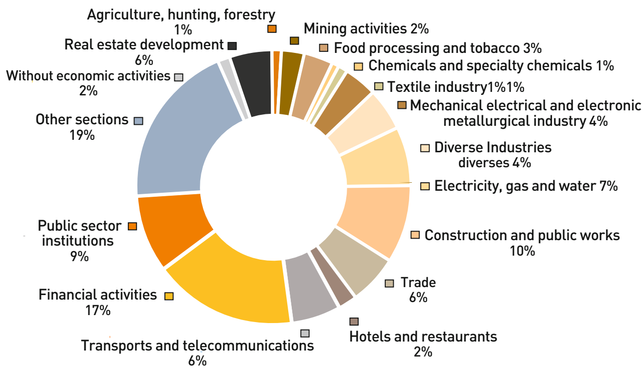


III.2.2- Diversification by sector:

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

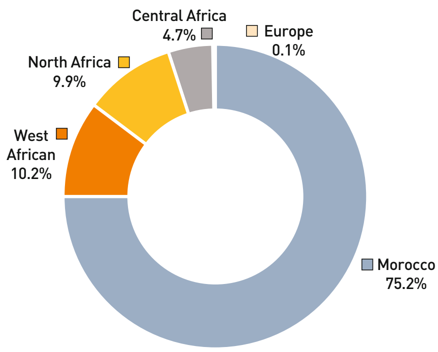
A breakdown of the bank's loan commitments by industry sector as a percentage of total loan commitments at 31 December 2017 was as follows:

- Financial institutions and insurance companies accounted for 17%, up from 2016. Commitments to this sector carry a very low level of risk.
- Construction and public works together with building materials accounted for 10%.
- While real estate development also rose slightly in 2017 and accounted for 6% of total loan commitments.
- «Other sections» regroups retail loans (mortgages and consumer loans).



III.2.3- Geographical distribution:

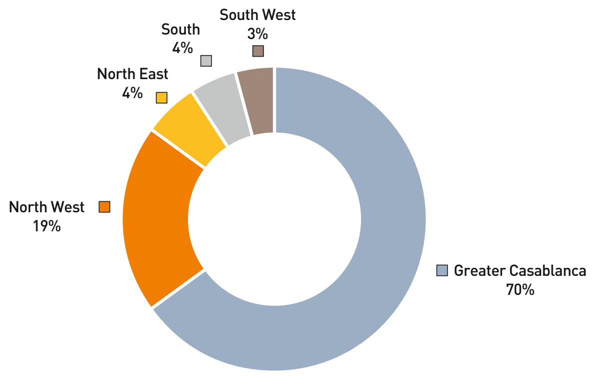
The geographical distribution of the Group's commitments shows very high exposure to Morocco (75.2%), followed by the WAEMU zone (10.2%), North Africa (9.9%), the CAEMC zone (4.7%), and Europe (0.1%).



In Morocco, the Greater Casablanca region accounted for 70% of the bank's commitments followed by North-West region (Rabat - Tanger) (19%), North-East, South and South-west.

This concentration can be explained by:

- The fact that the Casablanca and Rabat regions represent the country's economic, financial and administrative heart;
- Major regional infrastructure projects have their accounts domiciled in Casablanca and Rabat.



B- Procedures

1- Decision-making:

a- Scope of powers:

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

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

Credit proposals must adhere to the principles underpinning general credit policy. Any exception must be referred to a higher level of authority.
The bank's various decision-making bodies, validated by the Board of Directors and classified in ascending order of authority are:

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

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

b- Procedures:

Applications and proposals:

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

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

Analysis and decision-making:

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

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

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

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

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

Notification of the decision:

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

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

Revision:

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

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

Related legal entities:

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

c- Management of credit applications:

Content and management of credit applications

A customer application dossier comprises:

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

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

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

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

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

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

d- Management of guarantees

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

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

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

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

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

Management of guarantee or collateral dossiers:

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

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

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

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

2- Monitoring:

Within Attijariwafa bank's new organisational structure, the Monitoring and Credit Risk Control unit is primarily responsible for monitoring and detecting loans in difficulty.

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

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

This unit is responsible for:

- Monitoring the regularity of commitments e.g. ensuring that the motives given in the credit application are valid and comply with authorised limits; assessing payment-related incidents; reviewing amounts owing etc.

- Detecting loans showing persistent signs of weakness, so-called loans in difficulty, based on a certain number of warning indicators;
- Working with the branch network to monitor major risks (loans in difficulty, the largest and/or most sensitive loan commitments);
- Determining which loans need to be downgraded on the basis of current regulations governing non-performing loans;
- Working with the branch network to monitor specific risks such as temporary admissions, advances to companies bidding for public contracts and advances for purchasing goods.

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

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

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

3- Provisioning:

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

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

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

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

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

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

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

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

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

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

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

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

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

4- Corrective portfolio measures:

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

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

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

II- Market Risk

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

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

A- Managing market risks

1- Categories of market risk

Major types of market risk are:

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

- Interest rate risk:

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

- Foreign exchange risk:

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

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

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

Foreign exchange limit positions include:

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

These limits are governed by regulatory limits.

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

The bank's total forward foreign exchange position was MAD 22.989 billion at 31 December 2017, the breakdown of which was as follows:

MAD millions	< 3 months	3-6 months	> 6 months
Hedging	13,653,265	2,343,880	6,991,936

At 31 December 2017, the bank's foreign exchange options positions amounted to MAD 4,578 billion.

- Equity risk:

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

- Commodity risk:

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

2- Monitoring and control measures

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

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

- the Operations & Risk Management unit of Capital Markets
- GRM's Risks unit;
- Internal Control.

The Operations & Risk Management unit reports to Capital Markets but remains independent of the Front Office and sales teams. Internal Control reports to Capital Markets regarding management issues and to Group Compliance regarding operational issues.

Role of the various parties

The Operations & Risk Management unit of Capital Markets

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

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

• Ensuring that Front Office operations comply with accepted market practices and rules established by the Bank;
• Validating prices used by the Front Office.

Global Risk Management – Market risk

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

Market Risks Committee

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

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

3- Governance of risk management

4- Management of limits

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

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

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

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

Monitoring limits and overruns

Responsibility for ensuring compliance with limits lies with:

• Operations & Risk Management unit ;
• GRM.

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

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

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

Renewal: the Operations & Risk Management unit of the investment bank examines predefined limits and compares them with those that actually occurred during the previous year. In conjunction with Capital Markets and other commercial units, Operations & Risk Management suggests adjustments for the following year. Limits may be raised, lowered or cancelled.

In the case of an **ad hoc adjustment**, those involved in setting limits may request an adjustment to limits granted to counterparties on the basis of changes in circumstances.

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

5- System for managing market risks

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

B– Policy and implementation of market-risk management

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

C– Methodology for measuring market risks (internal model)

The management of Market risk is based on several indicators:

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

1- Value at Risk measurement

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

The Value at Risk model was developed by Attijariwafa bank's Global Risk Management unit. It covers dirham-denominated interest rate risk, foreign exchange risk in the spot and forward markets as well as equity risk. The model is an-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 thousand MAD)	**Position MAD**	**VaR 1 day**	**Regulatory VaR (10 days)**
Foreign exchange	391,085	756	2,39
Equities	56,903	2,034	6,431
Fixed income and mutual funds	55,130,563	42,885	135,614

2- Back-testing

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

3- Stress-testing

Stress-test programs, as defined by Bank Al-Maghrib, are carried out every six months. Internal stress tests (identified by the market-risk entity on the basis of crisis scenarios that have arisen in the past) are distinguished from regulatory stress tests defined by the regulatory authority. Results are reported on a half-yearly basis.

4- Sensitivity indicators

Sensitivity indicators compare asset prices to the market.

A portfolio's delta measures the change in the portfolio's value for each 1 bp rise of the underlying asset. Example of interest-rate risk: delta measures the change in MTM for each 1 bp rise in interest rates.

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

5- Economic capital

Potential loss in the bank's trading book where unchanged over a 12-month period.

Market risk of subsidiaries

A. Monitoring of market risk

1- Foreign exchange activity

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

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

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

2- Interest rate activity

At present the subsidiaries do not have a securities trading portfolio. The investment portfolio is monitored by the IRB risk unit, the country risk unit, Group consolidation, and the risk management unit.

3- Money market activity

Money market transactions are monitored by means of a daily reports submitted by the subsidiaries.

The procedures for bank counterparty limits were reviewed in 2016 and sent to subsidiaries in various economic zones.

B. Market risk management in subsidiaries

1- Information system

For each subsidiary in the WAEMU and CAEMC zones, the GGRM participates actively in the migration to the Amplitude liquidity model, in collaboration with International Retail Banking (IRB) and Group Capital Markets.

Acquired in May 2017, the Egyptian subsidiary has its own market risk unit, and is currently phasing in Murex software for handling market activities.

2- Risk policy

A charter governing the market risk management of subsidiaries has been implemented. This charter is being adapted to each economic zone for compliance with local regulations.

3- Trading and liquidity committees

Group Capital Markets has proposed quarterly meetings of trading committees in subsidiaries. These committees will provide monitoring of investment strategy for securities and other market products, and they will define subsidiaries' needs with regard to limits to be submitted to the GGRM.

III- Country Risk

Risk Management

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

Consolidation of the Barclays Egyptian subsidiary

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

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

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

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

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

Enhancement of the regulatory framework for cross-border risk

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

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

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

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

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

Enhanced management of country risk

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

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

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

A. Monitoring and oversight of counterparty risk at the Group level

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

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

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

B. Consolidation of country-risk management

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

This policy is based on the following:

1- Country risk general policy

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

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

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

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

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

2- Methodology for identifying and appraising international risks

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

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

2.2. Exposure in relation to trade finance activity:

- Confirmation of export bills of exchange payable by foreign banks;
- Counter-guarantees received from foreign banks;
- The bank's nostrii accounts in credit held with foreign correspondent banks and foreign correspondent banks' lori accounts in debit held with Attijariwafa bank;

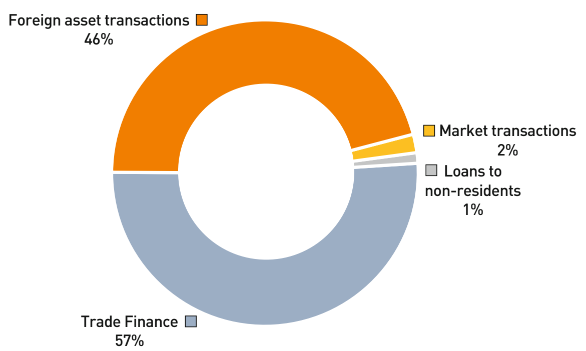
2.3. Foreign asset transactions:

- Foreign financial holdings;
- Counter-guarantees issued by Attijariwafa bank on behalf of subsidiaries to support their business development;
- New foreign branch openings;
- ALM portfolio.

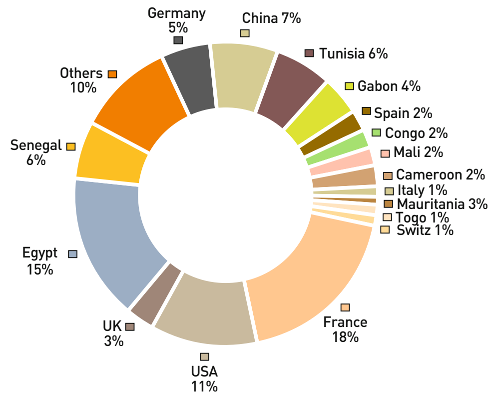
2.4. Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

At the end of December 2017, AWB's cross-border risks amounted to MAD 36,512 thousand. Trade-finance operations accounted for 51% of total cross-border risks, followed by foreign-asset transactions (+46%). These figures reflect the bank's international ambitions in a context of Morocco's opening to the global economy.

Cross-border risks at December 2016

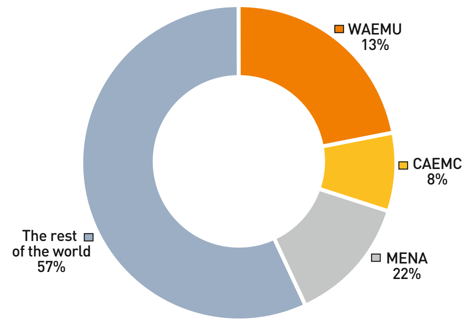


3- Methodology for calculating and restating country risk exposure based on the risk transfer principle which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks.



In the zones where it operates, the bank's exposure is represented by financial holdings in banking subsidiaries which bolster growth for the bank's strategic development in Africa. As a result of the acquisition of the Egyptian subsidiary, the MENA zone is dominant at 22%, compared with 8% in 2016.

Concentration of country exposure by region at December 2017



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

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

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

5.2 : A **financial risk** sub-score based on macroeconomic indicators such as external debt, debt service obligations, foreign exchange reserves and current account balance, providing an overview of a country's liquidity situation;

5.3 : a **market risk** sub-score based primarily on credit default swaps (CDS) as protection against issuer default and therefore as an indicator of a country's default probability;

5.4 : A **political risk** sub-score reflecting a country's vulnerability to political instability; this indicator is based on a multi-criteria assessment approach combining the integrity of the judicial system, administration and bureaucracy, the redistribution of wealth by analysing the poverty rate, the democracy index and ease of doing business index.

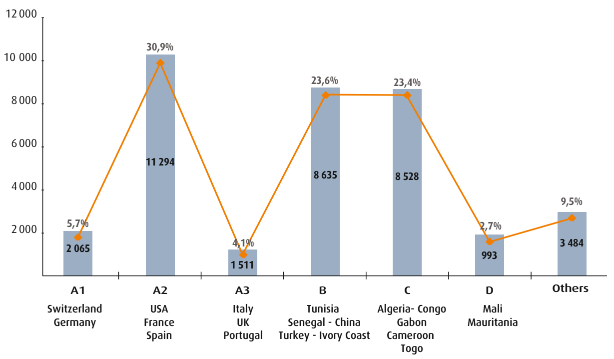
The resulting internal country score is the algebraic sum of the above sub-scores and is graded on a scale of 1 to 5, 1 representing an excellent risk profile and 5 representing a highly vulnerable risk profile.

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

A consolidated procedure for determining country risk has been implemented by means of a standard form sent to subsidiaries and then consolidated for compliance with reporting regulations.

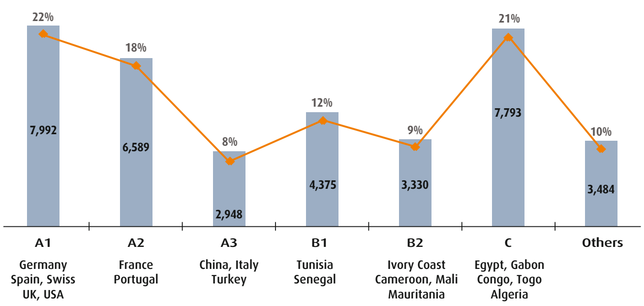
Of Attijariwafa bank's cross-border risks, 59% are in countries with ratings lower than Morocco's (A4). Egypt is gradually improving and was upgraded to "B" (moderately acceptable) at the beginning of 2018.

Breakdown of country risk exposure using the Coface scale at December 2017



According to the internal country scoring system (vulnerability index), exposure to countries with average risk and greater amounted to 60%.

Breakdown of cross-border risks according to internal scoring at December 2017



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

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

8. Monitoring and surveillance to ensure compliance with limits through ad hoc reporting;

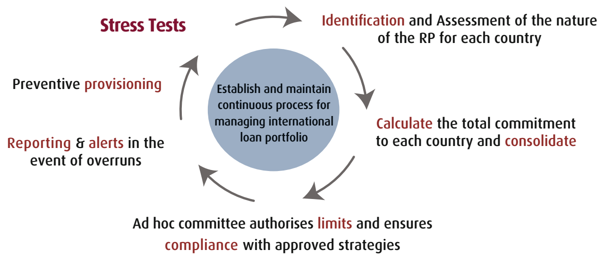
9. Provisioning for country risk as a function of deterioration in any country to which the bank has exposure including the actual occurrence of risk incidents, debt rescheduling, default, recourse to debt relief measures etc.;

10. Stress testing, an exercice designed to determine the bank's capacity to withstand extreme developments e.g. the actual occurrence of political risk in Tunisia and Ivory Coast, and to measure the resulting impact on capital and profitability.

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

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

Country risk charter



VI- Operational risk and Business Continuity Plan (BCP)

I. Operational risks

A. Background and methodology

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

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

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

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

B. Reminder of how operational risk management is organised

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

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

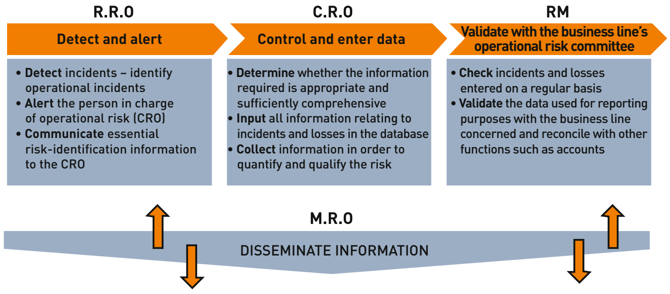
Within each business line, the main officers responsible for implementing the bank's operational risk management policy are known by the following acronyms:

RRO : Operational risk coordinators (business line)

CRO : Operational risk correspondents (business line)

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

RM : Business line head



C. Main committees

A number of committees are involved in operational risk management:

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

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

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

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

Arrijariwafa bank's operational risks regulatory committee: which meets once or twice a year at the request of the directors and/or General Management), has the following objectives:

- To review past achievements and future action.

D. Bank strategy for operational-risk management

The policy of operational-risk management implemented by Attijariwafa bank meets not only the regulatory requirements published in circulars decreed by Bank-Al-Maghrib, the regulatory body, but also the requirements of the charter governing operational-risk management. This charter, approved by the Board of Directors and by general management (in accordance with BAM circulars 26 and 29 G), defines the modeling, organization, and procedures with regard to operational risks.

Business lines	Subsidiaries*
1. Corporate banking	1. Wafasalaf
2. CTR	2. Wafacash
3. BPP	3. Wafa Immobilier
4. CTN market activities	4. AWB Europe
5. CTN foreign currencies	5. Wafa bail
6. CTN commitments	6. Attijari Factoring
7. CTN dirhams	7. Wafa LLD
8. CTN e-banking	8. Wafa Bourse
9. Customer service	9. Attijari Intermédiation
10. Global risk management	10. Wafa Gestion
11. Group payment collection	11. Attijari bank Tunisie
12. Group communication	12. CBAO Sénégal
13. Organization and reengineering	
14. Group agency leasing bank	
15. Group quality control	
16. Legal	
17. Group logistics purchasing	
18. Group IT	
19. Corporate bank	
20. Investment bank	
21. Custody / trading floor	
22. Group human resources	
23. Group finance	

* The operational risk management policy of IRB subsidiaries (WAEMU, CAEMC) will be implemented as a global hedge against Group risk

II. Risk mapping analysis during 2017

A. Banking risks

The risk map for 2017 identifies 633 risks and 18 «unacceptable or critical» risks. The latter require special treatment.

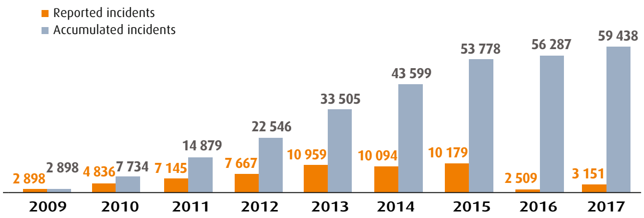
Risk mapping

	1 - Less than once in every 5 years	2 - Less than once in a year	3 - Sometimes / year (between 1 and 15 per year)	4 -Sometimes / month (between 16 and 50 per year)	5 -Sometimes / week (between 51 and 350 per year)	6 -Sometimes/ day (a 350 per year)	Total
6 - Over MAD 100 billion	1						1
5 - From MAD 10 to 100 billion	5	1	1	2	1		10
4 - From MAD 1 to 10 billion	14	12	8	5	1	2	42
3 - From MAD 100 thousand to 1 billion	20	25	42	13	3	3	106
2 - From MAD 10 thousand to 100 thousand	45	49	66	16	8	15	199
1 - Less than MAD 10 thousand	13	31	123	59	25	24	275
Total	98	118	240	95	38	44	633

Low	Average	Strong	Critical	Unacceptable	Total
445	124	46	12	6	633

B. Incident collection at parent level (Attijariwafa bank)

Implementation of the bank's operational risk management policy resulted in **3,150 incidents being collected in 2017**, taking the total to more than **60,000 incidents** since the policy was first implemented.



Commentary: This compilation of incidents, which declined after the introduction of the e-groci software package, provides a yearly analysis that is useful for establishing measures for the calculation of regulatory capital (standardized approach and advanced measurement approach).

III. Software of the operational risk management

The Bank's operational risk mapping was modified after the operational risks of back office business lines were reviewed and integrated.

The operational risk management policy was also reviewed in 2017 by means of an internal audit. The conclusions of this audit resulted in the approval of actions to be taken and in a list of the various inadequacies of the policy to be corrected.

In addition to the internal audit mission, the ROJIH unit coordinated with the regulatory authority to carry out a review of the operational risk management policy.

To strengthen the operational risk management policy and to encourage greater participation by business lines in declaring operational incidents, the ROJIH unit continues to work with business lines through meetings in various places with persons active in operational risk management policy (RRO and CRO).

To address the topic of hedging the operational risks of subsidiaries, the ROJIH unit and the IRB unit organized various early stage meetings for rolling out the operational risk management guidelines, particularly in the WAEMU zone. This action will continue in 2018 with the operational application for each of the targeted subsidiaries, in order meet the requirements of local regulatory authorities and of Bank Al-Maghrib.

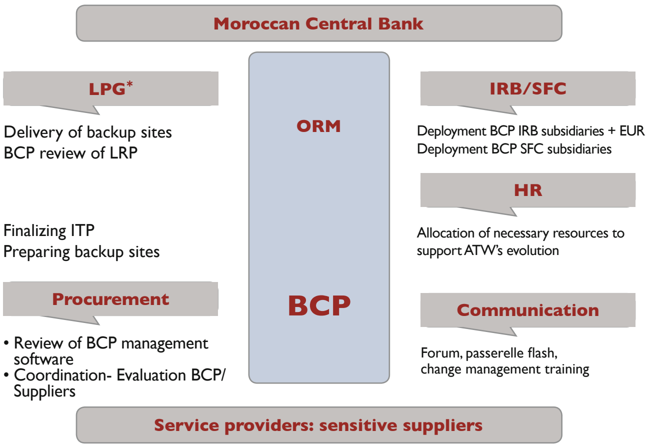
BCP: Highlights of BCP in 2017

- Launch and completion of Global Bank Insurance (GBI) project: optimization of the contingency (risk/insurance) hedge
  - Kickoff on March 29, 2017
  - Steering Committee closing meeting on November 28, 2017
- BAM audit mission of (Q3 2017)
- General internal audit mission (June–September 2017).

BCP: Regulatory context and challenges

Implementation of a business-continuity plan pursuant to the second pillar of Basel II and the regulations established for credit institutions by Bank Al-Maghreb (directives 47/G/2007 and 29/G/2007).

BCP: Principal contributors



* Logistics Procurement Group

BCP: HIGHLIGHTS IN 2017 AND OUTLOOK FOR 2018

The management of business continuity

A. Introduction of a BCP policy for maintenance under operational conditions (MOC)

The MOC is a continual and separate process. It ensures the sustainability and long-term effectiveness of the BCP because:

- **A BCP without maintenance is a BCP that won't last long**
  - BCP maintenance is driven by all main sources of evolution and change.

Achievements:

The Management of Business Continuity, working in close with their BCP correspondents (BCPC) designated in the Bank's 23 business lines, updated all the banking BCP plans and processes: Business Resumption Plan (BRP), Logistics Recovery Plan (LRP), and Crisis Management Plan (CMP).

Creation of an annual MOC schedule for the BCP.

- Inauguration of a BCP workgroup
- Awareness raising among BCPC of the importance of the MOC
- All bank business lines (23/23)

Used supports:

- Training in BCP software
- Crisis management training
- Change management training
- MOC training
- BCP questionnaire

B. BCP: development of Group synergies

1. BCP synergies – Bank

By way of BCP tests planned for 2018, several working meetings were held with the heads of ways and means and the BCPC of the Bank's various business lines.

Outlook for 2018

- Organization of training and awareness raising workshops for the correspondents of the Bank's 23 business lines
- Updating of all user backup provisions
- Implementation of a BCP/Group IT committee to monitor various projects
- Outfitting of backup sites with IT equipment and network systems (trading floor)
- Signature of delivery/reception protocol at Driss Lahrizi user backup site among the various participants: GPL, investment bank, Group IT, and BCP
- Organization of BCP tests for the trading floor and central processing departments
- Coordination with procurement in 2018 for the classification of suppliers according to BCP risk
- Participate in BCP tests of our most sensitive suppliers
- Organize a BCP/correspondent banking workshop on changes in BCP risk of foreign partner banks.

2. BCP synergies – subsidiaries

Role of BCP Group in the deployment of BCP subsidiaries :

- Be in compliance with BAM circulars and the BCP policy for subsidiaries
- Formalize a BCP Subsidiary Charter adapted to the local regulatory context and to the Moroccan regulatory context

- Guarantee consistency between the subsidiary's BCP policy and that of the Group
- Validate prerequisites (subsidiary's eligibility, necessary documentation, resources, budget, etc.) before launching the BCP mission (Page 51)
- Validate key deliverables (process benchmark, risk map, etc.)
- Participate in principal proceedings of the project phase (kickoff, intermediate committees, etc.)
- Harmonize the software required for integrated management of Group BCP.

• Pack BCP/ Subsidiaries

The ROJIH/BCP unit has provided a subsidiaries package for all subsidiaries of Attijariwafa bank Group. BCP-subsidiary workshops are provided for heads of subsidiaries and for heads of BCP. The goal of these meetings is to capitalize on the expertise and experience of the Bank's BCP governance.

Outlook 2018:

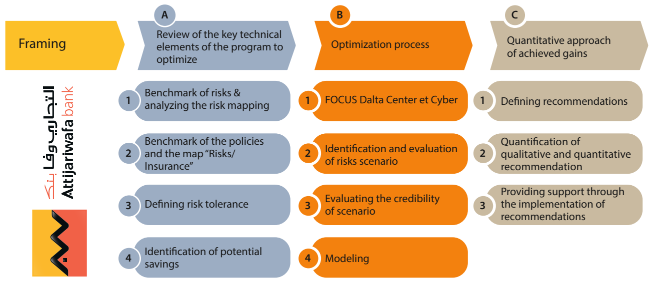
- Establish a workshop specific to each African subsidiary
  - Take into consideration the subsidiary's size, type of risk, and business lines
- Make a tour of the African subsidiaries
  - Perform a BCP audit for compliance of Attijariwafa bank Group with international standards
- Lead training and awareness-raising sessions
- Definition of main lines for coordination and communication between Group BCP and the specialized finance companies in project mode (backup solutions, mutualization, etc.).
- Assistance with subsidiary's BCP tests.

GLOBAL BANK INSURANCE (GBI) = HEDGE (RISK/ INSURANCE)

A. Main challenges for GBI project

- The GBI project supplements and strengthens the various hedging policies for banking risks.
- In February 2017 the bank chose Gras Savoye / Willis Towers Watson as consultant in bank insurance to optimize its insurance policies and secure the Bank's growth prospects.
- In sum, a certain number of probable, latent operational risks will be transformed into quantifiable cash flows through an optimized global insurance policy.

B. Global approach and deliverables



Note that phase C has provided gains on insurance policies premiums where the perimeter is nearly 40%.

C. Strategy of General Management Committee meeting of December 5, 2017

- The insurance broker Agma Lahlou Tazi secured the contract after a call for tender covering existing policies (operational liability, works of art, comprehensive office), and two new insurance policies for 2018, fraud and cyber

Subscription rolled over for professional liability (after study and analysis of risk scenarios for the Bank).

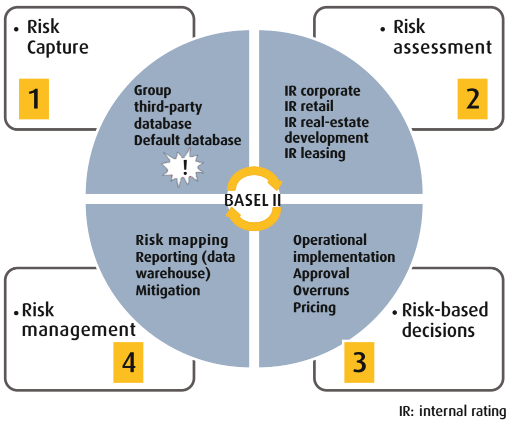
V- Risk Management

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

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

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

Basel II scheme



Implementation of new ratings models for the corporate segment:

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

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

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

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

The ratings system has the following features:

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

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

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

- The financial rating is based on several financial factors related to the company's size, growth rate, level of debt, profitability and financial structure;

- The qualitative rating is based on information regarding the market, the environment, the company's shareholder structure and management. This information is provided by the branch network.

- The behavioural rating is based on the specific character of the account

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

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

• The model's risk classes have been calibrated by adopting risk classes used by international ratings agencies.

• The rating is assigned to a risk class on an 8-class risk ratings scale under 3 categories :

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

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

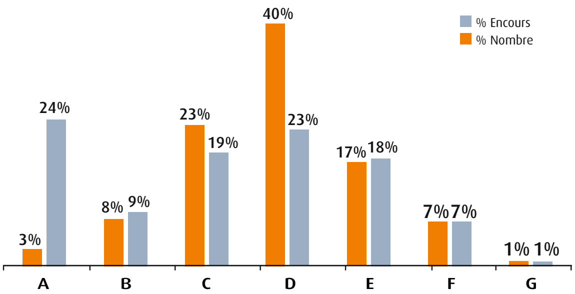
• Ratings update: counterparty ratings are re-examined at each renewal date and at least once a year. However, for corporate customers under watch (Classes F, G or pre-recovery), the counterparty rating must be reviewed every six months. In general, any significant new information will result in the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

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

• Test the predictive powers of the ratings model;

• Ensure that the probabilities of default are correctly calibrated.

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



(*) Public administrations, real estate companies and litigate files are out of perimeter.

Implementation has resulted in a higher portfolio rating, which in 2017 came to **95% of loan outstandings**, and in more intensive use of the rating at meetings of the credit committee. The rating can be found in all documentation and supports used for decision making. This gives an indication of the extent of irreversible appropriation of the internal ratings approach by the various network participants and by GGRM.

In 2017, two other models received special attention by the assistance missions: real estate development and the "Finance Project."

To promote the transition, the GGRM has actively participated in a media campaign designed to help Moroccan companies understand ratings. To achieve this, seminars have been held throughout Morocco, resulting in greater awareness of risk and improved relations between banks and businesses. In operating terms, the bank has made adjustments to allow a more equitable division of ratings in 2018.

Scoring of retail customer segment: A more efficient model and a high proceeding capacity...

After three years of actual use of the rating models (very small enterprises and professionals), the models were reviewed by integrating new data (i.e., external data from the credit bureau and utilities data concerning payments and withdrawals made with cards). This new version of the models remains based on quantitative and qualitative data, and on customer behavior. The new version has better predictive power.

In addition, new models have been designed for specific segments, particularly prospects, new contacts and double relations, with the aim of more precise scoring.

The bank has created a scoring hub in order to open the scoring process to subsidiaries and to other types of products. Scoring is expected to go digital with e-banking solutions that answer customer online requests for loans.

The ratings models initially intended for risk management are now used for sales purposes. Pre-rating operations are carried out periodically. They allow the network to define its target techniques and to improve the success rate for prospects in this segment.

Efforts to achieve continuous monitoring by the models, and the adjustment of rules for decision making in close collaboration with risk managers, encouraged greater automation and convergence between man and machine. The results were very satisfying, and contributed to a significant increase in capacity (30,000 ratings in 2017).

The process for rating self-employed professionals and individual customers has been fully integrated into the global system implemented by the bank. This confirms the Group's ongoing strategic commitment to solidly finance its retail customer business.

These models now form one of the pillars for very small enterprises and contribute to the mechanized decision-making process for loans to very small enterprises.

A growing plan to aid subsidiaries

In 2017, Risk Management carried out several missions aiming to establish Risk Management for subsidiaries. These actions are mainly for the ratings systems in subsidiaries with relatively high levels of outstandings (mainly SIB, CBAO and CDC), and more particularly the new subsidiary AWB Egypte. There is a dual priority at this level. The first is to implement the Group models inside the new subsidiaries, replacing the software in place prior to the acquisition. The second is to comply with the new IFRS 9 and the Basel II directives.

In addition, a database for subsidiary risks to enhance the management of subsidiary risks is currently under study.

Lastly, the policy for annual review of ratings models has been defined and is now part of the continuing efforts to improve.

VI. ASSET-LIABILITY MANAGEMENT

Liquidity risk

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

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

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

Policy for liquidity-risk management

Objectives

The liquidity policy of AWB Group consists of:

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

There is also an emergency plan to be implemented in case of a liquidity crisis.

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

The ALM Committee meets quarterly to:

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

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

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

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

Management and monitoring of liquidity risk

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

Free treasury securities

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

At December 31, 2017, outstanding free treasury securities amounted to MAD 33.6 billion, compared with MAD 34.3billion a year earlier.

Available liquidity reserves

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

At December 31, 2017, high-quality liquid assets totaled MAD 38.7 billion, compared with MAD 41.8 billion at December 31, 2015.

Hedging wholesale liquidity gaps (6–12 months) by means of high-quality liquid assets

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

At December 31, 2017, 12-month wholesale liquidity gaps totaled MAD 22.9 billion, compared with MAD 18.0 billion a year earlier. The coverage rate for high-quality liquid assets stood at 169% at December 31, 2017, compared with 205% at December 31, 2016.

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

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

At December 31, 2017, the static liquidity gaps were as follows (in MAD billions):

(MAD billions)

	0-1 year	1 to 5 years	more than 5 years
Asset flow	156	90	76
Liability flow	159	96	66
Static liquidity gap	-3	-6	10

Liquidity coverage ratio (LCR):

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

At December 31, 2017, the LCR stood at 147%, compared with 142% at December 31, 2016.

Net stable funding ratio (NSFR):

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

At December 31, 2017, the NSFR stood at 135%, compared with 134% at December 31, 2016.

Structural interest-rate risk

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

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

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

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

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

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

Assessment and monitoring of structural interest rate risk

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

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

Interest rate gaps at the parent-company level at December 31, 2017 (in MAD billions), were as follows:

(MAD billions)

	0-1 year	1 to 5 years	more than 5 years
Asset flow	120	82	58
Liability flow	141	53	83
Rate gap	-21	29	-25

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

At December 31, 2017, the sensitivity for a 100 bp rise was MAD -271 million (3.83%) from the estimated interest margin, and MAD 940 million (+3.4%) from statutory shareholders' equity.

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

Pillar III

CONTENTS

Pillar III : Risks and capital adequacy

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

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

I. Capital management and capital adequacy of Attijariwafa bank Group

1- Moroccan regulatory framework

The Moroccan regulatory framework is changing in compliance with the principles laid down by the Basel Committee. In 2007, Bank Al-Maghrib put forward the Basel II accord, which is based on three pillars:

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

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

2- Prudential scope of application

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

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

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

Name	Business Activity	Country	Method	% Control	% Stake
Attijariwafa bank	Banking	Morocco	Top		
Attijariwafa Europe	Banking	France	IG	99.78%	99.78%
Attijari International Bank	Banking	Morocco	IG	100.00%	100.00%
Attijariwafabank Egypt	Banking	Egypt	IG	100.00%	100.00%
CBAO Groupe Attijariwafa bank	Banking	Senegal	IG	83.07%	83.01%
Attijaribank Tunisie	Banking	Tunisia	IG	58.98%	58.98%
La Banque Internationale pour le Mali	Banking	Mali	IG	51.00%	51.00%
Crédit du Sénégal	Banking	Senegal	IG	95.00%	95.00%
Union Gabonaise de Banque	Banking	Gabon	IG	58.71%	58.71%
Crédit du Congo	Banking	Congo	IG	91.00%	91.00%
Société Ivoirienne de Banque	Banking	Ivory Coast	IG	67.00%	67.00%
Société Commerciale De Banque	Banking	Cameroon	IG	51.00%	51.00%
Attijaribank Mauritanie	Banking	Mauritania	IG	80.00%	53.60%
Banque Internationale pour l'Afrique Togo	Banking	Togo	IG	56.76%	56.76%
Wafasalaf	Consumer credit	Morocco	IG	50.91%	50.91%
Wafabail	Leasing	Morocco	IG	98.10%	98.10%
Wafa immobilier	Mortgage loans	Morocco	IG	100.00%	100.00%
Attijari Factoring Maroc	Factoring	Morocco	IG	100.00%	100.00%
Wafa LLD	Long-term leasing	Morocco	IG	100.00%	100.00%
Attijari Immobilier	Mortgage loans	Morocco	IG	100.00%	100.00%

3- Capital composition

In June 2014, Bank Al-Maghrib's prudential regulations for the adoption of Basel III entered into force. Consequently, Attijariwafa bank Group is required to comply with, on both an individual and a consolidated basis, a core-capital ratio of no less than 8.0% (including a conservation buffer of 2.5%), a Tier 1[1] capital ratio of no less than 9.0%, and a Tier 1 and Tier 2 capital ratio of no less than 12.0%. At the end of December 2016, in accordance with circular 14/G/2013, the regulatory capital of Attijariwafa bank Group comprised both Tier 1 and Tier 2 capital.

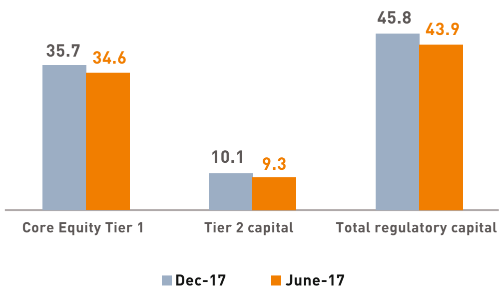
Tier 1 capital is determined on the basis of Core Equity Tier 1 capital (CET1) and additional Tier 1 adjusted for: the anticipated distribution of dividends; the deduction of goodwill, intangible assets, and unconsolidated equity investments[2] that are held in the capital of credit institutions and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

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

(in thousand MAD)

	12/31/2017	06/30/2017
Tier 1 capital= CET1+AT1	**35 663 318**	**34 603 891**
Items to be included in core capital	**46 749 432**	**45 225 684**
Share capital	2 035 272	2 035 272
Reserves	38 022 965	37 960 841
Retained earnings	2 799 260	1 372 201
Minority interests	3 989 767	3 981 162
Ineligible core capital	-97 833	-123 792
Items to be deducted from core capital	-11 586 115	-11 121 793
Core Equity Tier 1 (CET1)	**35 163 318**	**34 103 891**
Additional Tier 1 capital (AT1)	**500 000**	**500 000**
Tier 2 capital	**10 131 050**	**9 267 490**
Subordinated debt with maturity of at least five years	9 877 884	9 080 210
Unrealized gains from marketable securities	155 495	131 709
Other items	129 672	133 572
Ineligible Tier 2 capital	**-32 000**	**-78 000**
Total regulatory capital	**45 794 368**	**43 871 382**

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



4- Solvency ratios

At 31 December 2017, the Group's Core Equity Tier 1 ratio (T1) amounted to 9,67% and its capital adequacy ratio stood at 12,42%.

(in thousand MAD)

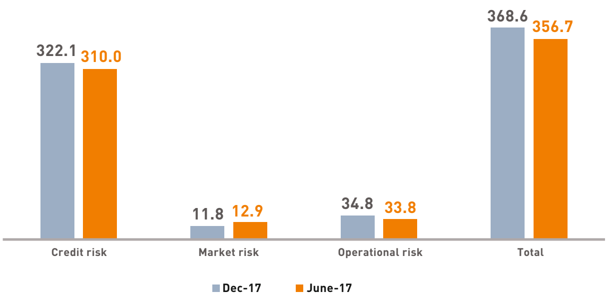
	12/31/2017	06/30/2017
Core capital	35 663 318	34 603 891
Total capital	45 794 368	43 871 382
Risk-weighted assets	**368 643 888**	**356 695 251**
Core equity Tier 1 ratio (CET1)	**9,67%**	**9,70%**
Capital adequacy ratio	**12,42%**	**12,30%**

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

At December 31, 2017, total risk-weighted assets for Pillar I, in compliance with circular 26/G/2006 (standards for calculating capital requirements under credit and market risk, using the standardized approach) for Attijariwafa bank Group amounted to MAD 368,643,888. Risk-weighted assets are calculated by means of the standardized approach for credit, counterparty, and market risks, and by means of the Basic Indicator approach for operational risks.

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

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



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

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

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

(in MAD thousands)

	Dec-17		June-17		Change	
	Risk-weighted assets	Capital requirements[3]	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Credit risk on balance sheet	**251,546,749**	**20,123,740**	**248,505,722**	**19,880,458**	**3,041,027**	**243,282**
Sovereigns	16,774,642	1,341,971	15,883,986	1,270,719	890,657	71,253
Institutions	16,560,106	1,324,808	16,407,492	1,312,599	152,614	12,209
Corporate	173,829,958	13,906,397	170,574,635	13,645,971	3,255,323	260,426
Retail	44,382,043	3,550,563	45,639,610	3,651,169	-1,257,566	-100,605
Credit risk off balance sheet	**43,816,037**	**3,505,283**	**36,790,991**	**2,943,279**	**7,025,046**	**562,004**
Sovereigns	1,020,414	81,633	1,472,803	117,824	-452,389	-36,191,,,
Institutions	1,523,570	121,886	1,401,140	112,091	122,430	9,794
Companies	41,015,556	3,281,244	33,471,202	2,677,696	7,544,354	603,548
Retail customers	256,497	20,520	445,847	35,668	-189,350	-15,148
Counterparty risk[4]	**1,003,653**	**80,292**	**1,296,658**	**103,733**	**-293,005**	**-23,440**
Institutions	122,578	9,806	174,174	13,934	-51,596	-4,128
Companies	881,074	70,486	1,122,484	89,799	-241,409	-19,313
Credit risk from other assets[5]	**25,750,543**	**2,060,043**	**23,359,519**	**1,868,761**	**2,391,025**	**191,282**
Market risk	**11,763,334**	**941,067**	**12,941,490**	**1,035,319**	**-1,178,156**	**-94,252**
Operational risk	**34,763,572**	**2,781,086**	**33,800,871**	**2,704,070**	**962,701**	**77,016**
Total	**368,643,888**	**29,491,511**	**356,695,251**	**28,535,620**	**11,948,637**	**955,891**

1- Credit risk

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

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

- **Analysis of credit risk by segment**

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

(in MAD thousands)

	Exposure before CRM (EAD)[6]		Risk-weighted exposure after CRM (RWA)	
	BALANCE SHEET	OFF BALANCE SHEET[7]	BALANCE SHEET	OFF BALANCE SHEET
Sovereigns	38,243,178	9,204,143	16,774,642	1,020,414
Institutions	23,105,786	41,886	617,965	8,377
Credit establishments and equivalent	25,216,230	8,999,288	15,942,141	1,515,193
Large enterprises	173,611,243	107,746,405	173,829,958	41,015,556
Retail customers	86,342,277	783,926	44,382,043	256,497
Total	**346,518,713**	**126,775,648**	**251,546,749**	**43,816,037**

2- Counterparty risk

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

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

At December 31, 2017, the Group's net exposure to counterparty risk to security-financed transactions and derivative products totaled **MAD 22,329,101 thousand**, 32% less than at June 2017. Risk-weighted exposure came to **MAD 1,003,653 thousand**, 23% less than at June 30, 2017.

(in MAD thousands)

	Dec-17		June-17	
	Exposure at default (EAD)	Risk-weighted assets (RWA)	Exposure at default (EAD)	Risk-weighted assets (RWA)
Sovereign	12,670,841	-	27,187,695	-
Credit establishments and equivalent	3,080,549	122,578	382,319	174,174
Corporate	6,577,710	881,074	5,172,958	1,122,484
Total	**22,329,101**	**1,003,653**	**32,742,972**	**1,296,658**

3- Market risk

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

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

Article 54 of circular 26/G/2006 describes the regulatory authority's methods for calculating all categories of market risk.

Market risk comprises:

- **Interest-rate risk**

Interest-rate risk is calculated for fixed-income products in the trading book. It is the total general and specific risk related to interest rates.

Capital requirements for general interest-rate risk are calculated using the amortization-schedule method. Specific risk is calculated from the net position. The weighting depends on the type of issuer and the maturity of the security, on the basis of the criteria listed in the technical note for 26/G/2006 (see Article 54, part I, paragraph A).

- **Equity risk**

The calculation of equity risk comprises: stock positions, stock options, stock futures, index options, and other derivatives whose underlying instrument is a stock or an index. Total equity risk is the sum of general and specific equity risk.

3) Calculated as 8% of risk-weighted assets.
4) Credit risk arising from market transactions, investments, and settlements.
5) Fixed assets, various other assets, and equity holdings not deducted from capital.
6) CRM: Credit-risk mitigation: techniques employed by financial institutions to reduce their counterparty risk.
7) Off-balance-sheet commitments comprise financial and other guarantees.

Capital requirements for general equity risk (see Article 54, part II, paragraph B of the technical note for 26/G/2006) represents 8% of the total net position.

Specific risk is calculated on the total position by applying the weightings indicated by the regulatory authority, in accordance with the type of asset.

• Currency risk

Capital requirements for currency risk are calculated whenever the total net position exceeds 2% of the core capital. The total net position corresponds to the difference between the long and short positions for the same currency.

• Capital requirements for market risks

(in MAD thousands)

Capital requirements	Dec-17	June-17
Capital requirements	**771,574**	**986,190**
Specific interest-rate risk	126,626	172,888
General interest-rate risk	644,948	813,302
Equity risk	**10,524**	**7,598**
Currency risk	**158,968**	**41,502**
Commodity risk	**-**	**29**
Total	**941,067**	**1,035,319**

4- Operational risk

Operational risk is calculated using annual NBI for the three past years and Basic Indicator Approach. Capital requirements are 15% of the average NBI for the past three years.

• Capital requirements for operational risk by business line

(in MAD thousands)

Capital requirements	Banking in Morocco, Europe, and offshore zone	Specialized finance companies	International retail banking	Total
Dec. 2017	1,514,104	348,985	917,997	2,781,086
June 2017	1,507,170	342,744	854,156	2,704,070

5- Credit-risk mitigation techniques

Credit-risk mitigation techniques are recognized pursuant to the regulations of Basel II. Their effect is measured by scenario analysis of an economic slowdown. There are two main categories of credit-risk mitigation techniques: personal guarantees and collateral.

- A personal guarantee is a commitment made by a third party to replace the primary debtor in the event of default by the latter. By extension, credit insurance and credit derivatives (e.g., protective calls) also belong to this category.
- Collateral is a physical asset placed with the bank as guarantee that the debtor's financial commitments will be satisfied in a timely manner.
- As shown below, exposure can be mitigated by collateral or a guarantee in accordance with criteria established by the regulatory authority.

Collateral	Personal guarantees
Cash, equities, mutual funds, etc. Mortgages	Collateral, Insurance, Credit derivatives

Bank Al Maghrib regulations by standardized approach

Eligibility criteria

• Eligibility of credit-risk mitigation techniques

Attijariwafa bank Group calculates its solvency ratio using the standardized approach, which, contrary to IRB approaches, limits credit-risk mitigation techniques.

For risks treated using the standardised approach:

- personal guarantees are taken into account (subject to eligibility) by enhanced weighting that corresponds to that of the guarantor, for the guaranteed portion of the exposure which accounts for any currency and maturity mismatch.
- collateral (e.g., cash, securities) are subtracted from exposure after any currency and maturity mismatch has been accounted for.
- collateral (e.g., mortgages) that meet eligibility conditions which allow a more favorable weighting for the debt that they guarantee.

Below is a comparative table of collateral eligible on the basis of two methods: standardized and advanced.

	Standardized approach	Advanced approach	
		IRB	IRB advanced
Financial collateral			
• Liquidities/DAT/OR	√	√	√
• Fixed-income securities			
- Sovereign issuer with a rating of ≥ BB-	√	√	√
- Other issuers ≥ BBB-	√	√	√
- Other (without external rating but included in internal-rating models)	X	X	√
• Equities			
- Principal index	√	√	√
- Primary stock exchange	√	√	√
- Other	X	X	√
• Mutual funds and private equity	√	√	√
Collateral			
• Mortgage on a residential property loan	√	√	√
• Mortgage on a commercial property lease	√	√	√
• Other collateral as long as: - there is a liquid market for disposal of the collateral; - there is a reliable market price applicable to the collateral.	X	√	√
Personal guarantees			
• Sovereign banks and other entities ≥ A-	√	√	√
• Other entities < A-	X	X	√
• Unrated entities	X	X	√
Credit derivatives			
• Sovereign issuers, MDB, and financial institutions or other entities with a rating ≥ A-	√	√	√
• Other	X	√	√

• CRM amounts

Below are the guarantees and collateral (real and financial) as at the end of 2017, as well as the hedge amounts for credit risk included in the calculation of risk-weighted assets (standardised approach) at the end of 2017:

(in MAD thousands)

	Dec-17
Guarantees and collateral	**170 772 408**
Guarantees	11 870 419
Real[8] and financial collateral	158 901 989
Guarantees and collateral eligible for the standardised approach	**72 833 682**
Guarantees	11 870 419
Real and financial collateral	60 963 263
- Mortgage on residential home loan	55 136 406
- Mortgage on commercial lease	5 826 858
- Other	

8) Collateral at the domestic-banking level.

III. Information on significant subsidiaries

1- Regulatory framework

At the parent-company level, Attijariwafa bank must satisfy capital requirements calculated in accordance with the same prudential standards required by Bank Al-Maghrib as those for the consolidated level.

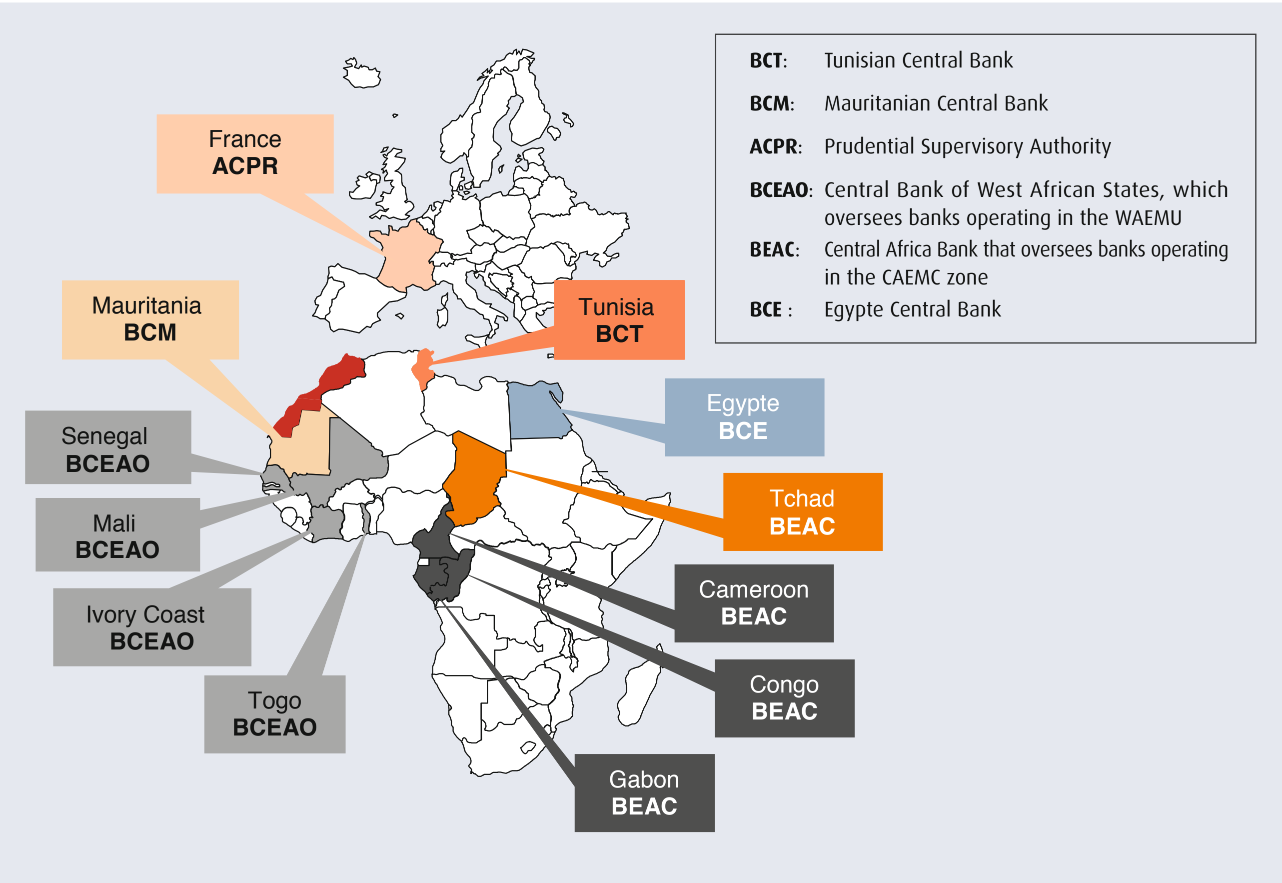
All subsidiary credit institutions in Morocco: Wafabail, Wafasalaf, and Attijari Factoring individually report their solvency ratios to Bank Al-Maghrib, as governed by:

- circular 25/G/2006 (in compliance with Basel I) on calculating capital requirements for credit risk;
- circular 14/G/2013 (see technical note NT 01/DSB/2014) on calculating the regulatory capital of banks and credit institutions (in compliance with Basel III).

Wafa assurance is governed by the regulations of the Autorité de Contrôle des Assurances et de Prévoyance Sociale (ACAPS, the Moroccan insurance regulatory authority).

Attijariwafa bank Group's international banking subsidiaries calculate their capital requirements in accordance with local prudential standards in the jurisdictions of the countries in which they do business. They are in compliance with Basel I standards in Africa (Tunisia, Mauritania, WAEMU, CAEMC) and with Basel III standards in Europe.

Regulatory authorities of Attijariwafa bank international subsidiaries



2- Ratios of principal subsidiaries

The following table provides information on the solvency of Group subsidiaries. The parent-company scope corresponds to in-house outstandings.

Entity	Regulatory authority	Required minimum	Regulatory capital requirements (thousands)	Risk-weighted assets (thousands)	Total ratio	Regulatory capital requirements[9] (MAD thousands)	Risk-weighted assets (MAD thousands)
Attijariwafa bank	Bank Al-Maghrib	12%	35,663,318,	368,643,888,	12.42%	35,663,318,	368,643,888,
Wafasalaf	Bank Al-Maghrib	12%	,1,583,217,,	11,701,451,,	13.53%	1,583,217,,	11,701,451,,
Wafabail	Bank Al-Maghrib	12%	1,091,595	9,093,943	12%	1,091,595	9,093,943
Wafa Immobilier	Bank Al-Maghrib	12%	54,109	336,652	16%	54,109	336,652
Attijari Factoring	Bank Al-Maghrib	12%	209,342	1,046,665	20%	209,342	1,046,665
Attijari bank Tunisie	BCT	10%	645,802	5,530,370	11.68%	2,457,664	21,046,376,
CBAO	BCEAO	8%	68,545,000	569,725,000	12.03%	1,167,390	9,702,986
Attijariwafa bank Europe	ACPR	12%	43,984,	332,526,	13.23%	491,296,	3,714,246,
Attijariwafa bank Egypte	BCE	11.25%	4,122,891	19,758,168	20.87%	2,162,869	10,365,135

9) Exchange rate: TND (3,8056) FCFA (0,017031) EUR (11,169762) EGP (0,5246).

Subsidiaries	Regulatory authority	Margin	Minimum solvency margin	Ratio
Wafa Assurance	ACAPS	7,210,192	2,035,302	354%

IV. Internal capital management

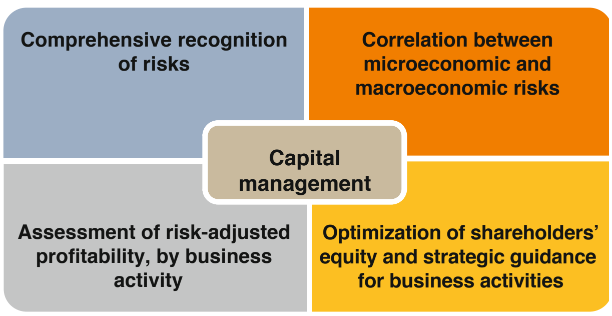
1- Capital management

In recent years, the forecasting of capital requirements has become a vital part of Attijariwafa bank Group's strategic planning. Since Bank Al-Maghrib adopted Basel II in 2006, regulations have undergone constant change, resulting in ever-increasing needs for capital.

The Group's capital-management policy is designed to control this costly obligation and all associated factors. The policy aims to ensure that the Group and its subsidiaries remain solvent and satisfy prudential requirements on both the consolidated and parent-company levels (respecting prudential rules of the local regulatory authority) while simultaneously optimizing returns for shareholders, who provide the required capital.

The capital-management policy extends beyond the regulatory framework, to overseeing investments and their returns (calculations of IRR, dividend forecasts, divestments, tax engineering, etc.), thereby ensuring optimal capital allocation for all business lines and fulfilling capital requirements for both strategic goals and regulatory changes.

Targets for « Capital Management »



2- Governance

The Finance Department's Capital Management Committee (CMC) meets semi-annually, It's Composed of the members of the General Management Committee, the managers of the risk business lines and the Finance Department. The Secretary of the Capital Management Committee is responsible for the entity "Financial Management and Capital Management". The main missions of the CCM can be summarized as follows :

- define the capital-management policy and the changes needed on the basis of market conditions and competition, regulations, interest rates, cost of capital, etc.;
- anticipate capital requirements for the Group and its subsidiaries and credit institutions, for the next 18 months;
- analyze capital allocation by business line and division;
- make decisions on subjects that can impact capital (all Group entities).

In general, support all actions and initiatives that promote optimized capital management.

3- Regulatory stress tests

The results of regulatory stress tests (Bank Al-Maghrib directive 01/DSB/2012) are reported twice yearly to the regulatory authority. At the end of 2017, post-shock solvency ratios for Tier 1 and total capital of Attijariwafa bank were superior than the minimum regulatory requirements.

Regulatory stress tests at the end of 2017 covered the following scenarios:

- **Credit risk**: claims rising from 10% to 15%, representing high risk for total portfolio and per business segment
- **Concentration risk**: Défaut des principales relations
- **Market risk:**
  - MAD weakening against the EUR;
  - MAD weakening against the USD;
  - yield curve shifts;
  - interest rates rise;
  - share prices fall;
  - NAVs of mutual funds (bond, money market, etc.) decline.
- **Country risk:**
  - stress tests on loans to non-residents in countries with political instability;
  - stress tests on loans to non-residents in countries to which the bank has significant exposure.

4- Forecast ratios

Individual and consolidated capital adequacy ratios (CAR) forecast over the next 18 months are well above the current minimum regulatory level of 9.0% for Tier 1 and 12.0% for CAR through the internal policy of capital management.

Forecast ratio in an individual basis

Projections conducted with a constant prudential environment and constant accounting standard.

In MAD billion	June-17	Dec-17	June-18 F	Dec-18 F	June-19 F
Tier 1 capital	23.8	23.9	24.0	24.3	24.6
Tier 2 capital	6.0	6.3	7.3	7.5	7.7
Total regulatory capital	**29.8**	**30.2**	**31.3**	**31.7**	**32.3**
Risk-weighted assets	**234,6**	**237.4**	**243.4**	**249.3**	**255.6**
Core equity Tier 1 ratio	10.14%	10.05%	9.86%	9.74%	9.63%
Capital adequacy ratio	12.68%	12.72%	12.86%	12.74%	12.63%

Forecast ratio in a consolidated basis

Projections conducted with a constant prudential environment and constant accounting standard.

In MAD billion	June-17	Dec-17	June-18F	Dec-18 F	June-19 F
Tier 1 capital	34.6	35.7	36.3	37.8	39.3
Tier 2 capital	9.3	10.1	10.9	10.3	10.5
Total regulatory capital	**43.9**	**45.8**	**47.2**	**48.1**	**49.8**
Risk-weighted assets	**356.7**	**368.6**	**379.5**	**392.4**	**405.7**
Core equity Tier 1 ratio	9.70%	9.67%	9.55%	9.64%	9.68%
Capital adequacy ratio	12.30%	12.42%	12.42%	12.27%	12.27%

V. Corporate 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.

1- General Management Committee

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

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

Member	Fonction	Since
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Managing Director	2003
Mr. Omar BOUNJOU	Managing Director	2004
Mr. Ismail DOUIRI	Managing Director	2008
Mr. Talal EL BELLAJ	Managing Director	2014

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.

Membres	Fonction	Titre
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
Mr. Omar BOUNJOU	Managing Director, Retail Banking Division	Managing Director
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division	Managing Director
Mr. Boubker JAI	Managing Director, Corporate and Investment Banking, Capital Markets and Financial Subsidiaries	Managing Director
Mr. Talal EL BELLAJ	Managing Director, Global Risk Management	Managing Director
MR. HASSAN BERTAL	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. Fouad MAGHOUS	Retail Banking Support Functions	Executive Director
Mr. Hassan BEDRAOUI	Head of South region	Executive Director
Mr. Mouawia ESSEKELLI	Managing Director, Attijariwafa bank Europe	Deputy Managing Director
MR. HASSAN BERTAL	Transaction Banking Group	Deputy Managing Director
Mr. Omar GHOMARI	Specialized Financial Companies	Deputy Managing Director
Mrs Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Deputy Managing Director
Mr. Jamal AHIZOUNE	International Retail Banking	Deputy Managing Director
Mr. Youssef ROUISSI	Corporate & Investment Banking	Deputy Managing Director
Mr. Rachid EL BOUZIDI	Transformation Office	Deputy Managing Director
Mrs Saloua BENMEHREZ	Group General Audit	Executive Director
Mr. Younes BELABED	Group Communication	Executive Director
Mrs Malika EL YOUNSI	Back Offices and Customer Services	Executive Director

Mr. Badr ALIOUA	Group Legal Advisory	Executive Director
Mr. Rachid KETTANI	Private Banking	Executive Director
Mrs Soumaya LRHEZZIOUI	Group Finance Division	Executive Director
Mr. Driss MAGHRAOUI	Group Information Systems	Executive Director
Mr. Ismail EL FILALI	Retail & Business Markets	Executive Director
Mr. Mohamed SOUSSI	Group Human Resources	Executive Director
Mr. Karim IDRISSI KAITOUNI	Head of SMEs Banking	Executive Director

3- Other Committees reporting to the Board of Directors

• Strategic Committee:

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

Membres	Fonction
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing SNI
Mr. Abdelmjid TAZALOUI	Director
Mr. José REIG	Director

• Group Risk Committe:

The Group 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.

Member	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing SNI
Mr. José REIG	Director
Guest Members	
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division
Mr. Talal EL BELLAJ	Managing Director, Global Risk Management

• Group Audit Committee:

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

Member	Function
Mr. Abed YACOUBI-SOUSSANE	Chairman
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
Guest Members	
Mr. Talal EL BELLAJ	Managing Director, Global Risk Management
Mr. Younes Belabed	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance
Mrs Bouchra BOUSSERGHINE	Group Compliance Officer

• Appointment and Remuneration Committee:

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

Three sub-committees issued from "Appointment and Remuneration Committee", with different compositions depending on the prerogatives of each sub-committee.

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

The second sub-committee is composed of the following members:

Membres	Fonction
Mr. Mounir EL MAJIDI	Director - Representing SIGER
Mr. Hassan OURIAGLI	Director - Representing SNI
Mr. José REIG	Director
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank

The third sub-committee is composed of the following members:

Membres	Fonction
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director - Representing SNI
Mr. José REIG	Director

• The Senior Purchase Committee:

The Senior Purchase Committee approves high-cost purchases. In the tender process, the Committee opens financial bids and approves high-cost purchases.

Membres	Fonction
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Aymane Taud	Director - Representing SNI
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
Non permanents	
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division
Mrs Wafaa GUESSOUS	Deputy Managing Director – Procurement Logistics Group

Resolutions of the ordinary general meeting

First resolution

The General Meeting, having been informed of the reports of the Board of Directors and the Statutory Auditors for the financial year ended December 31, 2017, expressly approves the summary financial statements for financial year 2017, as presented, as well as the transactions reflected in those financial statements or summarized in those reports, which show earnings of MAD 4,158,011,419.37.

Second resolution

The General Meeting, having been informed of the special report of the Statutory Auditors on the agreements falling within the scope of Articles 56 et seq. of Act 17/95 pertaining to limited liability companies, as amended and supplemented by Act 20/05 and Act 78-12, approves the conclusions of said report and the agreements detailed therein.

Third resolution

The General meeting decide to allocate the earnings, proposed by the Board of Directors, amounting to MAD 4,158,011,419.37 as follows:

(in MAD)

Net income for the year	4.158.011.419,37
Earnings brought forward	467.722,22
DISTRIBUTABLE EARNINGS	**4.158.479.141,59**
ALLOCATION :	
Statutory dividend 6 %	122.116.335,60
Amount necessary to raise the dividend per share to MAD 12.50	2.421.973.989,40
TOTAL DISTRIBUTION OF	**2.544.090.325,00**
Allocation to extraordinary reserves	1.614.000.000,00
Retained earnings	388.816,59

Accordingly, the Ordinary General Meeting resolves to allocate to each share constituting the Company’s share capital an annual dividend of MAD 12.50 payable as from July 2nd, 2018, at the bank’s headquarters, in compliance with the regulations in force.

Fourth resolution

As a consequence of the aforementioned resolutions, the General Meeting confers on the members of the Board of Directors the final discharge, without reservations, of management duties during the financial year for which the financial statements have been approved. Final discharge is also conferred on the Statutory Auditors for the term held during the financial year in question.

Fifth resolution

The General Meeting sets at MAD 4,000,000 the amount of directors' fees to be allocated to members of the Board of Directors for financial year 2018.

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

Sixth resolution

The General Meeting, having acknowledged that the director's mandates of Mr. José Reiget, and Mr. Antonio Escamez Torres will expire at the close of this General Meeting, resolves to renew said mandates for a six years term, expiring at the General Meeting convened to deliberate on the financial statements for financial year 2023.

Seventh Resolution

The General Meeting confers all powers on the holder of an original or copy of this document to perform disclosure and other formalities prescribed by law.

Board of directors

Consolidated Financial Statements

Auditors' report on consolidated financial statements

Year ended December 31, 2017

Deloitte.
Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

EY
Building a better working world
37, Bd Abdellatif Ben Kaddour
20 050 Casablanca - Maroc

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

ATTIJARIWAFA BANK GROUP

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR JANUARY 1–DECEMBER 31, 2017

We have audited the accompanying consolidated financial statements of ATTIJARIWAFA BANK and its subsidiaries (attijariwafa bank group). The consolidated financial statements comprise the balance sheet at December 31, 2017, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement for the year ended December 31, 2017, and notes containing a summary of accounting principles used and other explanations. The financial statements show consolidated equity of MAD 50,801,049 thousand and consolidated net income of MAD 6,583,965 thousand.

Management's responsibility

Management is responsible for the preparation and faithful presentation of the financial statements, in accordance with International Financial Reporting Standards (IFRS). This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances..

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditors' judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion

Opinion on the financial statements

In our opinion, the consolidated financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the financial position of ATTIJARIWAFA BANK Group as composed of the persons and entities in the consolidated Group as at December 31, 2017, as well as of the Group's financial performance and cash flows for the year ended on that date, in accordance with the accounting standards and principles described in the notes to the consolidated statements.

Casablanca, March 22, 2018

The Statutory Auditors

DELOITTE AUDIT	ERNST & YOUNG
Fawzi BRITEL Associé	BACHIR TAZI ASSOCIÉ

FINANCIAL STATEMENTS

Consolidated Financial Statements at 31 December 2017

1. IFRS accounting standards and principles applied by the Attijariwafa bank group

1.1 Background

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

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

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

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

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

The Attijariwafa bank Group applied the new standards, amendments and interpretations approved by the International Accounting Standards Board (IASB) for its financial statements at 31 December 2016.

IFRS9 Financial instruments:

IFRS9 replaces most of the guidance in IAS 39 « Financial Instruments – recognition and measurement ». This Standard will be effective for annual periods beginning on or after 1 January 2018. It includes amended guidance for the classification and measurement of financial assets, impairment model and hedge accounting.

Classification and measurement:

Classification and measurement under IFRS9 is driven by the entity's business model related to the management of financial instrument and by the contractual cash flow characteristics of the instrument.

Debt instruments (loans, receivables, or assets) are measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

Investments in equity instruments are measured at fair value through profit or loss (FVPL), or, at fair value through other comprehensive income with no recycling (FVOCI no recycling).

Impairment:

IFRS9 implies the early impairment of credit risk based on expected losses. The impairment requirements are applied for credits and debt instruments, loan commitments and, financial guarantee contracts, and operating lease receivables.

Implementation:

A joint program between Risks Department and Finance Department has been established to implement IFRS9 starting from 1 January 2018.

1.2 Accounting standards applied

1.2.1 Consolidation

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

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

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

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

An entity is excluded from the scope of consolidation when:

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

The nature of the control determines the consolidation method, namely full consolidation for wholly controlled entities, in accordance with IFRS 10, Consolidated Financial Statements; and the equity method for associates and joint ventures, in accordance with IAS 28, Investments in Associates and Joint Ventures...

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

Options taken by Attijariwafa bank

Definition of scope:

To define the companies to be integrated within the scope of consolidation, the following criteria must be respected:

- Attijariwafa bank must directly or indirectly own at least 20% of the existing and potential voting rights;

• One of the following thresholds is reached:
- The subsidiary's total balance sheet exceeds 0.5% of the total consolidated balance sheet,
- The subsidiary's net assets exceed 0.5% of the consolidated net assets,
- The subsidiary's revenue or banking income exceeds 0.5% of consolidated banking income.

Long-term investments over which the Group does not enjoy any form of control are not included within the scope of consolidation even where their contribution satisfies the above criteria.

Exception

An entity making a non-material contribution must be included within the scope of consolidation when it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities

Dedicated mutual funds are consolidated in accordance with IFRS 10, which explains the consolidation of special purpose entities and more specifically the exclusively controlled funds.

Entities excluded from the scope of consolidation

An entity controlled by the Group or over which it has significant influence is excluded from the scope of consolidation where from acquisition this entity's securities are purely held for subsequent resale within a short period of time.

These securities are measured at fair value through profit or loss.

Equity interests (excluding majority interests) held in venture capital entities are also excluded from the scope of consolidation to the extent that they are designated at fair value through profit or loss at inception.

Consolidation methods

Consolidation methods are respectively covered by IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. The applicable method depends on the nature of the control Attijariwafa bank S.A. enjoys over entities, regardless of their business activities or whether or not they have a legal personality.

1.2.2 Property, plant and equipment:

An item of property, plant and equipment is by its nature a long-term asset held by the company for use by itself or for leasing to third parties.

When measuring an item of property, plant and equipment, an entity must choose between the following accounting models: cost model and revaluation model.

Cost model

This is the standard accounting treatment for measuring items of property, plant and equipment subsequent to initial recognition.

The cost represents the cost less accumulated depreciation and impairment.

Revaluation model

Following its recognition, an item of property, plant and equipment, the fair value of which can be reliably measured, must be carried at its revalued amount. This is the fair value on the date of revaluation less cumulative subsequent depreciation and impairment.

The frequency of revaluation depends on the fair value fluctuations of the items being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Component depreciation

Every material component of an item of property, plant and equipment must be recognised separately and systematically depreciated over its own useful life in order to reflect the pattern in which the economic benefits are consumed.

Depreciation method, depreciable amount:

The depreciable amount of an asset is the cost of the asset (or revalued amount) less its residual value.

The depreciation expense for a financial year is generally recognised in profit or loss. However, when the future economic benefits constituting this asset are consumed in the production of other assets, the depreciation expense is included in the cost of these other assets and is deemed to be included in their carrying amounts. For example, the depreciation of production facilities is included in inventory manufacturing costs (IAS 2).

Depreciation periods and methods must be reviewed periodically by the company.

When these assumptions are revised, a change in accounting estimate must be recognised. Similarly, the depreciation expense for the current financial year and for future financial years must be adjusted.

The depreciation is recognised, even where the fair value of the asset exceeds its carrying amount, so long as the residual value does not exceed its carrying amount.

Residual value

This is the current price of the asset taking into account the estimated age and condition of the item of property, plant and equipment at the end of its useful life. In practice, it is often a non-material amount that does not take into account inflationary effects.

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

Useful life

The useful life is the period over which the entity expects to use an asset. An asset is depreciated from the moment it is available for use. Accordingly, an asset is no longer depreciated once it has been derecognised.

In order to determine the useful life, the following factors are taken into account :

• The expected use to which this asset will be put is assessed by reference to the capacity or physical production expected from this asset;

• The expected wear and tear, which depends on operating parameters such as the rate at which the asset is used and the maintenance programme, the care taken and the maintenance of the asset outside of its period of use ;

• Technical or commercial obsolescence resulting from changes or improvements in the preparation process or changes in market demand for the product or service provided by the asset;

• Legal or similar limits on the use of the asset, such as the expiry of leases.

Borrowing costs

IAS 23 "Borrowing Costs" eliminates the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. All such borrowing costs must be included in the cost of the asset. Other borrowing costs must be recognized as an expense.

Options taken by Attijariwafa bank

Measurement

The Group's policy is not to apply the remeasurement option provided for in IAS 16.

However, it is possible for a Group entity to take the fair value option (IFRS 1) for one or more properties without having to justify this choice, offset outside profit or loss (in equity).

Depreciation period:

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

The depreciation periods used by Group subsidiaries are permitted to differ by up to 2 years from the depreciation periods used by the Group.

Component approach

The Group doesn't require the separate recognition of comparente with a gross amount of under MAD 1,000 thousand.

A component breakdown of the initial gross amount of assets is necessary, in particular in the case of buildings (structural work, interior fixtures and fittings, sealing, fixed service equipment, joinery work).

This recommended component breakdown represents the minimum requirement.

The depreciation periods for the components of a building can be summarised as follows:

	Depreciation period in years	Depreciation period in months
Structural work	50	600
Sealing	20	240
Interior fixtures and fittings	15	180
Fixed service equipment	20	240
Joinery work	15	180

The above components inevitably apply to the headquarters.

In the case of branches, a more limited breakdown may be used depending on the materiality of the items.

As regards staff accommodation, there is no exemption from the component principle (IAS 16). Staff accommodation is also broken down (IAS 16).

Architectural fees should be capitalised.

For convenience, it was decided that these fees need not be broken down but included in the main component that "benefited" from the specialist's work.

Identification of components:

The Group elected not to identify components on the basis of the original invoices.

It is simpler to break down the historical cost by means of a breakdown of the current new cost having regard to technical data.

This acquisition cost should not be retrospectively adjusted on the basis of the expensing/capitalisation split of ancillary acquisition costs. However, for acquisitions made after January 1, 2006, costs are monitored under both local GAAP and IFRS.

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

Residual value:

The residual value of components other than land is deemed to be zero. In fact, the residual value is retained within the permanent component of the asset, which is obviously the land that by its very nature is not depreciated.

1.2.3 Investment property

Investment property is property (land or building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes;
- sale in the ordinary course of business.

Distinction between an investment property and an owneroccupied property: investment property generates cash flows that are largely independent from other assets held by the entity, which is not true of the production or supply of goods or services that is the main purpose underpinning the use of an owneroccupied property.

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

An entity can choose between:

- Fair value model

When an entity opts for this accounting treatment, it must be applied to all investment property. It should be noted that the use of this model is encouraged by the independent appraisers.

- Cost model

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

Switching from one model to the other is only allowed when the change results in a more appropriate presentation. It is only possible to switch from the cost model to the fair value model.

Options taken by Attijariwafa bank:

Identification:

Investment property consists of all non-operating property apart from property set aside for staff and property that is to be sold within a year.

Property, together with the associated furniture, equipment and other items of property, plant and equipment, occupied by staff members is not considered investment property.

Properties held for sale are generally properties that are received as payments in kind and there is no assurance that these properties will be sold within a year given the nature of such transactions. As a result, the classification of investment property as non-current assets held for sale should be formally documented on the basis of reliable indicators that show that a sale is highly likely within 12 months.

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

All operating properties leased to non-Group companies.

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

Special case of Group transactions

Properties leased by Group subsidiaries do not satisfy the investment property criteria since from the perspective of the Group they are owner-occupied.

Valuation

The option chosen is to value investment property at adjusted historical cost using the component approach.

Information on the fair value should be disclosed in the notes, and the fair value appraisal should be carried out by means of an internal appraisal.

Certain properties have a portion that is held to earn rentals or for capital appreciation and another portion that is used in the production or supply of goods or services or for administrative purposes. If the two portions can be sold or leased separately the entity recognises them separately. If the two portions cannot be sold separately, the property is only classified as investment property when the portion held for use in the production or supply of goods or services or for administrative purposes is not material.

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

1.2.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Its attributes are:

- Identifiability: in order to distinguish it from goodwill;
- Control: when the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Two measurement methodologies are allowed:

Cost model

The intangible asset is recognised at cost less cumulative amortisation and impairment.

Revaluation model

The intangible asset must be recognised at its revalued amount, namely its fair value on the date of revaluation less cumulative subsequent amortisation and impairment. This accounting treatment applies when the market is active.

The amortisation of an intangible asset depends on its useful life. Intangible assets with indefinite useful lives are not amortised and are tested for impairment at least annually at the end of each reporting period. On the other hand, intangible assets with definite useful lives are amortised over this period.

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

To assess whether an internally-generated intangible asset meets the criteria for recognition, the creation of the asset must be classified in either the:

- Research phase: intangible assets generated by research may not be recognised. Research expenses must be expensed as incurred;
- Development phase: intangible assets generated by development must be recognised when they satisfy the following conditions:
  - It is technically feasible to complete the asset for sale or use;
  - It intends to complete the intangible asset and use or sell it;
  - It is able to sell or use the asset produced;
  - The asset will generate future economic benefits;
  - Existence of sufficient resources to successfully complete the project;
  - Its ability to reliably measure project-related costs.

Options taken by Attijariwafa bank:

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

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

Leasehold rights

Leasehold rights recognised in the parent company financial statements are not amortized. In the consolidated financial statements, they are amortization schedule over their useful life.

Goodwill

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

Software

The useful lives used for software differ depending on whether the software is operating software or desktop software. The IT Department is responsible for defining these useful lives.

The amortization periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortization periods used by the Group.

Measurement of in-house software

The IT Department must be able to measure in-house software in the development phase. When the valuation is not reliable, no intangible asset is recognised.

Transfer duty, professional fees, commission and legal

Transfer duty, professional fees, commission and legal fees are, depending on the amount thereof, either expensed or included in the cost of acquisition whereas under IFRS these Expenses must be capitalized.

Divergences between the parent-company financial statements and the IFRS financial statements must be reviewed when they exceed MAD 1,000 thousand.

1.2.5 Inventories

Definition

Inventories are assets:

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

Measurement

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

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

- Estimated costs to completion;
- selling costs.

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

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

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

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

Options taken by Attijariwafa bank

Inventories are measured using the weighted average cost method.

1.2.6 Leases

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

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

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

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

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

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

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

Definition of implicit interest rate (IIR):

The IIR is the discount rate that equates:

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

Change in the residual value of a finance lease:

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

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

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

Options taken by Attijariwafa bank

Operating leases entered into by Attijariwafa bank

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

Leases with indefinite terms

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

The lease term used is 50 years.

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

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

Leasing agreements

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

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

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

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

Loans and receivables

The amortized cost of a financial asset or liability represents the amount at which this instrument was measured upon initial recognition:

- less principal repayments;
- plus or minus cumulative amortization calculated using the effective interest rate method, any difference between this initial amount and the amount due at maturity;
- minus any reductions for impairment or any uncollectible amount.

The calculation must account for all commissions and other amounts paid or directly received that are related to loans, transaction costs, and any discount or premium.

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

Subsequent measurement of financial assets:

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

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

Deposits and borrowings

When initially recognised, a deposit or borrowing classified under IFRS in "Other financial liabilities" must be initially measured in the balance sheet at fair value plus or minus:

- transaction costs (these are external acquisition costs directly attributable to the transaction);
- fees received constituting professional fees that represent an integral part of the effective rate of return on the deposit or borrowing.

Deposits and borrowings classified under IFRS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortized cost using the effective interest rate method (actuarial rate).

Deposits classified under IFRS as "Liabilities held for trading" are subsequently measured at fair value at the end of the reporting period. The fair value of the deposit is calculated excluding accrued interest.

A deposit or borrowing may be the host contract for an embedded derivative. In certain circumstances, the embedded derivative must be separated from the host contract and recognised in accordance with the principles applicable to derivatives. This analysis must be done at the inception of the contract on the basis of the contractual provisions.

Options taken by Attijariwafa bank

Loans and receivables

The Group standard consists of applying the amortised cost to all Loans due in over one year on the basis of their materiality.

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

Provisions for the impairment of loans and receivables:

The criteria established by Bank Al-Maghrib's circular 19/G/2002 uphold the basis for impairment of specific loans and receivables.

The basis for collective impairment of loans and receivables was determined for performing loans with regard to the activity of each Group entity.

Individual provisions:

Attijariwafa bank Group has developed statistical models for each entity. Specific provisions are calculated on the basis of:

- records of collection of nonperforming loans;
- information available to collection entities for nonperforming loans of relatively large amounts.
- guarantees and securities held.

Collective provisions

Attijariwafa bank Group has developed statistical models for each entity. Collective provisions are calculated on the basis of past occurrences of performing loans being transformed into nonperforming loans.

Borrowings

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

Deposits

For demand deposits:

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

- The fair value of demand deposits may not be lower than the amount payable upon demand.
- It is discounted from the first date on which the payment of these amounts may be demanded.

For interest-bearing deposits:

Deposits bearing interest at market rates

For deposits bearing interest at market rates, the fair value will be the nominal value, so long as the marginal transaction costs are not material.

When there are correlative and directly attributable costs, they should be included in the fair value.

- Marginal transaction costs and directly attributable nongroup fees, such as for example business introduction fees.
- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral intercompany transactions impacting profit or loss).

Rates must be logged so as to be able to demonstrate that the rates were indeed original market rates.

They must be kept for a period of ten years along the same lines as the period for retaining accounting documentation (see the provisions of the Commercial Code).

Deposits bearing interest at non-market rates

For deposits bearing interest at non-market rates, the fair value will consist of the nominal value and a discount.

For savings products sold at non-market rates, the fair value is not the same as the nominal value, and it is thus necessary to estimate this fair value, i.e. to determine the balance sheet historical value for these transactions.

It is thus necessary to look through savings transactions and assess whether the rate accorded differs markedly from that offered by other market participants (this could be the case for certain term deposits).

For deposits bearing interest at non-market rates, the discount must be factored into subsequent recognition. When the company extends a loan bearing interest at a rate that differs from the market rate and when it earns fees deducted at issuance, the company will recognise the loan at fair value, namely net of the fees it receives. The company will take the discount to profit or loss in accordance with the effective interest rate method.

NB: Advances against interest-bearing deposits are systemically recognized as loans and receivables and treated as such under IFRS.

Passbook accounts:

A single regulated rate applied by most banks is deemed to be a market rate. Accordingly, no adjustment under IFRS for passbook accounts.

Attijariwafa bank's position:

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

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

In fact, in principle, savings activities that constitute part of the banking intermediation business must be recognised in the other liabilities category, meaning that they can be kept at historical cost (subject to certain conditions), and not at fair value.

Except when expressly indicated otherwise, the above options will also apply to any debt securities issued.

1.2.8 Securities

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

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

Securities are classified on the basis of management intent.

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

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

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

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

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

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

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

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

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

- The category in which the securities are classified still exists and the classification in financial assets at fair value through profit or loss reflects true intent on the part of management - Classification by nature ;

The "designated at fair value through profit or loss at inception" – designation at inception – category is used for certain financial assets acquired not for trading purposes but when the fair value measurement (with recognition of fair value changes in profit or loss) meets accounting and operating management needs (for example avoiding the separation of embedded derivatives for financial assets that must be recognised separately under IAS 39).

Recognition principles

Initial measurement:

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

Subsequent measurement:

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

This category of securities is not subject to impairment.

Available-for-sale securities portfolio: Available-for-sale financial assets

comprise those fixed income or variable income securities not belonging to any other category.

Recognition principles:

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

Initial measurement

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

Subsequent measurement

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

Impairment

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

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

Principles regarding classification in profit or loss:

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

- "interest income" for the amount corresponding to the amortised cost for the period;
- "net gains (losses) on available-for-sale assets" for the amount corresponding to dividends, permanent impairment on equity securities, gains (losses) on disposal;
- "cost of risk" for permanent impairment and reassessment of fixed-income securities;
- and the "change in fair value of available-for-sale assets" line item outside profit or loss (in equity) for the amount corresponding to the fair value increase.

Held-to-maturity securities portfolio: Held-to-maturity securities

Category (available to securities with fixed maturities) is open to securities with fixed or determinable income that the bank intends and is able to hold to maturity. (IAS 39.9) Other than:

a) Securities that the company designated as financial assets at fair value through profit or loss at inception;

b) Securities that the company designated as available-for-sale assets; or

c) Securities that meet the definition for loans and receivables. Accordingly, debt securities not quoted on an active market cannot be classified in the held-to-maturities assets category.

Management intent and the "tainting" rule

Classification in this category means that it is essential to comply with the ban on selling securities prior to maturity (on risk of having the whole portfolio reclassified as available for sale assets and being unable to use this category for a period of 2 years).

Nevertheless, exceptions to this "tainting" rule are allowed when:

- The sale is close to maturity (within 3 months);
- The sale takes place after the company has already received substantially all of the principal of the asset (around 90% of the principal of the asset);
- The sale is justified by an external, isolated or unforeseeable event;
- When the entity does not expect to substantially recover its investment as a result of a deterioration in the issuer's position (in which case the asset is classified as available-for-sale) ;
- Sales of securities between Group entities (inter-company sales).

Ability to hold

Upon acquisition, and at the end of each reporting period, the company must assert its intention and ability to hold the securities to maturity.

Prohibition on interest-rate hedging

Although interest-rate hedging is not permitted for this portfolio, other types of hedging (counterparty risk, foreign currency risk) are allowed.

Recognition principles:

- **Initial measurement**

Held-to-maturity securities must be initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and including accrued coupons (in a related receivables account).

- **Subsequent measurement**

Subsequently, recognition will be at amortised cost with a premium / discount in accordance with the effective interest rate rule (actuarial allocation).

Impairment

When there is objective evidence of impairment, a provision must be recognised for the difference between the carrying amount and the estimated recoverable amount (ERA).

The estimated recoverable amount is obtained by discounting expected future cash flows at the initial effective interest rate.

In the event of subsequent improvement, the excess provision may be reversed.

Profit or loss allocation principle

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

Loans and receivables:

The «Loans and receivables category » includes unquoted financial assets which are not intended to be sold and which the institution intends to keep for the long term.

Recognition principles

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

Impairment :

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value.

On subsequent improvement, a write-back may be booked against the provision for impairment.

NB: The consolidated advances related to non consolidated long term investments are valued at their nominal value, whatever their method of remuneration or reimbursement.

Profit or loss allocation principle

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

De-recognition of a financial asset

An entity must de-recognise a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire; or
- When it transfers the contractual rights to receive the cash flows from the financial asset and such a transfer meets the requirements of de-recognition under IAS 39.

An entity must remove a financial liability (or part of a financial liability) from the balance sheet when, and only when, it has been extinguished – that is, when the obligation specified in the Contract is either discharged or cancelled or expires.

Options taken by Attijariwafa bank:

Portfolio classification

Attijariwafa bank and other entities excluding insurance companies

Portfolio instruments are currently classified in the following categories:

HFT	AFS	HTM	Loans and receivables
• Trading portfolios	• Negotiable treasury bills classified in • the Investment Portfolio Bonds and other negotiable debt Securities • Long-term investments ...	• Treasury bills	• CAM debt • CIH debt

Securities' impairment criteria:

- Decrease of 30% of the acquisition value, or
- Unrealised loss over 12 consecutive months

Securities lending/borrowing and repurchase agreements:

Securities temporarily sold under repurchase agreements continue to be recognised in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised under the appropriate debt category except in the case of repurchase agreements contracted by the Group for trading purposes where the corresponding liability is recognised under "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables" except in the case of reverse repurchase agreements contracted by the Group for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under "Financial liabilities at fair value through profit or loss". The Group does not use, however, the fair value option for financial liabilities.

Treasury shares

The term "treasury shares" refers to shares issued by the consolidating company, Attijariwafa bank. Treasury shares held by the Group are deducted from consolidated shareholders' equity. Gains and losses arising on such instruments are also eliminated from the consolidated profit and loss account.

Treasury share derivatives are treated as follows, depending on how they are settled:

- As equity instruments, if they are settled by physical delivery of a fixed number of treasury shares for a fixed amount of cash or other financial asset; such derivative instruments are not re-valued;
- As derivatives, if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in the value of such instruments are recognised in the profit and loss account.

In addition, if the contract includes an obligation, whether or not contingent, for the bank to repurchase its own shares, the bank must recognise the present value of the debt by an offsetting entry under equity.

1.2.9 Derivatives and embedded derivatives:

A derivative is a financial instrument or other contract which satisfies the following three conditions:

- Whose value changes in response to the change in a specified interest rate, the price of a financial instrument, commodity price, foreign exchange rate, price index or rate, credit rating, credit index or any other variable (often known as the "underlying");
- That requires no initial investment, or one that is smaller than would be required for a contract with a similar response to changes in market factors; and
- That is settled at a future date.

The Group does not use, however, hedge accounting.

An embedded derivative is a component of a financial instrument or otherwise, designed to vary some portion of the transaction's cash flows structured in a way similar to a stand-alone derivative.

IAS 39 defines a hybrid contract as a contract consisting of a host contract and an embedded derivative.

The embedded derivative must be recognised separately when the following three conditions are satisfied:

- the hybrid contract is not recognised at fair value (with changes in fair value being taken to profit or loss);
- separated from the host contract, the embedded derivative has the characteristics of a derivative;
- the characteristics of the derivative are not closely linked to those of the host contract.

For example:

- commercial contracts denominated in a currency that differs from the company's currency;
- inflation-linked lease;
- special contractual provisions, postponement of the expiry date, repayment options, extension option, interest indexing;
- option to convert a debt into an equity instrument.

Some of these derivatives must thus be recognised separately from the host contract and to this end it must be possible to identify them.

For the derivatives included in the financial instruments, the latter are recognised independently of the main contract.

IAS 39 recommends that the host contract be measured at inception by calculating the difference between the fair value of the hybrid contract (= cost) and the fair value of the embedded derivative.

If, however, the fair value of the embedded derivative cannot be reliably determined, IAS 39 allows for it to be calculated by subtracting the fair value of the host contract from that of the hybrid contract.

When none of these solutions is feasible, IAS 39 requires that the whole hybrid contract be measured at fair value (with changes in fair value being recognised in profit or loss).

Options taken by Attijariwafa bank

If calculating an embedded derivative at fair value results in a material impact, then the embedded derivative should be recognised under "Financial assets at fair value through profit and loss".

1.2.10 Insurance

Insurance contracts

The accounting treatment for contracts meeting the definition of insurance contracts under IFRS 4 as well as investment contracts with discretionary participation features is governed by IFRS 4, the main provisions of which can be summarised as follows:

- an option of continuing to recognise these contracts in accordance with current accounting principles, distinguishing between three types of insurance contracts under IFRS 4 :
  - pure insurance contracts,
  - financial instruments with discretionary participation features,
  - and liabilities relating to other financial instruments that fall within the scope of IAS 39, and which are recognised under "Customer deposits" ;
- an obligation to separate and recognise at fair value through profit or loss any embedded derivatives not exempted under IFRS 4;
- a prohibition on funding provisions for possible claims under insurance contracts that are not in existence at the reporting date (such as catastrophic and equalisation provisions);
- an obligation to establish a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets;
- in addition, the insurer is not required but is permitted to change its accounting policies for insurance contracts to eliminate excessive prudence ; however, if an insurer already measures its insurance contracts with sufficient prudence, it should not introduce additional prudence ;
- reinsurance assets are impaired, by recognising the impairment loss in profit and loss, if and only if :
  - there is objective evidence, as a result of an event occurring after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract,
  - that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer;
- an obligation on an insurer to keep the insurance liabilities on its balance sheet until they are discharged or cancelled, or expire and the prohibition on offsetting insurance liabilities against related reinsurance assets;
- an option of using "shadow accounting" for insurance or investment contracts with participation features, meaning that it is possible to recognise the effects on liabilities of amounts that were not recognised as assets under existing accounting standards, and of recognising them symmetrically (case of unrealised gains on securities classified in the "Available-for-sale assets" category with an offsetting provision for deferred participation recognised outside profit or loss [directly in equity]);
- an obligation to recognise a new insurance liability under IFRS 4 "shadow accounting" called deferred participation, representing the share accruing to insured parties of unrealised gains on assets allocated to the financial instruments, established by IAS 39.

Note: in terms of presentation, similar items measured differently must be presented separately on the balance sheet.

To the extent possible, the items are then broken down by type of counterparty and by order of liquidity.

Options taken by Attijariwafa bank

Insurance investment

Classification of the portfolio of investments held by Wafa assurance:

- UCITS not brought within the scope of consolidation of the Attijariwafa bank Group are classified as "Trading" and measured at fair value through profit or loss;
- Treasury bills, bonds and finance company bills are classed under "Available-for-sale assets" and measured at fair value through equity;
- financing company bonds and capitalised loans are classified as "loans and receivables" and measured at amortised cost;
- all other investments are classified as "Available-for-sale" and measured at fair value outside profit or loss (through equity).

Impairment testing depends on the above classification.

Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), whether the price is directly observable or estimated by means of another measurement technique.

IFRS 13 establishes a fair-value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair-value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions (see § 79).

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).

Adjustments to Level 2 inputs will vary depending on the factors specific to the asset or liability. Those factors include the following: the condition or location of the asset, the extent to which inputs relate to items comparable to the asset or liability, and the volume or level of activity in the markets within which the inputs are observed.

An adjustment to a Level 2 input that is significant to the entire measurement may result in a fair-value measurement categorized within Level 3 of the fair-value hierarchy if the adjustment uses significant unobservable inputs.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair-value objective remains the same (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).Therefore unobservable inputs reflect the assumptions that market participants use when pricing the asset or liability, including assumptions about risk.

The Group derives fair value as follows:

- either from quoted prices in an active market;
- or by means of a valuation technique employing mathematical calculation methods based on established financial theories and observable market parameters.

• CASE 1: instruments traded in active markets

If available in an active market, quoted prices are used to determine fair value. Listed securities and derivatives on organized markets (e.g., futures and options) are measured by means of quoted prices. Most over-the-counter (OTC) derivatives, swaps, and standard options are traded in active markets and valued by means of commonly used models (e.g., discounted cash flows, Black–Scholes, and present-value techniques) that are based on quoted market prices of instruments or similar underlying instruments.

• CASE 2: instruments traded in markets that are not active Products traded in an inactive market are valued by means of an internal model based on directly observed parameters or inferred from observable data.

Certain financial instruments that are not traded on active markets are valued by means of methods based on observable market parameters.

The models employ market parameters determined by observable data such as yield curves, implied volatility of options, default rates, and loss assumptions obtained from consensus data or from active OTC markets.

IFRS 13 applies when another IFRS requires or permits fair-value measurements or disclosures about fair-value measurements, except for:

- share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- leasing transactions within the scope of IAS 17, Leases;
- measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

1.2.11 Goodwill

Cost of a business combination:

Business combinations are accounted for in accordance with the acquisition method, under which the acquisition cost represents the consideration transferred to acquire control.

The acquirer must measure the acquisition cost as follows:

- the aggregate fair value, on the acquisition date, of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the acquirer, in consideration for control of the acquiree;
- any other costs directly attributable to the business combination are recognized through profit or loss in the period in which they were incurred.

The acquisition date is the date on which the acquirer obtains effective control of the acquiree.

Allocation of the cost of a business combination to the assets acquired and to the liabilities and contingent liabilities assumed

At the acquisition date, the acquirer must allocate the cost of a business combination by recognizing the identifiable assets, liabilities, and contingent liabilities of the acquiree that satisfy the recognition criteria at their respective fair values on that date.

Any difference between the cost of the business combination and the acquirer's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities is recognized under goodwill.

Recognition of goodwill:

At the acquisition date, the acquirer must recognize as an asset any goodwill acquired in a business combination.

- Initial measurement: Goodwill is measured initially at cost (i.e., the difference between the cost of the business combination and the acquirer's share of the net fair value of identifiable assets, liabilities, and contingent liabilities).
- Subsequent recognition: After initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost minus any accumulated impairment losses recognized during annual impairment tests or when there is an indication of impairment to its carrying value.

If the share of the fair value of the assets, liabilities, and contingent liabilities acquired exceeds the acquisition costs, negative goodwill is recognized immediately through profit or loss.

If initial recognition of a business combination can be determined only provisionally by the end of the reporting period in which the business combination is completed, the acquirer must account for the business combination using provisional values. The acquirer must recognize adjustments to provisional values relating to the completion of the initial recognition during the recognition period, after which no adjustments may be made.

Options taken by Attijariwafa bank

- option taken not to adjust goodwill at December 31, 2005, in accordance with provisions of IFRS 1, First-time Adoption of International Financial Reporting Standards;
- goodwill amortization is discontinued when an asset's useful life is indefinite, in accordance with IFRS 3 (amended), Business Combinations;
- regular impairment tests are performed to ensure that the carrying amount of goodwill is less than its recoverable amount; if it is not, an impairment loss is recognized;
- cash-generating units reflect the segment reporting presented at the Group level;
- The recoverable amount is the higher of the value in use and fair value (net of disposal costs). This notion is applied to asset impairment tests in accordance with IAS 36. If the impairment test reveals that the recoverable amount is less than the net fair value, the asset is impaired for the difference between the two values.

1.2.12 Provisions

Provisions for risks

A provision must be recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event ;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reliably estimated.

If these conditions are not satisfied, no provision may be recognised.

Under IFRS, where the effect is material, contingency and loss provisions must be discounted where the probable outflow of resources will take place in over a year.

Under IFRS, no provisions are funded for contingent liabilities, aside from as part of business combinations. Material contingent assets or liabilities must be disclosed in the notes.

Customer provisions

Under IAS there is no specific accounting category for doubtful receivables.

A provision is funded where there is objective evidence of impairment of loans classified as loans and receivables.

Provisions are funded for the difference between the net carrying amount of the loan (amortised cost impact) and the estimated recoverable amount, namely the present value, calculated using the contract's initial effective interest rate, of the estimated recoverable cash flows.

Individual impairment

In the case of a loan in arrears:

Losses are determined on the basis of the aggregate estimated future cash flows, discounted at the loan's initial effective rate; the future cash flows take account of the measurement of guarantees received and recovery costs.

The observable data used to estimate future cash flows must be sufficient and relevant in order to obtain a reliable estimate thereof. Where the observable data are limited or no longer wholly relevant in light of present circumstances, the Group must make a judgment based on its experience.

In the case of a loan that is not in arrears but for which there is objective evidence of impairment pointing to future difficulties:

The Group will use statistics of historical losses on comparable loans in order to estimate and position the future cash flows.

When the statistics or observable data are limited or no longer wholly relevant in light of present circumstances, the company must make a judgement based on its documented experience.

Once positioned time-wise, the future cash flows will be discounted at the loan's initial effective interest rate.

Collective impairment

When the individual loan impairment test doesn't uncover any objective evidence of impairment, they are grouped together with other loans sharing similar credit risk characteristics, and collectively tested for impairment.

<u>Assessment of objective evidence of impairment:</u>

In the case of a collective assessment, objective evidence of impairment can be reduced to observable events indicating that there is a measurable reduction in estimated future cash flows from a group of loans since these assets were initially recognised, even though this reduction cannot yet be attributed to the various loans within this group.

Such objective evidence may include :

- ability of borrowers within the group to meet payments negatively affected ; or
- a national or local economic climate correlated to non payments on the assets within the group.

<u>Collective impairment: calculation of impairment</u>

1. Use of historical losses on assets with credit risk characteristics similar to those of assets within the group in question, in order to reliably estimate the impact on the cash flows from the group of assets in question.

When the company doesn't have access to such historical losses, it shall look at the experience of comparable companies for comparable financial asset groups.

2. Factoring in of current observable events, so as to reflect the impact of conditions that didn't affect the period covered by these historical statistics.

Historical loss statistics used (in particular PD) must be corrected as required, in light of current observable data, so as to factor in the effects of conditions that didn't affect the period covered by these historical statistics.

When these historical losses are no longer valid following changes to the conditions that existed during that period, the company must make adjustments to reflect the new climate on the basis of its documented experience.

3. The future cash flows are estimated on the basis of historical losses (adjusted as required) on assets similar to those collectively tested. The methodology and assumptions used to estimate the future cash flows must be regularly reviewed to reduce any difference between estimated and actual losses.
4. Once the future cash flows have been estimated and positioned time-wise, they are discounted at the effective interest rate.
5. Provisions for impairment recognised within a group represent an intermediate step pending the identification of the impairment of each asset within the group of financial assets that have been collectively tested for impairment.

Once there is sufficient information to specifically identify the losses on each of the impaired assets within a group, tested individually, these assets are taken out of the group. Accordingly, it is necessary to assess whether any new information.

Accordingly, it is necessary to assess whether any new information makes it possible to identify whether any loan within the group has been individually impaired:

If not, no loan is taken out of the group;

If yes, the loan that is identified as being individually impaired will be taken out of the group and individually tested.

Options taken by Attijariwafa bank

Provisions for risks

Analysis of contingency and loss provisions of over MAD 1 million, in order to ensure that IFRS conditions are satisfied.

Customer provisions

It was decided to value collateral at fair value:

- determine provisions for non-material individual loans on the basis of a dedicated statistical model based on average recovery rates weighted by age of receivables to estimate future recovery cash flows ;
- determine recovery cash flows to establish recovery schedules by product and customer profile;
- the loss on default will be determined on the basis of Basel regulations if the Bank doesn't manage to establish a model that will make it possible to measure the fair value of collateral on one hand and discount the estimated future recovery cash flows at the initial contractual rate on the other hand.

1.2.13 Current tax and deferred tax

Deferred tax assets and liabilities are recognised whenever the recovery or settlement of the carrying amount of an asset or liability will increase or reduce future tax payments compared to what they would have been had such a recovery (settlement) not had a tax impact.

It is probable that the company will post taxable profits against which a deductible temporary difference can be used:

- when there are sufficient taxable temporary differences levied by the same taxation authority on the same taxable entity that are expected to be reversed:
  - in the financial year in which the deductible temporary differences are expected to reverse, or
  - in financial years in which the tax loss resulting from the deferred tax asset could be carried back or forward ;
- when it is probable that the company will post sufficient taxable profits levied by the same taxation authority on the same taxable entity during the relevant financial years ;
- tax planning enables it to post taxable profits over the relevant financial years.

In the case of a business combination, the cost of acquisition is allocated to acquired identified assets and liabilities on the basis of their fair value without changing their tax basis : deferred tax liabilities stem from taxable temporary differences.

This deferred tax liability impacts goodwill.

In the case of a business combination, when the cost of acquisition allocated to a liability is only tax deductible during the tax year or when the fair value of an asset is lower than its tax basis, a deductible temporary difference arises that gives rise to a deferred tax asset.

The latter impacts goodwill.

When a deferred tax asset of the acquiree is not recognised by the acquirer as an identifiable asset on the date of a business combination and is subsequently recognised in the acquirer's consolidated financial statements, the resulting deferred tax benefit is recognised in profit or loss. Moreover, the acquirer adjusts the gross carrying amount of goodwill and the cumulative amortisation by the amounts that should have been recognised, also expensing the reduction in the net carrying amount of goodwill.

There should be no change with respect to negative goodwill.

IAS prohibits the discounting of deferred tax.

In the event of changes to tax rates or regulations, the deferred tax impact is recognised on the basis of the symmetry principle: when the deferred tax was initially recognised outside profit or loss (in equity), the adjustment should also be recognised outside profit or loss, with the impact otherwise being recognised in profit or loss.

Options taken by Attijariwafa bank

Assessment of the probability of recovery of deferred tax assets:

Deferred tax that is uncertain to be recovered is not capitalised. The probability of recovery can be determined by the business plan of the relevant companies.

In addition, under IFRS, the phrase "probable recovery" must be interpreted as meaning that "recovery is more probable than improbable". This could result, in certain cases, by recognising a higher level of deferred tax assets than under generally accepted accounting principles.

Recognition of deferred tax liabilities stemming from temporary differences on intangible assets generated as part of a business combination:

Valuation adjustments relating to intangible assets recognised as part of a business combination that cannot be disposed of separately from the acquiree give rise to a deferred tax liability, even when these assets have indefinite useful lives.

Deferred tax asset stemming from deductible temporary differences on consolidated equity interests:

Mandatory recognition of a deferred tax asset for the deductible temporary differences on consolidated equity interests (differences stemming, for example, from the elimination of internal gains (losses) on consolidated equity interests) so long as these temporary differences are likely to be reduced in the foreseeable future (rare case in the absence of a disposal decision) and that the recovery of the deferred tax asset is probable.

Possibility of adjusting goodwill if deferred tax is identified following the period allowed under IFRS for adjustments:

A deferred tax asset deemed not to be identifiable at the date of acquisition and subsequently realised, is recognised in consolidated profit or loss, and the goodwill is subsequently retrospectively adjusted even after the expiry of the adjustment period, the impact of this correction also being recognised in consolidated profit or loss.

Deferred tax initially recognised outside profit or loss (in equity):

Recognition of the impact of changes in tax rates and/or taxation methods outside profit or loss (in equity).

1.2.14 Employee benefits

General principle

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. This standard shall be applied by an employer in accounting for all employee benefits, except those to which IFRS 2, Share-based Payments, applies. The employee benefits to which this standard applies includes those provided:

- under formal plans or other formal agreements between an entity and individual employees, groups of employees, or their representatives;

- under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, industry, or other multi-employer plans;
- by those informal practices that give rise to a constructive obligation, where the entity has no realistic alternative but to pay employee benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. They comprise the following categories:

Types of employee benefits

Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service (e.g., wages, salaries, and social-security contributions; paid annual leave and paid sick leave; and profit-sharing and bonuses).

When an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

• as a liability (accrued expense), after deducting any amount already paid;

• as an expense.

The posteriors advantages to employment

Postemployment benefits are employee benefits that are payable after the completion of employment (e.g., retirement benefits, postemployment life insurance, and postemployment medical care).

Postemployment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

1- Under defined contribution plans, the entity makes a defined contribution to a fund and has no legal or constructive obligation to provide further contributions if assets are insufficient to meet the benefits in the plan benefit formula. In consequence, actuarial risk and investment risk fall, in substance, on the employee.

Accounting for defined-contribution plans is straightforward, because no actuarial assumptions are required to measure the obligation or the expense, and there is no possibility of any actuarial gain or loss.

When an employee has rendered service to an entity during a period, the entity shall recognize the contribution payable to a defined contribution plan in exchange for that service:

- as a liability, after deducting any contribution already paid;
- as an expense.

2- Under defined benefit plans, the entity's obligation is to provide the agreed benefits to current and former employees. Actuarial risk and investment risk fall, in substance, on the entity.

Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service.

A multi-employer plan is neither general nor mandatory, and must be classified by the entity as a defined-contribution plan or a defined-benefit plan under the terms of the plan.

Other long-term benefits include:

Long-term paid absences such as long-service leave or sabbatical leave, jubilee or other long-service benefits (e.g., "wissam schogal"), long-term disability benefits (if payable 12 months or later after the close of the reporting period), bonuses, and deferred remuneration.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of postemployment benefits. For this reason, this standard requires a simplified method of accounting for other long-term employee benefits. Unlike the accounting required for postemployment benefits, this method does not recognize remeasurements in other comprehensive income.

Termination benefits

Termination benefits result from either an entity's decision to terminate the employment of an employee before the usual retirement age, or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

An entity shall recognize a liability and expense for termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits;
- when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the entity can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions, their locations, and the expected completion date;
- the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Funding liabilities

Liabilities can be funded in two ways:

1. recognising a provision internally, either for the full amount or to supplement plan assets or redemption rights;

2. by outsourcing its obligation to pay the benefits by means of an insurance contract (the company transfers its obligation to pay the benefits : the actuarial and investment risks are managed by the insurer, with the latter paying out the benefits. The company's only obligation is to make contributions – defined contribution plan).

The revised version of the standard (2000 revision) established three criteria for plan assets (or qualifying insurance contracts):

• the legal entity holding these assets must be legally separate from the company ;

• the assets must be wholly set aside to fund the benefits payable under the plan in question ;

• if the assets are sufficient to meet the liabilities, the company has no legal obligation to directly pay benefits under the plan.

All assets designed to cover the liabilities but that fail to meet the above criteria constitute "reimbursement rights".

Reimbursement rights are recognised as a separate asset.

They do not reduce liabilities, unlike plan assets..

Measuring liabilities

Method

The measurement of defined benefit plans notably requires the use of actuarial techniques to reliably estimate the amount of benefits accruing to staff in consideration for current and past service.

This requires estimating the benefits, demographic variables such as mortality and staff turnover, financial variables such as discount rates and future salary increases that will affect the cost of benefits.

The recommended method under IAS 19 is the "projected unit credit" method, also the preferred method under French regulations.

This amounts to recognising, on the date of the calculation of the liability, of a liability equal to the probable present value of the estimated termination benefits multiplied by the ratio of length of service at the date of calculation and at the date of retirement of the employee.

This is the same as saying that the liability is incurred prorata to the length of service of the employee. Accordingly, the calculation of rights is done on the basis of the employee's length of service and the estimated final salary.

Assumptions

Actuarial assumptions are the entity's best estimates of variables determining the final cost of post-employment benefits. These assumptions include:

Demographic assumptions

These relate to the future characteristics of former and current employees (and their dependents) qualifying for benefits.

These demographic assumptions involve the following items:

- mortality, during and post-employment;
- staff turnover, disability and early retirement;
- the proportion of plan members and dependents qualifying for benefits; and
- the level of claims under the medical plans.

Expected rate of return on plan assets:

This rate must be established on the basis of market expectations on the reporting date for the period in which the liabilities are to be settled.

It must reflect the make-up of the asset portfolio. The breakdown of plan assets (bonds, equities, real-estate ...) and the expected return used for each asset class should be set out in the actuarial report.

Discount rate / inflation rate

The applicable rate to discount post-employment benefit liabilities (whether funded or not) must be determined by reference to a market rate at the reporting date based on the top-tier corporate bonds. In countries in which this type of market is not active,the relevant rate (at the end of the reporting period) is the treasury bond rate. The currency and maturity of corporate bonds or treasury bonds must be consistent with the currency and estimated maturity of postemployment benefit liabilities. The maturity of liabilities must be assessed on the basis of the schedule of future payments (weighted average only) for all plan participants on the measurement date.

Salaries, employee benefits and medical costs:

Post-employment benefit liabilities must be measured on a basis that reflects:

- estimated future salary increases;
- benefit rights as per the terms and conditions of the plan (or resulting from any constructive obligation going beyond these terms and conditions) at the reporting date; and
- estimated future changes in the level of benefits paid under any mandatory general plan affecting the benefits payable under a defined benefit plan, when, and only when, either :
  - these changes have been adopted prior to the reporting date ; or
  - past experience or other reliable indicators, show that these benefits paid under a mandatory general plan will change in a foreseeable manner, for example that they will reflect general price inflation or general salary inflation.

The assumptions related to medical costs must factor in the estimated future changes in the cost of medical services stemming both from inflation and changes specific to medical costs.

1.2.14.1 Options taken by Attijariwafa bank

It was agreed that in Attijariwafa bank's case the pension benefits were defined contribution plans. Accordingly, no IFRS adjustment is required.

In the case of post-employment medical coverage (CMIM), Attijariwafa bank does not have sufficient information to recognize as such this defined benefit multi-employer plan.

1.2.14.2 Share-based payments

Share-based payments consist of payments based on shares issued by the Group that are either equity or cash-settled with the amount depending on the share performance.

These payments can either be by means of the granting of stock options or employee share subscription offerings.

In the case of employee share subscription offerings, a discount is granted off the average market price over a given period.

This benefit is expensed over the lock-in period.

1.2.15 Statement of cash flows

The balance of cash and cash equivalent accounts represents the net cash balance with central banks, the Treasury and post office accounts as well as the net amount of demand bank borrowings and loans.

1.2.16 Estimates used to prepare the financial statements

When preparing the financial statements, the Attijariwafa bank Group was required to make assumptions and use estimates the future occurrence of which could be influenced by a series of factors including in particular:

- domestic and international market activities;
- interest rate and exchange rate fluctuations;
- the economic and political climate in certain business sectors or countries;
- regulatory or statutory changes.

These assumptions primarily involve:

- the use of internal models to value financial instruments for which quoted prices on organised markets are not available ;
- impairment tests on intangible assets;
- the calculation of provisions for the impairment of loans and receivables and contingency and loss provisions;
- estimation of residual values of assets measured at amortised cost and finance and operating leases.

FINANCIAL STATEMENTS

Consolidated financial statements at 31 December 2017

CONSOLIDATED IFRS BALANCE SHEET at 31 December 2017

(thousand MAD)

ASSETS (under IFRS)	Notes	12/31/2017	12/31/2016
Cash and balances with central banks. the Treasury and post office accounts		18 224 849	14 141 202
Financial assets at fair value through income	2.1	65 875 084	50 454 731
Derivative hedging instruments		-	-
Available-for-sale financial assets	2.2	39 266 654	35 701 001
loans and advances to credit institutions and similar establishments	2.3	25 304 396	22 625 866
loans and advances to customers	2.4	285 995 046	271 627 179
interest rate hedging reserve		-	-
held-to-maturity investments		8 746 253	8 015 501
Current tax assets	2.5	123 659	39 319
Deferred tax assets	2.5	636 262	539 849
Other assets	2.6	8 674 655	7 585 194
Participations of insured parties in differed profits	2.2	2 672 478	2 066 502
Non-current assets held for sale		114 322	87 538
Investments in companies accounted for under the equity method	2.7	106 949	94 908
Investment property	2.8	2 247 468	2 020 107
Property. plant and equipment	2.9	5 550 721	5 428 512
Intangible assets	2.9	2 125 180	1 683 656
goodwill	2.10	9 996 150	6 655 000
TOTAL ASSETS		**475 660 126**	**428 766 067**

LIABILITIES (under IFRS)	Notes	12/31/2017	12/31/2016
Amounts owing to central banks. the Treasury and post office accounts		97 064	160 715
Financial liabilities at fair value through income	2.11	716 739	1 033 814
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	37 651 602	28 282 255
Customer deposits	2.13	316 210 403	286 264 527
Debt securities issued	2.14	11 120 406	11 243 383
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	613 644	709 425
Deferred tax liabilities	2.5	2 576 416	2 340 944
Other liabilities	2.6	10 728 982	9 881 260
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		28 634 562	25 960 939
General provisions	2.15	1 734 104	1 771 087
Subsidies. public funds and special guarantee funds		129 252	141 392
Subordinated debt	2.14	14 645 903	13 565 244
Share capital and related reserves		10 151 765	10 151 765
Consolidated reserves		33 246 804	30 861 381
- Group share		*27 337 070*	*25 059 651*
- Minority interests		*5 909 734*	*5 801 729*
Unrealised deferred capital gains or losses, Group share		818 514	744 812
Net income for the financial year		6 583 965	5 653 125
- Group share		*5 390 902*	*4 757 421*
- Minority interests		*1 193 064*	*895 705*
TOTAL LIABILITIES		**475 660 126**	**428 766 067**

CONSOLIDATED INCOME STATEMENT UNDER IFRS at 31 December 2017

(thousand MAD)

	Notes	12/31/2017	12/31/2016
interest and similar income	3.1	18 819 180	17 117 126
interest and similar expenses	3.1	5 910 854	5 504 228
NET INTEREST MARGIN		**12 908 326**	**11 612 899**
Fees received	3.2	5 405 347	4 991 813
Fees paid	3.2	618 350	573 539
NET FEE INCOME		**4 786 997**	**4 418 274**
Net gains or losses on financial instruments at fair value through income	3.3	3 329 684	3 063 010
Net gains or losses on available-for-sale financial assets	3.4	576 110	347 472
INCOME FROM MARKET ACTIVITIES		**3 905 794**	**3 410 482**
income from other activities	3.5	7 925 769	7 174 835
Expenses on other activities	3.5	7 882 109	6 943 163
NET BANKING INCOME		**21 644 776**	**19 673 327**
general operating expenses		9 043 552	8 246 893
Depreciation, amortisation and provisions		937 293	896 005
GROSS OPERATING INCOME		**11 663 931**	**10 530 429**
Cost of risk	3.7	-2 168 124	-2 001 359
OPERATING INCOME		**9 495 808**	**8 529 070**
Net income from companies accounted for under the equity method		16 488	3 538
Net gains or losses on other assets	3.8	23 361	54 596
Changes in value of goodwill		-	-
PRE-TAX INCOME		**9 535 657**	**8 587 204**
income tax		2 951 691	2 934 078
NET INCOME		**6 583 965**	**5 653 125**
Minority interests		1 193 064	895 705
NET INCOME GROUP SHARE		**5 390 902**	**4 757 421**
Earnings per share (in dirhams)		26,49	23,37
Dividend per share (in dirhams)		26,49	23,37

STATEMENT OF NET INCOME AND GAINS AND LOSSES DIRECTLY RECORDED IN SHAREHOLDERS EQUITY at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
NET INCOME	**6 583 965**	**5 653 125**
Asset and liability variations directly recorded in shareholders equity	192 397	405 264
Translation gains or losses	-36 735	-368 393
Variation in value of financial assets available for sale	233 525	785 239
Revaluation of fixed assets		
Variations in differed value of derivative coverage instruments		
Items regarding enterprises by equity method	-4 392	-11 582
Total	**6 776 362**	**6 058 390**
Group share	5 467 743	4 399 551
Minority interest share	1 308 618	1 658 839

TABLE OF SHAREHOLDERS EQUITY VARIATION at 31 December 2017

(thousand MAD)

		Share capital (1)	Reserves (related to share capital) (2)	treasury stock (3)	Reserves and consolidated income (4)	total assets and liabilities entered directly in capital (5)	Share- holders equity group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2015		2 035 272	8 116 493	-2 050 326	28 339 501	504 600	36 945 541	4 283 617	41 229 157
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2015		2 035 272	8 116 493	-2 050 326	28 339 501	504 600	36 945 541	4 283 617	41 229 157
Transactions related to share capital		-			3 545 524		3 545 524	3 560 431	7 105 955
Share-based payments							-		-
Transactions related to treasury stock							-		-
Dividends					-2 213 127		-2 213 127	-3 466 791	-5 679 918
Net income					4 757 421		4 757 421	895 705	5 653 125
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					-126 541	-126 541	911 780	785 239
Translation gains and losses	(B)					-219 748	-219 748	-148 645	-368 393
Total assets and liabilities entered directly in capital	(A)+(B)	-	-	-	-	-346 288	-346 288	763 135	416 846
Other variations				-432 988	-1 542 433		-1 975 421	661 339	-1 314 082
Perimeter variation							-		-
Shareholders' equity at 31 december 2016		2 035 272	8 116 493	-2 483 314	32 886 886	158 312	40 713 649	6 697 435	47 411 083
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2016		2 035 272	8 116 493	-2 483 314	32 886 886	158 312	40 713 649	6 697 435	47 411 083
Transactions related to share capital		-			2 131 187		2 131 187	201 748	2 332 936
Share-based payments							-		-
Transactions related to treasury stock							-		-
Dividends					-2 496 116		-2 496 116	-727 682	-3 223 799
Net income for the period					5 390 902		5 390 902	1 193 064	6 583 965
Total assets and liabilities entered directly in capital	(C)					73 703	73 703	159 822	233 525
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					7 532	7 532	-44 267	-36 735
Latent or differed gains or losses	(C)+(D)	-	-	-	-	81 235	81 235	115 555	196 790
Other variations				22 185	-2 183 328		-2 161 142	-377 320	-2 538 463
Changes in scope of consolidation					38 534		38 534		38 534
Shareholders' equity at 31 December 2017		**2 035 272**	**8 116 493**	**-2 461 129**	**35 768 066**	**239 546**	**43 698 251**	**7 102 798**	**50 801 049**

CONSOLIDATED CASH FLOW STATEMENT at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Pre-tax income	**9 535 657**	**8 587 204**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	1 139 901	1 045 487
+/- Net impairment of goodwill and other fixed assets	-	
+/- Net amortisation of financial assets	-	2 387
+/- Net provisions	2 265 863	2 016 267
+/- Net income from companies accounted for under the equity method	-16 488	-3 538
+/- Net gain/loss from investment activities	-253 717	-541 050
+/- Net gain/loss from financing activities	-	
+/- Other movements	-617 020	5 360
Total non-cash items included in pre-tax income and other adjustments	**2 518 538**	**2 524 912**
+/- Flows relating to transactions with credit institutions and similar establishments	3 619 843	7 729 733
+/- Flows relating to transactions with customers	15 240 710	-6 982 931
+/- Flows relating to other transactions affecting financial assets or liabilities	-17 608 708	7 365 147
+/- Flows relating to other transactions affecting non-financial assets or liabilities	-	
- taxes paid	-2 765 681	-2 750 907
Net increase/decrease in operating assets and liabilities	**-1 513 836**	**5 361 042**
Net cash flow from operating activities	**10 540 358**	**16 473 158**
+/- Flows relating to financial assets and investments	-5 430 006	5 152 260
+/- Flows relating to investment property	-284 307	-144 184
+/- Flows relating to plant, property and equipment and intangible assets	-1 114 531	-450 941
Net cash flow from investment activities	**-6 828 844**	**4 557 134**
+/- Cash flows from or to shareholders	-3 223 799	-5 679 918
+/- Other net cash flows from financing activities	992 389	-261 530
Net cash flow from financing activities	**-2 231 410**	**-5 941 448**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-409 879**	**-235 183**
Net increase (decrease) in cash and cash equivalents	**1 070 225**	**14 853 662**

	12/31/2017	12/31/2016
Cash and cash equivalents at the beginning of the period	**13 856 375**	**-997 287**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	13 980 487	12 415 251
Inter-bank balances with credit institutions and similar establishments	-124 113	-13 412 538
Cash and cash equivalents at the end of the period	**14 926 600**	**13 856 375**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	18 127 784	13 980 487
Inter-bank balances with credit institutions and similar establishments	-3 201 184	-124 113
Net change in cash and cash equivalents	**1 070 225**	**14 853 662**

2. NOTES RELATED TO THE BALANCE SHEET

2.1 Financial assets at fair value through income at 31 December 2017

(thousand MAD)

	Financial assets held for trading	Financial assets at fair value through income
Loans and advances to credit institutions and similar establishments		
Loans and advances to customers		
Financial assets held as guarantee for unit-linked policies		
Securities received under repo agreements	-	
Treasury notes and similar securities	41 505 889	
Bonds and other fixed income securities	**6 259 175**	
· listed securities	-	
· unlisted securities	6 259 175	
Shares and other equity securities	**17 572 438**	
· listed securities	17 572 438	
· unlisted securities		
Derivative instruments	**422 703**	
Related loans	**114 879**	
Fair value on the balance sheet	**65 875 084**	

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Securities valued at fair value		
· treasury notes and similar securities	**11 254 329**	**9 883 761**
· Bonds and other fixed income securities	**14 923 895**	**14 109 426**
· listed securities	9 700 340	9 282 366
· unlisted securities	5 223 555	4 827 060
· Shares and other equity securities	**7 735 522**	**5 371 761**
· listed securities	4 345 733	3 461 578
· unlisted securities	3 389 789	1 910 183
· Securities in non-consolidated affiliates	**8 025 385**	**8 402 556**
total available-for-sale securities	**41 939 132**	**37 767 504**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 21,073 million at the end of December 2017 vs. MAD 19,520 million at the end of December 2016.

2.2.2 Underlying gains and losses on financial assets available for sale at 31 December 2017

(thousand MAD)

	12/31/2017			12/31/2016		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	11 254 329	565 006	-64 976	9 883 761	648 000	-78 419
Bonds and other fixed income securities	14 923 895	192 594	-143 542	14 109 426	244 866	-132 229
Share and other variable income securities	7 735 522	1 765 949	-59 173	5 371 761	1 285 537	-69 800
Non consolidated equity interest securities	8 025 385	1 177 413	-314 550	8 402 556	1 122 259	-279 860
Balance sheet value of assets available for sale	**41 939 132**			**37 767 504**		
Total underlying gains and losses		3 700 962	-582 241		3 300 662	-560 308
Differed taxes		-1 191 875	203 270		-1 044 291	200 528
Underlying gins and losses on net financial assets available for sale		2 509 087	-378 971		2 256 371	-359 780
Underlying gains and losses on net financial assets available for sale Group share		**1 068 816**	**-250 302**		**970 432**	**-225 620**

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions

(thousand MAD)

	12/31/2017	12/31/2016
Credit institutions		
Accounts and loans	24 504 119	19 771 940
Securities received under repo agreements	-	2 601 966
Subordinated loans	2 283	6 128
Other loans and advances	686 020	156 761
Total principal	**25 192 423**	**22 536 795**
Related loans	135 966	111 954
Provisions	23 994	22 883
Net value	**25 304 396**	**22 625 866**
Internal operations		
Regular accounts	4 337 223	4 336 842
Accounts and long-term advances	25 219 233	30 257 528
Related loans	116 319	238 458

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Morocco	8 491 775	12 678 146
North Africa	4 199 099	1 433 264
The WAEMU Region	1 564 873	1 986 939
The EMCCA Region	1 208 526	1 278 618
Europe	4 053 887	2 270 922
Others	5 674 263	2 888 906
Total principal	**25 192 423**	**22 536 795**
Related loans	135 966	111 954
Provisions	23 994	22 883
Net value on the balance sheet	**25 304 396**	**22 625 866**

2.3.3 Breakdown of loans and advances to credit institutions per remaining term at 31 December 2017

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	7 513 731	14 174 184	3 144 557	335 957	**25 168 429**

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Transactions with customers		
Commercial loans	40 871 259	38 769 623
Other loans and advances to customers	217 619 126	200 851 839
Securities received under repo agreements	11 892	215 441
Current accounts in debit	21 779 484	26 930 436
Total principal	**280 281 761**	**266 767 340**
Related loans	1 911 249	1 761 434
Provisions	15 278 848	14 142 848
Net value	**266 914 162**	**254 385 926**
Leasing		
Property leasing	3 365 372	3 280 267
Leasing of movable property, long-term rental and similar activities	16 192 412	14 381 463
Total principal	**19 557 784**	**17 661 729**
Related loans	907	6 063
Provisions	477 808	426 539
Net value	**19 080 884**	**17 241 253**
Total	**285 995 046**	**271 627 179**

2.4.2 Loans and advances to customers by geographical area at 31 December 2017

(thousand MAD)

country	12/31/2017				12/31/2016			
	healthy outstandings	impaired outstandings	individual provisions	collective provisions	healthy outstandings	impaired outstandings	individual provisions	collective provisions
Morocco	210 763 273	14 749 108	8 713 008	1 945 363	203 212 978	14 876 802	8 623 017	1 618 762
North Africa	28 089 786	1 471 420	966 678	169 767	21 994 679	1 405 781	880 108	104 846
The WAEMU Region	26 773 097	3 718 964	2 621 833	316 281	25 425 513	3 082 621	2 242 304	325 556
The EMCCA Region	13 009 282	1 029 564	787 843	225 946	12 584 876	748 883	598 480	166 264
Europe	185 973	11 230	9 887	-	720 966	10 930	10 024	-
Others	37 797	50	49	-	365 002	39	25	-
Total principal	**278 859 209**	**20 980 336**	**13 099 299**	**2 657 357**	**264 304 014**	**20 125 055**	**12 353 958**	**2 215 429**
Related loans	1 912 156				1 767 497			
Net value on the balance sheet	**280 771 365**	**20 980 336**	**13 099 299**	**2 657 357**	**266 071 511**	**20 125 055**	**12 353 958**	**2 215 429**

2.4.3 Loans and advances to customer per economic operator at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Corporate entities	196 698 069	180 562 786
Including Large Enterprises	111 042 585	114 610 750
Private individuals	87 384 820	89 296 896
Total	**284 082 889**	**269 859 682**
Related loans	1 912 156	1 767 497
Net value on balance sheet	**285 995 046**	**271 627 179**

2.4.4 Breakdown of loans and advances per remaining term at 31 December 2017

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to custumers	62 803 128	57 324 462	99 779 652	58 951 966	278 859 209

The fair value of healthy outstanding loans to customers and credit institutions is estimated at 306,057 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Current taxes	123 659	39 319
Deffered taxes	636 262	539 849
Current and differed tax assets	**759 922**	**579 168**
Current taxes	613 644	709 425
Deffered taxes	2 576 416	2 340 944
Current and differed tax liabilities	**3 190 060**	**3 050 369**

2.5.2 Net income tax at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Current taxes	-3 161 363	-3 109 751
Net FY differed taxes	209 672	175 673
Net income tax	**-2 951 691**	**-2 934 078**

2.5.3 Actual tax rate at 31 December 2017

	12/31/2017	12/31/2016
Net income	6 583 965	5 653 125
Income tax	2 951 691	2 934 078
Average actual income tax	**31,0%**	**34,2%**

Analysis of actual income tax at 31 December 2017

	12/31/2017	12/31/2016
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-1,9%	-0,9%
Permanent differences	-0,1%	1,9%
Other items	-4,0%	-3,9%
Average actual tax rate	**31,0%**	**34,2%**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Other Assets	**5 618 021**	**5 345 214**
Sundry debtors	3 733 961	3 135 178
Various securites & uses	175 258	166 184
Other insurance assets	1 515 077	1 615 706
Other	193 726	428 145
Equalization accounts	**3 056 634**	**2 239 980**
Receivables	1 358 049	1 276 942
Expenses identified in advance	174 638	161 356
Other equalization accounts	1 523 946	801 683
Total	**8 674 655**	**7 585 194**

2.6.2 Equalization accounts and other liabilities at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Other Liabilities	**7 164 900**	**6 107 038**
Miscellaneous securities operations	338 232	332 700
Miscellaneous creditors	6 710 837	5 471 824
Other insurance liabilities	115 831	302 515
Equalization accounts	**3 564 082**	**3 774 222**
Payables	1 543 465	1 878 530
Income identified in advance	598 070	523 168
Other equalization accounts	1 422 548	1 372 524
Total	**10 728 982**	**9 881 260**

The other asset and liabilities accounts basically include operations not definitively charged at the moment of recording on the balance sheet.
They are re-entered in the final accounts as quickly as possible.

2.7 Equity interests in enterprises by equity method at 31 December 2017

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	106 949	49 287	781 915	104 150	16 488
Net value on balance sheet in MEE companies	**106 949**	**49 287**	**781 915**	**104 150**	**16 488**

Participation of the Group in equity method companies concerns only Moussafir Hotels.

2.8 Investment property at 31 December 2017

(thousand MAD)

	12/31/2016	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2017
Gross value	2 491 253		273 213	970	21 376	2 784 871
Depreciation and provisions	471 145		57 088	696	9 865	537 402
Net value on balance sheet	**2 020 107**		**216 125**	**274**	**11 511**	**2 247 468**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms correspond to the useful life per the following components:

Components	Annual duration of depreciation
MAIN STRUCTURE	50
PROOFING	20
FITTINGS AND INSTALLATION	15
TECHNICAL FACILITIES	20
INTERNAL AND EXTERNAL JOINERY	15

The market value of the land and structures classified as investment property in 2017 is estimated at MAD 2,693 million.

2.9 Plant, property and equipment and intangible assets at 31 December 2017

(thousand MAD)

	12/31/2017			12/31/2016		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	3 178 977	1 344 777	1 834 200	3 152 051	1 250 430	1 901 621
Movable property and equipment	3 465 735	2 845 848	619 887	3 264 512	2 556 035	708 477
Leased movable property	646 023	245 949	400 074	577 741	236 197	341 544
Other property, plant and equipment	6 145 818	3 449 258	2 696 561	5 583 602	3 106 732	2 476 870
Total property, plant and equipment	**13 436 552**	**7 885 831**	**5 550 721**	**12 577 907**	**7 149 395**	**5 428 512**
It software acquired	3 301 645	2 117 298	1 184 347	2 937 827	1 922 763	1 015 064
Other intangible assets	1 491 049	550 216	940 833	1 195 376	526 784	668 592
Total intangible assets	**4 792 695**	**2 667 514**	**2 125 180**	**4 133 203**	**2 449 547**	**1 683 656**

TANGIBLE FIXED ASSETS :

Attijariwafa bank opted for an assessment of the cost of all fixed assets. Depreciation in linear and spread out over the following useful life:

Composants	Annual duration of depreciation
Buildings per component	15-50 years
Equipment, furnishings, installations	4-10 years
Rented movable property	N/A
Other fixed assets	15-20 years

The depreciation of the constructions' components are presented as follows:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

INTANGIBLE FIXED ASSETS EXCLUDING GOODWILL:

The Attijariwafa bank group did not internally generate any intangible fixed assets. The useful life thereof is as follows:

Components	Annual duration of depreciation
Software packages acquired	5 years
Company-produced software packages	N/A
Other intangible fixed assets	15-20 years

2.9.2 Outright rentals: additional information at 31 December 2017

(thousand MAD)

Residual term	For the lessor Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	20 980
> 1 year ≤ 5 years	456 566
> 5 years	
Total	**477 546**

2.10 Goodwill at 31 December 2017

(thousand MAD)

	12/31/2016	Perimeter variation	Translation gains and losses	Other movements	12/31/2017
Gross value	6 655 000	3 235 866	105 284		9 996 150
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 655 000**	**3 235 866**	**105 284**	**-**	**9 996 150**

The Attijariwafa bank Group operates regularly impairment tests to ensure that the goodwill carrying value is greater than the recoverable amount. Otherwise, an impairment should be recorded. For fiscal year 2017, no impairment has been recognized.

2.11 Financial liabilities at fair value through income

2.11.1 Financial liabilities at fair value through income at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Securities pledged under repo agreements	291 038	180 037
Derivative instruments	425 701	853 777
Fair value on balance sheet	**716 739**	**1 033 814**

2.11.2 Derivative instruments per type of risk at 31 December 2017

(thousand MAD)

Per type of risk	Book value		Notional Amount
	Assets	Liabilities	
Exchange rate derivative instruments	320 433	56 629	31 943 110
Interest rate derivative instruments	76 932	37 522	25 556 326
Raw materials derivatives	25 339	25 473	235 299
Other derivative instruments		306 076	497 552
Total	**422 703**	**425 701**	**58 232 287**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Credit institutions		
Accounts and borrowings	18 024 326	17 845 337
Securities pledged under repo agreement	19 551 878	10 374 681
Total	**37 576 203**	**28 220 019**
Related debt	75 399	62 237
Value on the balance sheet	**37 651 602**	**28 282 255**
Internal group operations		
Current accounts in credit	3 017 060	2 997 242
Accounts and long-term advances	25 654 975	31 532 745
Related debt	147 502	149 019

2.12.2 Breakdown of debts per remaining term at 31 December 2017

(thousand MAD)

	< = 3 months	Between 3 months and 1 year	Between 1 year and 5 years	>5 years	Total
Amounts owing to credit institutions	32 737 708	2 154 795	2 405 360	278 340	37 576 203

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Ordinary creditor accounts	226 664 757	206 289 781
Savings accounts	65 232 537	60 035 289
Other amounts owing to customers	17 637 538	16 967 469
Securities pledged under repo agreements	5 739 521	1 963 540
Total principal	**315 274 353**	**285 256 078**
Related debt	936 050	1 008 449
Value on the balance sheet	**316 210 403**	**286 264 527**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Morocco	229 791 216	211 706 201
North Africa	34 069 614	25 275 071
The WAEMU Region	30 228 060	28 080 786
The EMCCA Region	16 425 640	15 386 565
Europe	4 743 864	4 598 965
Others	15 960	208 494
Total principal	**315 274 353**	**285 256 078**
Related debt	936 050	1 008 449
Value on the balance sheet	**316 210 403**	**286 264 527**

2.13.3 Breakdown of debts to customers per economic operator at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Corporate entities	120 381 694	111 197 981
Including large enterprises	41 668 447	31 688 132
Private individuals	194 892 660	174 058 097
Total	**315 274 353**	**285 256 078**
Relevant debts	936 050	1 008 449
Net values on balance sheet	**316 210 403**	**286 264 527**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 December 2017

(thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	92 052 300	82 394 929	83 138 797	57 688 327	315 274 353

2.14 Debts represented by security and subordinated debts at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Other debts represented by a security	**11 120 406**	**11 243 383**
Negotiable debt securities	11 050 883	11 139 034
Bond loans	69 523	104 349
Subordinated debts	**14 645 903**	**13 565 244**
Subordinated loan	14 645 903	13 565 244
with defined term	14 645 903	13 565 244
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**25 766 309**	**24 808 627**

2.15 General provisions at 31 December 2017

(thousand MAD)

	Stock at 12/31/2016	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2017
Provisions for risks in executing signature loans	132 624		19 753		47 608	2 846	107 615
Provisions for social benefit liabilities	500 446		85 988	59 533		-3 160	523 741
Other general provisions	1 138 017	46 758	315 256	28 529	368 796	41	1 102 748
General provisions	**1 771 087**	**46 758**	**420 997**	**88 062**	**416 403**	**-273**	**1 734 104**

3- NOTES TO THE INCOME STATEMENT

3.1 Net interest margin at 31 December 2017

(thousand MAD)

	12/31/2017			12/31/2016		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**16 107 876**	**3 678 349**	**12 429 528**	**14 938 444**	**3 552 917**	**11 385 527**
Accounts and loans/borrowings	15 106 788	3 528 175	11 578 613	13 970 399	3 424 520	10 545 879
Repurchase agreements	1 399	150 174	-148 775	1 789	128 397	-126 608
Leasing activities	999 689		999 689	966 256		966 256
Inter-bank transactions	**652 094**	**1 192 819**	**-540 725**	**565 576**	**929 273**	**-363 697**
Accounts and loans/borrowings	652 094	1 100 354	-448 260	564 752	788 160	-223 408
Repurchase agreements	-	92 466	-92 466	824	141 113	-140 289
Debt issued by the group	**-**	**1 039 686**	**-1 039 686**		**1 022 038**	**-1 022 038**
Available-for-sale assets	**2 059 209**	**-**	**2 059 209**	**1 613 107**		**1 613 107**
Total net interest income	**18 819 180**	**5 910 854**	**12 908 326**	**17 117 126**	**5 504 228**	**11 612 899**

3.2 Net fee income at 31 December 2017

(thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**2 383 120**	**89 158**	**2 293 962**
With credit institutions	146 164	62 906	83 259
With customers	1 553 233		1 553 233
On securities	131 661	9 232	122 428
On foreign exchange	85 543	3 997	81 545
On forward financial instruments and other off-balance sheet transactions	466 519	13 022	453 496
Banking and financial services	**3 022 227**	**529 192**	**2 493 035**
Net income from mutual fund management (OPCVM)	376 657	22 750	353 907
Net income from payment services	1 706 101	411 824	1 294 276
Insurance products	23 963		23 963
Other services	915 507	94 618	820 888
Net fee Income	**5 405 347**	**618 350**	**4 786 997**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Fixed income securities	1 853 593	1 982 059
Variable income securities	208 009	267 891
Derivative financial instruments	1 038 479	650 970
Reassessment of over the counter foreign currency cash positions	229 602	162 090
Total	**3 329 684**	**3 063 010**

3.4 Net gains or losses on financial assets available for sale at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Income from variable income securities	**423 113**	**372 197**
Income from transfers	**86 880**	**-109 295**
Value added	160 004	88 785
Loss in value	-73 124	-198 080
Gains and losses in value of variable income securities	**66 117**	**84 569**
Total	**576 110**	**347 472**

3.5 Income and expenses from other activities at 31 December 2017

(thousand MAD)

	12/31/2017			12/31/2016		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	7 375 945	7 328 238	47 708	6 749 814	6 293 786	456 029
Net income from investment property	59 559		59 559	32 437		32 437
Net income from fixed assets rented outright	346	-	346	42 627	12	42 616
Other income	489 918	553 871	-63 953	349 956	649 366	-299 409
Total of interest income and expenses or equivalent	**7 925 769**	**7 882 109**	**43 660**	**7 174 835**	**6 943 163**	**231 672**

3.6 Net income from insurance activity at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Gross premiums acquired	8 007 358	7 283 661
Variation in technical provisions	-2 372 873	-1 389 985
Contract service expenses	-5 166 586	-5 208 090
Net expenses or income from reassurance transfers	-420 191	-229 558
Total	**47 708**	**456 029**

3.7 Cost of risk at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Additional provisions	**-2 764 544**	**-2 588 392**
Provisions for loan impairment	-2 415 795	-2 174 118
Provisions for signature loans	-19 753	-13 509
Other general provisions	-328 997	-400 765
Provision write-backs	**1 860 701**	**1 151 439**
Provision write-backs for loan impairment	1 415 768	959 322
Provisions write-backs for signature loans	47 608	24 917
Provision write-backs for other general provisions	397 325	167 200
Change in provisions	**-1 264 280**	**-564 405**
Losses on non-provisioned irrecoverable loans and advances	-50 949	-58 443
Losses on provisioned irrecoverable loans and advances	-1 266 125	-556 636
Amounts recovered on impaired loans and advances	81 324	64 614
Other losses	-28 529	-13 939
Cost of risk	**-2 168 124**	**-2 001 359**

3.8 Net gains or losses on other activities at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Operating tangible and intangible fixed assets		
Value added from transfers	39 171	84 874
Loss in value transfers	-15 810	-30 279
Net gains or losses on other activities	**23 361**	**54 596**

4. INFORMATION PER CENTER OF ACTIVITIES

Attijariwafa bank's information by business activity is presented as follows:

- **Domestic banking, europe and offshore comprising** Attijariwafa bank SA, Attijariwafa bank Europe, Attijari international bank and holding companies incorporating the group's investments in the group's consolidated subsidiaries;
- **Specialised Financial Subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International Retail Banking** activities comprising Attijari bank tunisie and the banks located in Sub-Saharan Africa;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET DECEMBER 2017	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	TOTAL
Balance sheet	**289 517 174**	**34 033 801**	**36 385 740**	**115 723 411**	**475 660 126**
Including					
Assets					
Financial assets at fair value through income	57 681 385	28 000	7 846 900	318 800	**65 875 084**
Available-for-sale financial assets	2 857 525	270 141	21 073 284	17 738 181	**41 939 132**
Loans and advances to credit institutions and similar establishments	17 969 078	846 268	168 114	6 320 935	**25 304 396**
Loans and advances to customers	184 908 389	30 115 474	2 751 038	68 220 144	**285 995 046**
Property, plant and equipment	2 717 966	587 131	234 787	2 010 838	**5 550 721**
Liabilities					
Amounts owing to credit institutions and similar establishments	26 212 591	1 667 982	52	9 770 977	**37 651 602**
Customer deposits	230 265 019	4 459 165	3 226	81 482 994	**316 210 403**
Technical reserves for insurance contracts	-	-	28 634 562	-	**28 634 562**
Subordinated debt	13 319 651	464 541	-	861 711	**14 645 903**
Shareholders' equity	37 407 777	2 927 423	4 753 680	5 712 168	**50 801 049**

(thousand MAD)

Income statement December 2017	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	Eliminations	TOTAL
Net interest margin	6 945 211	1 078 982	479 752	4 559 043	-154 662	**12 908 326**
Net fee income	2 321 500	953 159	-23 859	2 057 383	-521 186	**4 786 997**
Net banking income	11 068 865	2 404 004	1 438 408	7 183 368	-449 867	**21 644 776**
Operating expenses	4 800 694	894 889	525 725	3 272 111	-449 867	**9 043 552**
Operating income	4 517 707	1 186 929	742 852	3 048 320		**9 495 808**
Net income	2 965 591	753 850	653 292	2 211 232		**6 583 965**
Net income group share	2 924 367	586 491	258 993	1 621 051		**5 390 902**

5. FINANCING COMMITMENTS AND GUARANTEES

5.1 Financing commitments at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Financing commitments given	**56 284 528**	**24 300 960**
To credit institutions and similar establishments	1 673 427	741 820
To customers	54 611 101	23 559 140
Financing commitments received	**497 547**	**2 333 990**
From credit institutions and similar establishments	497 547	2 333 990
From the State and other organisations		

5.2 Guarantee commitments at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Guarantees given	**66 221 989**	**59 314 248**
To credit institutions and similar establishments	12 028 769	10 288 608
To customers	54 193 221	49 025 640
Guarantees received	**44 268 810**	**39 195 718**
From credit institutions and similar establishments	33 407 687	32 988 956
From the State and other organisations providing guarantees	10 861 123	6 206 762

The bank has, for the first time in 2017, recognized the unused portion of commitments for a total amount of 43.109 MDH. The unused portion was 58.341 MDH at the end of 2016. The unused portion has always been included in the solvency ratios calculation.

6. COMPLEMENTARY INFORMATION :

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated are conducted under the market conditions prevailing at the time of completion..

6.1.1 Relationship between group consolidated companies at 31 December 2017

(thousand MAD)

	Entreprises consolidées par intégration gobale
Assets	
Loans, advances and securities	**30 376 314**
Ordinary accounts	4 543 897
Loans	25 832 417
Securities	-
Miscellaneous assets	
Other assets	**568 205**
Total	**30 944 519**
Liabilities	
Deposits	**30 314 727**
Ordinary accounts	4 512 251
Other loans	25 802 477
Debts represented by security	**61 587**
Miscellaneous liabilities	**568 205**
Total	**30 944 519**
Financing and guarantee commitments	
Commitments given	47 676 186
Commitments received	47 676 186

6.1.2 Income items regarding operations conducted with associated parties at 31 December 2017

(thousand MAD)

	Entreprises consolidées par intégration gobale
Interest and equivalent income	858 742
Interest and equivalent expenses	704 080
Commissions (income)	655 851
Commissions (expenses)	134 664
Income from other activities	365 730
Expenses from other activities	643 514
Other expenses	449 867

Relationships with members of administrative and management bodies:

In 2017, remuneration of Attijariwafa bank Board of Directors comes to 4 million MAD for attendance tokens. This global sum includes all ancillary charges inherent to travel in connection with the Board.

In addition, the annual gross remuneration of the executive members for FY 2017 came to MAD 108.17 million. Loans to these members came to MAD 116.68 million at the end of 2017.

6.2 Wafa Assurance at 31 December 2017

(thousand MAD)

Balance sheet	12/31/2017	12/31/2016
Assets		
Assets available for sale	21 073 284	19 520 402
Loans and debts to credit institutions and equivalent	166 158	65 617
Loans and debts to customers	2 751 038	2 832 483
Tangible fixed assets	226 176	393 543
Debts to credit institutions and equivalent		
Insurance contract technical provisions	28 634 562	25 960 939
Shareholders equity	4 250 913	4 210 814

(thousand MAD)

Income statement	12/31/2017	12/31/2016
Interest margin	512 571	507 206
Margin on commissions	-20 657	-21 774
Net income from other activities	227 117	445 048
Net banking income	1 164 674	1 184 395
Operating expenses	-663 572	-659 054
Operating income	332 991	411 981
Net income	238 918	265 102
Net income group share	94 717	201 438

7. OTHER COMPLEMENTARY INFORMATON:

7.1 Certificates of deposit and finance company bonds issued during 2017:

The certificates of Deposits outstanding amounted, as of December 2017, to MAD 7.7 billion.

During 2017, MAD 1.8 billion has been issued with a maturity comprised between 13 and 52 weeks and rates between 2.25% and 2.61%.

The outstanding of Finance Company bonds totaled MAD 3.2 billion as of December 2017.

During 2017, MAD 1.6 billion of Finance Company Bonds has been issued with a maturity comprised between 2 and 5 years and rates between 2.85% and 3.38%.

7.2 Subordinated debts issued during 2017:

During 2017, Attijariwafa bank's group issued four subordinated bond loans.

The first subordinated bond loan, issued on June 23, 2017 for an amount of MAD 1,5 billion, is split up into 15,000 bonds at per value of MAD 100,000 with a maturity of 7 years. It is divided into four parts, two of which are listed on the Casablanca stock exchange (sections A and B), the remaining being unlisted (sections C and D).

The nominal interest rate is fixed for A and C. It is 3.63% including a risk premium of 60 basis points. The nominal interest rate applied to B and D is annually revisable and is 2.81% including a premium risk of 55 basis points.

The global income from subscription to the four sections is summarized in the below table

(in thousand MAD)

	Section A	Section B	Section C	Section D
Amount withheld	300 000	-	303 500	896 500

The second subordinated bond loan, is split up into 12,500 bonds at per value of MAD 100,000 with a maturity of 7 years. It is divided into four parts, two of which are listed on the Casablanca stock exchange (sections A and B), the remaining being unlisted (sections C and D).

The nominal interest rate is fixed for A and C. It is 3.69% including a risk premium of 70 basis points.

The nominal interest rate applied to B and D is annually revisable and is 2.92% including a premium risk of 65 basis points.

The global income from subscription to the four sections is summarized in the below table:

(in thousand MAD)

	Section A	Section B	Section C	Section D
Amount withheld	150 000	5 000	175 000	920 000

The third subordinated bond loan, issued by Attijari bank Tunisie on May 31, 2017 for an amount of TND 60 million, is split up into 600,000 bonds at per value of TND 100 and divided into two categories :

- A category A with a maturity of 5 years and a fixed rate of 7.4% and/or revisable rate +1.90%
- A category B at a maturity of 7 years with grace period of 2 years and a fixed rate of 7.5% and/or revisable rate +2.10%

The fourth subordinated bond loan, issued by Société Ivoirienne de Banque on 29 December 2017 for an amount of FCFA 10 billion, is split up into 200 bonds at per value of FCFA 50 million and a maturity of 7 years, with a yield of 7.5% per year duty free.

7.3 Capital and income per share

7.3.1 Number of shares and per values

As of December 2017, Attijariwafa bank's capital amounted to MAD 2,035,272,260 and made of 203 527 226 shares at a nominal value of MAD 10.

7.3.2 Attijariwafa bank shares held by the Group

As of December 2017, Attijariwafa bank Group holds 13,226,583 shares representing a global amount of MAD 2,461 million deducted from the consolidated shareholders equity.

7.3.3 Per share income

The bank has not dilutive instruments in ordinary shares. Therefore, the diluted income per share is equal to the basic income per share.

(in MAD)

	31 December 2017	31 December 2016	31 December 2015
Earnings per share	26.49	23.37	22.12
Diluted earnings per share	26.49	23.37	22.12

7.4 Business Combination

During 2017, Attijariwafa bank has completed the acquisition of 100% of Barclays Bank Egypt after obtaining all the required regulatory approvals.

This transaction enables Attijariwafa bank to enter a market with significant growth prospects and to widen its international footprint in the 3rd African economy with a population of 96 million inhabitants and a healthy and profitable banking sector.

It also offers to Attijariwafa bank a unique opportunity for further development in the Middle East and Eastern Africa.

7.5 Employee benefits

The post-employment benefits granted by the Group vary in line with legal obligations and local policies in this respect.

Group employees enjoy short-term benefits (paid leave, sick leave), long-term benefits ("Ouissam Achoughl" long-service award, pilgrimage bonus) and defined-contribution and defined-benefit post-employment benefits (retirement payments, supplementary pension plans, health insurance).

Short-term benefits are expensed as incurred by the various Group entities awarding them.

Defined-contribution post-employment plans

Under these plans, periodic contributions are made to outside bodies responsible for the administrative and financial management.

Such plans release the employer from any subsequent obligation, the body undertaking to pay employees the sums to which they are entitled (CNSS, CIMR...). The Group's payments are expensed as incurred.

Defined-benefit post-employment plans

Under these plans, the employer has obligations vis-à-vis the beneficiaries or future beneficiaries. If they are not wholly prefunded, provisions must be recognised in this respect.

The present value of the liability is calculated using the projected unit credit method on the basis of actuarial assumptions and assumptions regarding the rate of salary increase, retirement age, mortality, turnover as well as the discount rate.

Changes to actuarial assumptions, or any difference between these assumptions and actual results, give rise to the recognition of actuarial gains (losses) through profit or loss in the period in which they occur in accordance with the Group's accounting policies.

<u>Retirement payments</u>

These plans make provision for the payment of lump sums calculated on the basis of employee length of service in the Group plus final salary.

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary.

The retirement payment is equal to the sum of the following items:

- Number of months of salary to which the employee is entitled on the basis of his/her length of service at retirement age ;
- Gross monthly salary ;
- Probability of being alive at retirement age ;
- Probability of still working for the Company at retirement age ;
- A discounting of the liability over the N years remaining to retirement having regard also to the rate of salary increase

<u>Ouissam Achoughl long-service award</u>

It may be paid out a number of times during the period in which the employee works for the Company. The number of years spent in the Company give entitlement to a certain number of months of salary. The Ouissam Achoughl long-service award after 15 years of service is, for example, the sum of the following items :

- Number of months of salary to which the employee is entitled after 15 years of service ;
- Gross monthly salary ;
- Probability of being alive after 15 years of service ;
- Probability of still working for the Company ;
- A discounting of the liability over the N years remaining to complete the 15 years of service having regard also to the rate of salary increase.

ASSUMPTIONS FOR CALCULATION PURPOSES :

	31 december 2017	31 december 2016
Start of period	01 January 2017	01 January 2016
End of period	31 December 2017	31 December 2016
Discount rate	4,16%	4,02%
Rate of salary increase	4,00%	4,00%
Expected return on plan assets	NA	NA

THE OUTCOME OF THE CALCULATIONS ARE AS FOLLOWS :

(thousand MAD)

Variation de la dette actuarielle	31 december 2017	31 december 2016
Actuarial liability N-1	**500 446**	**464 506**
Current service cost	108 858	97 121
Discounting effect	3 302	10 908
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	-	-
Termination benefits	-81 609	-66 450
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	-7 256	-5 639
Actuarial liability N	**523 741**	**500 446**

(thousand MAD)

expense recognized	31 december 2017	31 december 2016
Current service cost	-108 858	-97 121
Discounting effect	-3 302	-10 908
Expected return on plan assets during the period	-	-
Amortisation of past service cost	-	-
Amortisation of actuarial gains (losses)	-	-
Gains/(losses) on curtailments and settlements	-	-
Gains/(losses) on surplus limitations	47 251	30 613
Net expense recognized in profit or loss	**-64 909**	**-77 416**

7.6 Scope of consolidation

name	Sector of activity	(A)	(B)	(C)	(D)	country	Method	% control	% interest
Attijariwafa bank	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	99.78%	99.78%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	83.01%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51.00%	51.00%
CREDIT DU SENEGAL	Bank					Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank					Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	67%	67%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank					Cameroon	IG	51.00%	51.00%
ATTIJARIBANK MAURITANIE	Bank					Mauritania	IG	80.00%	53.60%
BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO	Bank					Togo	IG	56.76%	56.76%
ATTIJARIWAFA BANK EGYPT	Bank			(1)		Egypt	IG	100.00%	100.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Leasing					Morocco	IG	98.10%	98.10%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	100.00%	100.00%
WAFA CASH	Cash activities					Morocco	IG	100.00%	100.00%
WAFA LLD	long-term rentals					Morocco	IG	100.00%	100.00%
ATTIJARI FINANCES CORP.	investment bank					Morocco	IG	100.00%	100.00%
WAFA GESTION	Asset management					Morocco	IG	66.00%	66.00%
ATTIJARI INTERMEDIATION	SM intermediation					Morocco	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
WAFA ASSURANCE	insurance					Morocco	IG	39.65%	39.65%
BCM CORPORATION	holding Company					Morocco	IG	100.00%	100.00%
OGM	holding Company					Morocco	IG	50.00%	50.00%
ANDALUCARTHAGE	holding Company					Morocco	IG	100.00%	100.00%
KASOVI	holding Company					Mauritius	IG	100.00%	100.00%
SAF	holding Company					France	IG	99.82%	99.82%
FILAF	holding Company					Senegal	IG	100.00%	100.00%
CAFIN	holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	holding Company					France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	holding Company					France	IG	67.00%	67.00%
ATTIJARI IVOIRE	holding Company		(2)			Morocco	IG	66.67%	66.67%
MOUSSAFIR	hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	risk capital					Tunisia	IG	69.06%	40.73%
PANORAMA	real estate company					Morocco	IG	39.65%	39.65%
SOCIETE IMMOBILIERE TOGO LOME	real estate company					Togo	IG	100.00%	100.00%

(A) Movements occurring in first half of 2016
(B) Movements occurring in second half of 2016
(C) Movements occurring in first half of of 2017
(D) Movements occurring in second half of 2017

1 - Acquisition	7 - Change in method - Proportional integration to global integration
2 - Creation, crossing threshold	8 - Change in method - Global integration to equity method
3 - Entry into IFRS perimeter	9 - Change in method - Equity method to global integration
4 - Disposal	10 - Change in method - Global integration to propotional integration
5 - Deconsolidation	11 - Change in method - Equity method to proportional integration
6 - Merger between consolidated entities	12 - Reconsolidation

Parent-company Financial statements

General report of the statutory auditors

General report of the statutory auditors at 31 December 2017

Deloitte.

Deloitte Audit

288, Bd Zerktouni
Casablanca - Maroc

EY
Building a better working world

37, Bd Abdellatif Ben Kaddour
20 050 Casablanca - Maroc

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

GROUPE ATTIJARIWAFA BANK

GENERAL REPORT OF THE STATUTORY AUDITORS
FOR FISCAL YEAR JANUARY 1–DECEMBER 31, 2017

In accordance with the mission granted us by the General Meeting of May 30, 2014, we have audited the accompanying financial statements of ATTIJARIWAFA BANK. The financial statements comprise the balance sheet, off-balance-sheet items, the income statement, the management accounting statement, the cash flow statement, and notes to the financial statements for the year ended December 31, 2017. The financial statements show shareholders' equity of MAD 50,357,322 thousand and net income of MAD 4,158,011 thousand.

Management's responsibility
Management is responsible for the preparation and faithful presentation of these financial statements, in accordance with accounting principles applicable in Morocco. This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditor's judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to state an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of the accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion.

Opinion on the financial statements
We hereby certify that the financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the operating results, financial position, and assets of ATTIJARIWAFA BANK Group as at December 31, 2017, in accordance with accounting standards applicable in Morocco.

Specific procedures and disclosures
We have also carried out specific procedures required by Moroccan law, and we have verified that information provided in the Board of Directors' management report to shareholders is consistent with the Company's financial statements.
Furthermore, in accordance with article 172 of Law 17-95 as amended and supplemented, we bring to your attention that the bank, during 2017, has:

-The acquisition of Attijariwafa bank Egypt subsidiary for a total amount of MAD 3,244 billion, 60% - owned by Attijariwafa bank.

- Created Bank ASSAFA subsidiary for a total amount of MAD 350 billion, 100% - owned by Attijariwafa bank.

- Created the securisation fund MIFTAH for a total amount of MAD 50 billion, 100% - owned by Attijariwafa bank.

Casablanca, March 22, 2018

The Statutory Auditors

DELOITTE AUDIT

Fawzi BRITEL
Associé

ERNST & YOUNG

BACHIR TAZI
ASSOCIÉ

FINANCIAL STATEMENTS

Parent-company Financial statements at 31 December 2017

1. Presentation

Attijariwafa bank is a Moroccan company governed by common law. The financial statements comprise the accounts of head office as well as branches in Morocco and overseas, including the branch offices in Brussels. Material intra-group transactions and balances between Moroccan entities and overseas branches have been eliminated.

2. General principles

The financial statements are prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Attijariwafa bank's financial statements complies with the Credit Institution Accounting Plan.

3. Loans and signature loans

General presentation of loans

- Loans and advances to credit institutions and customers are classified according to their initial maturity and type:
- Sight and term loans in the case of credit institutions;
- Short-term loans, equipment loans, consumer loans, mortgage loans and other loans for customers.
- Signature loans accounted for off-balance sheet relate to transactions which have not yet given rise to cash movements such as irrevocable commitments for the undrawn portion of facilities made available to credit institutions and customers or guarantees given;
- Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers);
- Interest accrued on these loans is recorded under related loans and booked to the income statement.

Non-performing loans on customers

- Non-performing loans on customers are recorded and valued in accordance with prevailing banking regulations.

The main measures applied are summarised as follows:

- Non-performing loans are classified as sub-standard, doubtful or impaired depending on the level of risk;

After deducting the guarantee portion as required by prevailing regulations, provisions for non-performing loans are made as follows:

- 20% for sub-standard loans;
- 50% for doubtful loans;
- 100% for impaired loans.

- Provisions made relating to credit risks are deducted from the asset classes in question. As soon as loans are classified as non-performing, interest is no longer accrued but is recognised as income when received;
- Losses on irrecoverable loans are booked when the possibility of recovering the non-performing loans is deemed to be zero;
- Provisions for non-performing loans are written-back on any positive development in respect of the non-performing loans in question, such as partial or full repayment or a restructuring of the debt with partial repayment.
- The bank has written off non-performing loans using provisions set aside for this purpose.

4. Amounts owing to credit institutions and customers

Amounts owing to credit institutions and customers are presented in the financial statements according to their initial maturity and type:

- Sight and term borrowings in the case of credit institutions;
- Current accounts in credit, savings accounts, terms deposits and other customer accounts in credit in the case of customers.

Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers), depending on the counterparty;

Interest accrued on these loans is recorded under related borrowings and booked to the income statement.

5. Securities portfolio

5.1. General presentation

Securities transactions are booked and valued in accordance with the Plan Comptable des Etablissements de Crédit.

Securities are classified as a function of their legal characteristics (debt security or equity security) and the purpose for which they are acquired (trading securities, available-for-sale securities, investment securities and investments in affiliates).

5.2. Trading securities

Trading securities are securities which are highly liquid and are acquired with the intention of being resold in the very near future. These securities are recorded at cost (including coupon). At the end of each period, the difference between this value and their market value is recognised directly in the income statement.

5.3. Available-for-sale securities

Available-for-sale securities are securities acquired with the intention of being held for at least 6 months, except for fixed income securities intended to be held until maturity. AFS securities comprise all securities that do not satisfy the criteria required to be classified in another category.

Debt securities are booked excluding accrued interest. The difference between their purchase price and redemption price is amortised over the security's remaining life.

Equities are recorded at cost less acquisition expenses.

At the end of each period, a provision for impairment is made for any negative difference between a security's market value and carrying amount. Unrealised gains are not booked.

5.4. Investment securities

Investment securities are debt securities which are acquired, or which come from another category of securities, with the intention of being held until maturity for the purpose of generating regular income over a long period.

These securities are recorded at cost less acquisition expenses. The difference between their purchase price and redemption price is amortised over the security's remaining life.

At the end of each period, these securities are recorded at cost,

regardless of their market value. Unrealised profit or loss is therefore not recognised.

5.5. Investments in affiliates

This category comprises securities whose long-term ownership is deemed useful to the Bank.

At the end of each period, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

5.6. Repos with physical delivery

This category comprises securities which are expected to be useful to the bank if held over the long term.

At the end of each period, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

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 period) is valued at different historical rates. Any difference arising on restatement (closing rate less historical rate) is recorded in shareholders’ equity under «Translation differences».

Translation of income statement items

All income statement items are translated at the average exchange rate over the year except for depreciation and amortisation expenses, which are translated at the closing rate.

8. General provisions

These provisions are made, at the discretion of the management, to address future risks which cannot be currently identified or accurately measured relating to the banking activity.

Provisions made qualify for a tax write-back.

9. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recorded in the balance sheet at cost less accumulated depreciation and amortisation, calculated using the straight line method over the estimated use life of the assets in question.

Intangible assets are categorised as operating or non-operating assets and are amortised over the following periods:

Type	***Amortisation period***
- Lease rights	not amortised
- Patents and brands	N/A
- Research and development	N/A
- IT software	6.67 years
- Other items of goodwill	5 years

Les immobilisations corporelles ventilées en immobilisations d’exploitation et hors exploitation sont composées sont amorties sur les durées suivantes :

Type	***Amortisation period***
- Land	not depreciated
- Operating premises	25 years
- Office furniture	6.67 years
- IT hardware	6.67 years
- Vehicles	5 years
- Fixtures, fittings and equipment	6.67 years

10. Deferred expenses

Deferred expenses are expenses which, given their size and nature, are likely to relate to more than one period.

Deferred expenses are amortised over the following periods:

Type	***Amortisation period***
-Start-up costs	3 years
- Expenses incurred in acquiring fixed assets	5 years
- Bond issuance expenses	N/A
- Premiums paid on issuing or redeeming debt securities	N/A
- Other deferred expenses	3-5 years on a case by case basis

11. Recognition of interest and fees in the income statement

Interest

Income and expenses calculated on principal amounts actually lent or borrowed are considered as interest.

Income and expenses calculated on a prorata temporis basis which remunerate a risk are considered as similar income or expenses. This category includes fees on guarantee and financing commitments (guarantees, documentary credits etc.).

Interest accrued on principal amounts actually lent or borrowed is booked under related loans or debt with an offsetting entry in the income statement entry.

Similar income or expenses are recorded under income or expenses when invoiced.

Fees

Income and expenses, calculated on a flat-rate basis for a service provided, are recorded under fees when invoiced.

12. Non-recurring items of income and expenditure

They consist exclusively of income and expenses arising on an exceptional basis and are, in principle, rare in that they are unusual in nature or occur infrequently.

BALANCE SHEET at 31 December 2017

(thousand MAD)

ASSETS	12/31/2017	12/31/2016
Cash and balances with central banks, the treasury and post office accounts	**9 142 735**	**7 303 483**
Loans and advances to credit institutions and similar establishments	**35 621 804**	**40 715 628**
. Sight	6 724 299	10 210 911
. Term	28 897 505	30 504 718
Loans and advances to customers	**179 237 875**	**174 926 696**
. Short-term loans and consumer loans	46 406 692	50 168 125
. Equipment loans	62 898 671	57 207 000
. Mortgage loans	59 194 993	56 254 850
. Other loans	10 737 519	11 296 721
Receivables acquired through factoring	**1**	**1**
Trading securities and available-for-sale securities	**59 555 810**	**46 121 087**
. Treasury bills and similar securities	38 338 338	25 251 542
. Other debt securities	6 092 873	2 204 321
. Fixed income Funds	15 124 599	18 665 224
Other assets	**3 782 194**	**5 453 551**
Investment securities	**6 840 219**	**5 969 166**
. Treasury bills and similar securities	6 840 219	5 969 166
. Other debt securities	-	-
Investments in affiliates and other long-term investments	**19 104 819**	**13 644 919**
Subordinated loans	**-**	**-**
Leased and rented assets	**395 093**	**238 965**
Intangible assets	**2 087 698**	**1 812 149**
Property, plant and equipment	**3 602 994**	**3 340 980**
Total Assets	**319 371 242**	**299 526 626**

LIABILITIES	12/31/2017	12/31/2016
Amounts owing to central banks, the treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**27 432 674**	**21 792 115**
. Sight	6 578 787	6 748 610
. Term	20 853 887	15 043 506
Customer deposits	**225 368 841**	**208 833 653**
. Current accounts in credit	145 722 889	130 692 299
. Savings accounts	27 988 582	27 020 923
. Term deposits	41 552 032	40 328 997
. Other accounts in credit	10 105 338	10 791 434
Debt securities issued	**5 878 938**	**7 592 398**
. Negociable debt securities	5 878 938	7 592 398
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	**7 080 313**	**10 052 514**
General provisions	**3 253 154**	**3 165 024**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**13 319 651**	**12 770 020**
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**30 843 500**	**26 350 000**
Share capital	**2 035 272**	**2 035 272**
Shareholders, unpaid share capital (-)	**-**	**-**
Retained earnings (+/-)	**468**	**160**
Net income to be allocated (+/-)	**-**	**-**
Net income for the financial year (+/-)	**4 158 011**	**6 935 048**
Total liabilities	**319 371 242**	**299 526 626**

OFF-BALANCE SHEET at 31 December 2017

(thousand MAD)

OFF-BALANCE	12/31/2017	12/31/2016
COMMITMENTS GIVEN	**117 502 012**	**74 223 173**
Financing commitments given to credit institutions and similar establishments	4 574 906	532
Financing commitments given to customers	50 599 636	18 287 612
Guarantees given to credit institutions and similar establishments	15 990 395	15 981 109
Guarantees given to customers	46 333 931	39 953 920
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	3 144	-
COMMITMENTS RECEIVED	**20 405 162**	**23 034 121**
Financing commitments received from credit institutions and similar establishments	-	1 491 560
Guarantees received from credit institutions and similar establishments	20 008 772	21 270 627
Guarantees received from the State and other organisations providing guarantees	381 116	271 934
Securities sold with repurchase agreement	-	-
Other securities to be received	15 274	-

The bank has, for the first time in 2017, recognized the unused portion of commitments for a total amount of 43.109 MDH. The unused portion was 58.341 MDH at the end of 2016. The unused portion has always been included in the solvency ratios calculation.

INCOME STATEMENT at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
OPERATING INCOME FROM BANKING ACTIVITIES	**17 721 190**	**21 639 862**
Interest and similar income from transactions with credit institutions	1 030 084	966 137
Interest and similar income from transactions with customers	8 926 121	8 941 326
Interest and similar income from debt securities	305 196	347 179
Income from equity securities	1 512 834	4 587 637
Income from lease-financed fixed assets	23 726	301 048
Fee income	1 635 220	1 493 786
Other banking income	4 288 009	5 002 750
OPERATING EXPENSES ON BANKING ACTIVITIES	**6 218 466**	**7 404 260**
Interest and similar expenses on transactions with credit institutions	592 376	436 578
Interest and similar expenses on transactions with customers	2 451 394	2 718 007
Interest and similar expenses on debt securities issued	207 086	246 466
Expenses on lease-financed fixed assets	30 853	241 802
Other banking expenses	2 936 757	3 761 407
NET BANKING INCOME	**11 502 724**	**14 235 602**
Non-banking operating income	52 074	104 797
Non-banking operating expenses	3 469	-
OPERATING EXPENSES	**4 507 747**	**4 285 515**
Staff costs	2 068 105	1 929 338
Iaxes other than on income	122 812	119 829
External expenses	1 885 578	1 804 780
Other general operating expenses	18 863	15 649
Depreciation, amortisation and provisions	412 389	415 918
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 797 776**	**2 410 213**
Provisions for non-performing loans and signature loans	1 338 046	1 529 038
Losses on irrecoverable loans	970 324	351 404
Other provisions	489 406	529 771
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**2 045 997**	**1 053 971**
Provision write-backs for non-performing loans and signature loans	1 310 261	807 898
Amounts recovered on impaired loans	62 564	44 317
Other provision write-backs	673 172	201 756
INCOME FROM ORDINARY ACTIVITIES	**6 291 803**	**8 698 642**
Non-recurring income	695	11 999
Non-recurring expenses	530 893	191 171
PRE-TAX INCOME	**5 761 605**	**8 519 470**
Income tax	1 603 594	1 584 422
NET INCOME FOR THE FINANCIAL YEAR	**4 158 011**	**6 935 048**

MANAGEMENT ACCOUNTING STATEMENT at 31 December 2017

(thousand MAD)

I - RESULTS ANALYSIS	12/31/2017	12/31/2016
+ Interest and similar income	10 261 401	10 254 641
- Interest and similar expenses	3 250 857	3 401 051
NET INTEREST MARGIN	**7 010 544**	**6 853 590**
+ Income from lease-financed fixed assets	23 726	301 048
- Expenses on lease-financed fixed assets	30 852	241 802
NET INCOME FROM LEASING ACTIVITIES	**-7 126**	**59 246**
+ Fees received	1 638 349	1 493 786
- Fees paid	1 315	18
NET FEE INCOME	**1 637 034**	**1 493 767**
+ Income from trading securities	1 629 182	1 778 977
+ Income from available-for-sale securities	-6 367	35 518
+ Income from foreign exchange activities	635 577	448 742
+ Income from derivatives activities	101 838	-60 652
INCOME FROM MARKET ACTIVITIES	**2 360 230**	**2 202 585**
+ Other banking income	1 527 680	4 587 670
- Other banking expenses	1 025 638	961 256
NET BANKING INCOME	**11 502 724**	**14 235 602**
+ Income from long-term investments	257 041	56 823
+ Other non-banking operating income	52 075	104 797
- Other non-banking operating expenses	-	-
- General operating expenses	4 507 747	4 285 515
GROSS OPERATING INCOME	**7 304 093**	**10 111 707**
+ Net provisions for non-performing loans and signature loans	-935 545	-1 028 226
+ Other net provisions	-76 744	-384 838
NET OPERATING INCOME	**6 291 804**	**8 698 642**
NON OPERATING INCOME	**-530 199**	**-179 172**
- Income tax	1 603 594	1 584 422
NET INCOME FOR THE FINANCIAL YEAR	**4 158 011**	**6 935 048**

II- TOTAL CASH FLOW	12/31/2017	12/31/2016
+ NET INCOME FOR THE FINANCIAL YEAR	**4 158 011**	**6 935 048**
+ Depreciation, amortisation and provisions for fixed asset impairment	412 389	415 918
+ Provisions for impairment of long-term investments	44 086	77 679
+ General provisions	165 700	100 000
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	304 595	134 502
- Capital gains on disposal of fixed assets	16 942	69 684
+ Losses on disposal of fixed assets	-	-
- Capital gains on disposal of long-term investments	-	-
+ Losses on disposal of long-term investments	3 469	-
- Write-backs of investment subsidies received	-	-
+ TOTAL CASH FLOW	**4 462 118**	**7 324 459**
- Profits distributed	2 442 327	2 238 799
+ SELF-FINANCING	**2 019 791**	**5 085 660**

NON-PERFORMING CUSTOMER LOANS at 31 December 2017

(thousand MAD)

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Amount
12/31/2017	11 291 252	681 406	**11 972 658**	8 251 238	276 676	**8 527 914**

SALES at 31 December 2017

(thousand MAD)

year 2017	year 2016	year 2015
17 721 190	**21 639 862**	**18 849 440**

CASH FLOW STATEMENT at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
1. (+) Operating income from banking activities	15 945 413	16 791 247
2. (+) Amounts recovered on impaired loans	62 564	44 317
3. (+) Non-banking operating income	35 827	47 112
4. (-) Operating expenses on banking activities (*)	-7 261 907	-8 159 296
5. (-) Non-banking operating expenses		
6. (-) General operating expenses	-4 095 358	-3 869 597
7. (-) Income tax	-1 603 594	-1 584 422
I. NET CASH FLOW FROM INCOME STATEMENT	**3 082 945**	**3 269 361**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	5 093 824	-5 666 141
9. (±) Loans and advances to customers	-4 311 176	-10 676 272
10. (±) Trading securities and available-for-sale securities	-13 434 724	7 307 829
11. (±) Other assets	1 525 081	-1 668 000
12. (±) Lease-financed fixed assets	-156 128	1 023 376
13. (±) Amounts owing to credit institutions and similar establishments	5 640 558	-8 078 162
14. (±) Customer deposits	16 535 188	7 874 612
15. (±) Debt securities issued	-1 713 460	543 497
16. (±) Other liabilities	-2 824 836	3 955 758
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**6 354 327**	**-5 383 503**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**9 437 272**	**-2 114 142**
17. (+) Income from the disposal of long-term investments	-871 053	520 791
18. (+) Income from the disposal of fixed assets	35 018	283 403
19. (-) Acquisition of long-term investments	-5 141 802	-227 062
20. (-) Acquisition of fixed assets	-979 869	-865 851
21. (+) Interest received	262 944	260 978
22. (+) Dividends received	1 512 834	4 587 637
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-5 181 928**	**4 559 896**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	550 000	2 000 000
25. (+) Equity issuance		
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-523 765	-479 686
28. (-) Dividends paid	-2 442 327	-2 238 799
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-2 416 092**	**-718 485**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**1 839 252**	**1 727 269**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**7 303 483**	**5 576 214**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9 142 735**	**7 303 483**

(*) : including net provisions

STATEMENT OF DEPARTURES FROM STANDARD ACCOUNTING TREATMENT at 31 December 2017

(thousand MAD)

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 2017

(thousand MAD)

NATURE DES CHANGEMENTS	REASONS FOR DEPARTURES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	Not applicable	Not applicable
II. Changes in rules of presentation	Not applicable	Not applicable

LOANS AND ADVANCES TO CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS at 31 December 2017

(thousand MAD)

LOANS AND ADVANCES	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions or equivalent in Morocco	credit institutions abroad	Total 12/31/2017	Total 12/31/2016
CURRENT ACCOUNTS IN DEBIT	**5 565 060**	**2 695**	**1 658 986**	**5 013 529**	**12 240 270**	**8 651 662**
NOTES RECEIVED AS SECURITY						**2 601 964**
- overnight						2 601 964
- term						
CASH LOANS			**12 012 090**	**2 860 303**	**14 872 393**	**19 655 354**
- overnight						2 980 000
- term			12 012 090	2 860 303	14 872 393	16 675 354
FINANCIAL LOANS		**2 411 798**	**11 399 271**		**13 811 069**	**13 527 349**
OTHER LOANS		**45 151**	**12**	**879**	**46 042**	**99 493**
INTEREST ACCRUED AWAITING RECEIPT			**175 845**	**41 247**	**217 092**	**222 138**
NON-PERFORMING LOANS						
TOTAL	**5 565 060**	**2 459 644**	**25 246 204**	**7 915 958**	**41 186 866**	**44 757 960**

LOANS AND ADVANCES TO CUSTOMERS at 31 December 2017

(thousand MAD)

LOANS AND ADVANCES	public sector	private sector			Total 12/31/2017	Total 12/31/2016
		Financial companies	non-financial companies	other customers		
SHORT-TERM LOANS	**1 495 303**	**1 097 756**	**30 689 832**	**2 204 799**	**35 487 690**	**40 264 603**
- Current accounts in debit	3 929	1 097 756	11 892 663	1 719 181	14 713 529	20 144 750
- Commercial loans within Morocco			4 865 371		4 865 371	4 082 023
- Export loans			470 739		470 739	447 086
- Other cash loans	1 491 374		13 461 059	485 618	15 438 051	15 590 744
CONSUMER LOANS			**330 762**	**10 057 556**	**10 388 318**	**9 374 161**
EQUIPMENT LOANS	**36 443 822**		**24 780 576**	**736 454**	**61 960 852**	**56 335 607**
MORTGAGE LOANS	**183 631**		**9 536 575**	**49 472 504**	**59 192 710**	**56 252 507**
OTHER LOANS	**1 703**	**5 243 035**	**2 189 354**	**259 129**	**7 693 221**	**7 970 641**
RECEIVABLES ACQUIRED THROUGH FACTORING			**1**		**1**	**1**
INTEREST ACCRUED AWAITING RECEIPT			**945 477**	**529 592**	**1 475 069**	**1 406 601**
NON-PERFORMING LOANS	**3**	**65 337**	**1 177 068**	**1 797 606**	**3 040 014**	**3 322 575**
- Sub-standard loans			196		196	1 760
- Doubtful loans			6 866		6 866	595
- Impaired loans	3	65 337	1 170 006	1 797 606	3 032 952	3 320 220
TOTAL	**38 124 462**	**6 406 128**	**69 649 645**	**65 057 640**	**179 237 875**	**174 926 696**

BREAKDOWN OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES BY CATEGORY OF ISSUER at 31 December 2017

(thousand MAD)

SECURITIES	CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS	PUBLIC ISSUERS	PRIVATE ISSUERS		12/31/2017	12/31/2016
			FINANCIAL COMPANIES	NON-FINANCIAL COMPANIES		
LISTED SECURITIES	**815**	**-**	**15 049 825**	**57 062**	**15 107 702**	**18 648 288**
- Treasury bills and similar instruments					-	-
- Bonds					-	-
- Other debt securities					-	-
- Fixed income Funds	815		15 049 825	57 062	15 107 702	18 648 288
UNLISTED SECURITIES	**1 829 298**	**49 133 875**	**1 618**	**141 846**	**51 106 637**	**33 263 981**
- Treasury bills and similar instruments		44 999 735			44 999 735	31 048 496
- Bonds	272 484	108 790		135 566	516 840	1 394 751
- Other debt securities	1 556 143	4 017 022			5 573 165	803 799
- Fixed income Funds	671	8 328	1 618	6 280	16 897	16 935
TOTAL	**1 830 113**	**49 133 875**	**15 051 443**	**198 908**	**66 214 339**	**51 912 269**

VALUE OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES at 31 December 2017

(thousand MAD)

Securities	Value	Current value	Redemption Value	Unrealised Capital gains	Unrealised Losses	Provisions
TRADING SECURITIES	**59 044 773**	**59 044 773**	-	-	-	-
- Treasury bills and similar instruments	38 280 714	38 280 714	-	-	-	-
- Bonds	104 481	104 481	-	-	-	-
- Other debt securities	5 573 165	5 573 165	-	-	-	-
- Fixed income Funds	15 086 413	15 086 413	-	-	-	-
AVAILABLE-FOR-SALE SECURITIES	**544 600**	**505 510**	-	**29 694**	**39 090**	**39 090**
- Treasury bills and similar instruments	54 965	54 965	-	3 241	-	-
- Bonds	423 053	412 359	-	12 042	10 694	10 694
- Other debt securities	-	-	-	-	-	-
- Fixed income Funds	66 582	38 186	-	14 411	28 396	28 396
INVESTMENT SECURITIES	**6 664 056**	**6 664 056**	-	-	-	-
- Treasury bills and similar instruments	6 664 056	6 664 056		-	-	-
- Bonds						
- Other debt securities						

DETAILS OF OTHER ASSETS at 31 December 2017

(thousand MAD)

ASSETS	Amount At 12/31/2017	Amount At 12/31/2016
OPTIONS	**111 599**	
SUNDRY SECURITIES TRANSACTIONS		
SUNDRY DEBTORS	**325 427**	**561 304**
Amounts due from the State	206 310	215 433
Amounts due from mutual		
Sundry amounts due from		
Amounts due from customers for non-banking services	103	132
Other sundry debtors	119 014	345 739
OTHER SUNDRY ASSETS	**1 292**	
ACCRUALS AND SIMILAR	**3 222 574**	**4 771 177**
Adjustment accounts for off-balance sheet transactions	237 806	159 465
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Deferred expenses	50 295	55 825
Inter-company accounts between head office, branch offices and branches in Morocco	309 697	897
Accounts receivable and prepaid expenses	1 118 301	1 013 893
Other accruals and similar	1 506 475	3 541 097
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**121 302**	**121 070**
TOTAL	**3 782 194**	**5 453 551**

SUBORDINATED LOANS at 31 December 2017

(thousand MAD)

LOANS	Amount				including affiliates and related companies	
	12/31/2017			12/31/2016	12/31/2017	12/31/2016
	gross	Prov.	Net	Net	Net	Net
	1	2	3	4	5	6
Subordinated loans to credit institutions and similar establishments	NOT APPLICABLE					
Subordinated loans to customers						
TOTAL						

LEASED AND RENTED ASSETS at 31 December 2017

(thousand MAD)

TYPE	Gross amount at beginning of FY	Amount of acquisitions during FY	Amount of transfers or withdrawals during FY	Gross amount at end of FY	Depreciation		Provisions			Net amount at end of FY
					Allocation during FY	Aggregate depreciate	Allocation in the exercise	Provision write downs	Aggregate provisions	
LEASED AND RENTED ASSETS	**649 267**	**186 333**	**1 420**	**834 180**	**30 853**	**439 087**				**395 093**
Leased intangible assets										
equipment leasing	**620 671**	**186 333**		**807 004**	**30 853**	**417 151**				**389 853**
- Movable assets under lease	386			386						386
- Leased movable assets	620 285	186 333		806 618	30 853	417 151				389 467
- Movable assets unleased after cancellation										
property leasing	**25 647**			**25 647**		**21 936**				**3 711**
- Immovable assets under lease										
- Immovable leased assets	25 647			25 647		21 936				3 711
- Immovable assets unleased after cancellation										
Rents awaiting receipt										
Restructured rents										
Rents in arrears	2 949		1 420	1 529						1 529
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**649 267**	**186 333**	**1 420**	**834 180**	**30 853**	**439 087**				**395 093**

GAINS AND LOSSES ON FIXED ASSET TRANSFERS OR WITHDRAWALS at 31 December 2017

(thousand MAD)

date of transfer or withdrawal	type	gross amount	Aggregate depreciation	net book value	transfer income	Value-added transfers	loss in value transfers
	REAL ESTATE	**21 326**	**3 250**	**18 076**	**35 018**	**16 942**	
	GROUNDS	4 300	-	4 300			
	BUILDINGS	15 878	2 680	13 198			
	FIXTURES, FITTING & INSTALLATIONS	1 047	469	578			
	REGISTRATION FEES	101	101	-			
TOTAL		**21 326**	**3 250**	**18 076**	**35 018**	**16 942**	-

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT at 31 December 2017

(thousand MAD)

TYPE	gross value at the beginning of the exercise	Acquisitions	disposals	gross value at the end of the exercise	Amortissements et/ou provisions				net value at the end of the exercise
					Amortisation and provisions at the beginning of the exercise	Additional amortisation	Amortisation on disposed assets	Accumulated amortisation and depreciation	
INTANGIBLE ASSETS	**3 228 907**	**417 132**	**-**	**3 646 039**	**1 416 759**	**141 582**	**-**	**1 558 341**	**2 087 698**
- Lease rights	319 371	-	-	319 371	-	-	-	-	319 371
- Research and development	-	-	-	-	-	-	-	-	-
- Intangible assets used in operations	2 909 536	417 132	-	3 326 668	1 416 759	141 582	-	1 558 341	1 768 327
- Non-operating intangible assets	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**7 648 255**	**572 226**	**66 486**	**8 153 996**	**4 307 274**	**270 807**	**27 078**	**4 551 002**	**3 602 994**
IMMOVABLE PROPERTY USED IN OPERATIONS	**2 087 076**	**158 709**	**40 972**	**2 204 813**	**886 794**	**54 955**	**24 525**	**917 224**	**1 287 589**
- Land	440 500	26 440	788	466 152	-	-	-	-	466 152
- Office buildings	1 585 414	132 269	31 562	1 686 121	830 880	53 821	15 216	869 485	816 636
- Staff accommodation	61 162	-	8 622	52 540	55 914	1 134	9 309	47 739	4 801
MOVABLE PROPERTY AND EQUIPMENT USED IN OPERATIONS	**2 070 499**	**143 236**	**7 220**	**2 206 515**	**1 753 877**	**72 138**	**708**	**1 825 306**	**381 209**
- Office property	427 491	17 374	4 662	440 203	382 551	9 649	-	392 200	48 003
- Office equipment	842 165	43 610		885 775	740 031	23 775	-	763 806	121 969
- IT equipment	792 596	81 783	1 930	872 449	623 074	38 629	80	661 623	210 826
- Vehicles	8 247	469	628	8 088	8 220	85	628	7 677	411
- Other equipment	-	-	-	-	-	-	-	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT USED IN OPERATIONS	**1 743 913**	**140 696**	**47**	**1 884 562**	**1 349 642**	**110 310**	**47**	**1 459 905**	**424 657**
PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATIONS	**1 746 767**	**129 585**	**18 247**	**1 858 106**	**316 961**	**33 404**	**1 798**	**348 567**	**1 509 539**
Land	740 776	74 500	3 512	811 765	-	-	-	-	811 765
Buildings	800 697	40 500	14 681	826 516	198 391	25 679	1 744	222 326	604 190
Movable property and equipment	68 040	139	-	68 179	47 569	747	-	48 316	19 863
Other property, plant and equipment not used in operations	137 254	14 446	54	151 646	71 001	6 978	54	77 925	73 721
TOTAL	**10 877 162**	**989 359**	**66 486**	**11 800 035**	**5 724 033**	**412 389**	**27 078**	**6 109 343**	**5 690 692**

INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2017

(thousand MAD)

Name of the issuing company	Sector of activity	Share capital	Share of held	gross book value	net book value	data from the issuing company's most recent financial statements			contri-bution to income year's
						Year-end	net assets	net income	
A- Investments in affiliate companies				**18 415 837**	**18 234 081**				**1 475 065**
ATTIJARI FINANCES CORPORATE	INVESTMENT BANKING	10 000	100.00%	10 000	10 000	06/30/2017	70 714	58 558	24 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	HOLDING COMPANY	1 770 000	50.00%	2 047 900	2 047 900	09/30/2017	2 214 934	342 936	169 500
SOMACOVAM	ASSET MANAGEMENT	5 000	100.00%	30 000	1 651	12/31/2016	1 651	-3 593	
WAFA GESTION	ASSET MANAGEMENT	4 900	66.00%	236 369	236 369	06/30/2017	104 002	36 347	52 747
ATTIJARI INVEST.	ASSET MANAGEMENT	5 000	100.00%	5 000	5 000	12/31/2016	52 127	4 454	
WAFA BOURSE	SECURITIES BROKERAGE	20 000	100.00%	40 223	40 223	12/31/2016	58 139	29 335	16 000
ATTIJARI TITRISATION	BROKERAGE	11 400	100.00%	11 700	2 932				
ATTIJARI OPERATIONS	SECURITIZATION	1 000	100.00%	1 000	1 000	12/31/2016	795	-51	
ATTIJARI AFRICA	SERVICE COMPANY	2 000	100.00%	2 000	2 000	12/31/2016	18 741	700	
ATTIJARI CIB AFRICA	SERVICE COMPANY	2 000	100.00%	2 000	2 000	12/31/2016	1 752	-76	
ATTIJARI IT AFRICA	SERVICE COMPANY	1 000	100.00%	1 000	1 000	12/31/2016	7 553	1 367	
ATTIJARI PAYMENT PROCESSING	SERVICE COMPANY	1 000	100.00%	1 000	1 000				
ATTIJARI ASSET MANAGEMENT AAM SA (Sénégal)	ASSET MANAGEMENT	1 200 000 FCFA	70.00%	13 889	13 889		-	-	11 023
ATTIJARI SECURITISES CENTRAL AFRICA (ASCA)	ASSET MANAGEMENT	1 312 000 FCFA	70.00%	15 351	15 351		-	-	
ATTIJARI IVOIRE SA	HOLDING COMPANY	32 450 KEUR	66.67%	236 891	236 891	09/30/2017	35 531 KEUR	3 081 KEUR	92 384
ATTIJARIWAFA BANK MIDDLE EAST LIMITED	INVESTMENT BANK	1 000	100.00%	8 194	8 194		-	-	
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	IT	300	100.00%	100	100	12/31/2016	187	-21	
AGENA MAGHREB	SALE OF IT EQUIPMENT	11 000	74.96%	33	-	12/31/2016	-6 861	-29	
ATTIJARI CAPITAL DEVELOPEMENT	RISK CAPITAL	10 320	100.00%	10 320	2 681	12/31/2016	2 681	-11 227	
ATTIJARI PROTECTION	SECURITY	4 000	83.75%	3 350	3 350	12/31/2016	4 289	-13	
BCM CORPORATION	HOLDING COMPANY	200 000	100.00%	200 000	200 000	06/30/2017	242 800	25 316	50 000
CASA MADRID DEVELOPPEMENT	DEVELOPMENT CAPITAL	10 000	50.00%	5 000	5 000	12/31/2016	10 406	-14	
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	1 500	100.00%	1 675	728	12/31/2016	728	-123	
MEDI TRADE	TRADING	1 200	20.00%	240	140	12/31/2016	699	-3	
AL MIFTAH	PROPERTY	100	100.00%	244	-	12/31/2016	-3 135	-286	
WAFA COURTAGE	BROKERAGE	1 000	100.00%	2 397	2 397	12/31/2016	49 107	33 296	20 000
WAFA COMMUNICATION	RECOVERY	3 000	85.00%	2 600	225	12/31/2016	260	-30	
WAFA FONCIERE	PROPERTY MANAGEMENT	2 000	100.00%	3 700	2 061	12/31/2016	2 061	-19	
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	1 787	100.00%	46	46	12/31/2016	1 187	-49	
WAFA SYSTEMES CONSULTING	IT CONSULTING	5 000	99.88%	4 994	4 994	12/31/2016	6 195	-545	
WAFA SYSTEMES DATA	IT	1 500	100.00%	1 500	1 173	12/31/2016	1 173	-334	
WAFA SYSTEMES FINANCES	IT SOLUTIONS	2 000	100.00%	2 066	1 451	12/31/2016	1 451	-494	
WAFA TRUST	FINANCIAL SERVICES	1 500	100.00%	1 500	1 011		-	-	
ATTIJARIWAFA BANK EGYPT	BANKING	995 129 KEGP	60.00%	3 244 162	3 244 162	06/30/2017	4 055 531 KEGP	199 402 KEGP	
ATTIJARIA AL AAKARIA AL MAGHRIBIA	PROPERTY	10 000	100.00%	9 999	9 999	12/31/2016	28 962	21 054	15 000
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	PROPERTY	50 000	100.00%	51 449	25 433	12/31/2016	25 433	-17	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	PROPERTY	300	50.00%	25	25	12/31/2016	1 089	-21	
ATTIJARI RECOUVREMENT	PROPERTY	3 350	100.00%	11 863	4 502	12/31/2016	4 502	-20	
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	PROPERTY	15 000	100.00%	15 531	7 851	12/31/2016	7 851	-1 372	
SOCIETE IMMOBILIERE MAIMOUNA	PROPERTY	300	100.00%	5 266	2 877	12/31/2016	2 877	-182	
STE IMMOBILIERE MARRAKECH EXPANSION	PROPERTY	300	100.00%	299	299	12/31/2016	446	-47	
SOCIETE IMMOBILIERE ZAKAT	PROPERTY	300	100.00%	2 685	488	12/31/2016	488	28	
AYK	PROPERTY	100	100.00%	100	-	12/31/2016	-954	6	
CAPRI	PROPERTY	25 000	99.76%	88 400	3 912	12/31/2016	23 174	-18 808	
SOCIETE CIVILE IMMOBILIERE TOGO LOME	PROPERTY	3 906 000 KFCFA	100.00%	66 761	66 761	12/31/2016	3 796 158 KFCFA	-33 822 KFCFA	
ATTIJARI IMMOBILIER	OFFSHORE BANK	50 000	99.99%	71 686	71 686	06/30/2017	63 284	316	
ATTIJARI INTERNATIONAL BANK "AIB"	MONEY TRANSFERS	2 400 KEUR	100.00%	92 442	92 442	06/30/2017	22 826 KEURO	1 296 KEURO	26 443
WAFACASH	MONEY TRANSFERS	35 050	100.00%	324 074	324 074	06/30/2017	311 675	66 050	130 000
WAFA IMMOBILIER	PROPERTY	50 000	100.00%	164 364	164 364	12/31/2016	152 906	96 164	96 000
WAFASALAF	CONSUMER LOANS	113 180	50.91%	634 783	634 783	06/30/2017	1 573 439	145 712	152 727
WAFA LLD	LEASING	20 000	100.00%	20 000	20 000	06/30/2017	39 687	6 069	10 000
WAFABAIL	LEASE-FINANCING	150 000	58.10%	91 158	91 158	06/30/2017	899 249	65 703	38 348
DAR ASSAFAA LITAMWIL	FINANCING COMPANY	50 000	100.00%	50 510	50 510	12/31/2016	65 822	1 172	
ANDALUCARTAGE	HOLDING	308 162 KEURO	100.00%	3 937 574	3 937 574	06/30/2017	183 504 KEURO	15 707 KEURO	200 176
SUCCURSALE DE BRUXELLES EX BCM	BANKING	558 KEURO	100.00%	57 588	57 588	06/30/2017	1 632 KEUR		
ATTIJARIWAFA EURO FINANCES	HOLDING	48 600 KEUR	100.00%	502 621	502 621	06/30/2017	48 168 KEURO	-20 KEURO	
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	BANKING	11 450 000 KFCFA	4.90%	35 979	35 979	06/30/2017	83 258 992 KFCFA	8 604 616 KFCFA	7 950
CAFIN	BANKING	1 122 000 KFCFA	100.00%	257 508	257 508	06/30/2017	6 420 204 KFCFA	1 555 931 KFCFA	47 743
KASOVI	BANKING	50 KUSD	100.00%	1 519 737	1 519 737	06/30/2017	165 442 KUSD	8 676 KUSD	-
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	BANKING	10 005 740 KFCFA	51.00%	689 599	689 599	06/30/2017	23 830 218 KFCFA	1 729 564 KFCFA	
SOCIETE IVOIRIENNE DE BANQUE " SIB "	BANKING	10 000 000 KFCFA	51.00%	648 084	648 084	06/30/2017	60 131 658 KFCFA	10175488 KFCFA	72 694
CREDIT DU SENEGAL	BANKING	10 000 000 KFCFA	95.00%	292 488	292 488	06/30/2017	17 886 383 KFCFA	1 818 913 KFCFA	26 020
CREDIT DU CONGO	BANKING	10 476 730 KFCFA	91.00%	608 734	608 734	06/30/2017	19 856 475 KFCFA	3 240 139 KFCFA	71 782
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	10 000 000 KFCFA	58.71%	848 842	848 842	06/30/2017	29 863 236 KFCFA	5 759 270 KFCFA	70 029
ATTIJARI AFRIQUE PARTICIPATION	HOLDING	10 010 KEUR	100.00%	113 120	113 120	06/30/2017	9 878 KEUR	-6 KEUR	
SOCIETE CAMEROUNAISE DE BANQUE "SCB"	BANKING	10 540 000 KFCFA	51.00%	379 110	379 110	06/30/2017	37 621 202 KFCFA	5 343 652 KFCFA	74 499
SOCIETE BIA TOGO	BANKING	9 108 974 KFCFA	66.76%	153 301	153 301	06/30/2017	10 813 939 KFCFA	371 602 KFCFA	
ATTIJARI TCHAD	BANKING	10 000 000 KFCFA	100.00%	166 908	166 908		-	-	
BANK ASSAFA	BANKING	350 000	100.00%	350 000	350 000				
WAFACAMBIO	CREDIT INSTITUTION		100.00%	963	963		-	-	
WAFABANK OFFSHORE DE TANGER	OFFSHORE BANK		100.00%	5 842	5 842		-	-	

(AFTER) INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2017

(thousand MAD)

B- Other investments				**660 402**	**535 767**				**27 110**
NOUVELLES SIDERURGIES INDUSTRIELLES	METALS AND MINING	3 415 000	2.72%	62 942	62 942	06/30/2016	2 445 162	-1 099 344	
FT MIFTAH	SECURITIZATION FUND	50 100	100.00%	50 100	50 100				
SONASID	METALS AND MINING	390 000		28 391	6 947	12/31/2016	1 888 010	-62 470	
ATTIJARIWAFA BANK	BANKING	2 035 272		623	623		-	-	
BOURSE DE CASABLANCA	STOCK EXCHANGE	387 518		32 628	32 628	12/31/2016	629 321	38 740	
AGRAM INVEST	INVESTMENT FUNDS	40 060	27.82%	10 938	8 865	12/31/2016	31 869	-1 048	
AM INVESTISSEMENT MOROCCO	INVESTMENT HOLDING COMPANY	400 000	3.25%	13 000	8 298		-	-	
BOUZNIKA MARINA	PROPERTY DEVELOPMENT	-		500	-		-	-	
EUROCHEQUES MAROC		-		364	364		-	-	
FONDS D'INVESTISSEMENT IGRANE	INVESTMENT FUNDS	54 600	18.26%	9 970	6 910	12/31/2016	37 840	3 061	
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	PROFESSIONAL BANKER'S ASSOCIATION	19 005	20.00%	3 801	3 801		-	-	
IMPRESSION PRESSE EDITION (IPE)	PUBLISHING	-		400	400		-	-	
MOUSSAFIR HOTELS	HOTEL MANAGEMENT	193 000	33.34%	64 343	64 343	06/30/2017	282 236	10 594	4 028
SALIMA HOLDING	HOLDING COMPANY	150 000	6.07%	16 600	14 614		-	-	
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	PROPERTY DEVELOPMENT	60 429	22.69%	13 714	13 714	12/31/2016	208 340	2 574	
TANGER FREE ZONE	PROPERTY DEVELOPMENT SERVICES PROVIDER	335 800	16.95%	58 221	58 221		-	-	3 370
TECHNOLOPARK COMPANY "MITC"	SERVICE PROVISION	-		8 150	7 784		-	-	
MAROCLEAR	SECURITIES CUSTODIAN	20 000	6.58%	1 342	1 342		-	-	
HAWAZIN	PROPERTY	960	12.50%	704	-		-	-	
INTAJ	PROPERTY	576	12.50%	1 041	549		-	-	
EXP SERVICES MAROC S.A.	RISK CENTRALISATION SERVICES	20 000	3.00%	600	600		-	-	
H PARTNERS	INVESTMENT FUNDS	1 400 010	7.14%	100 000	39 433	12/31/2016	891 577	-46 109	
MOROCCAN FINANCIAL BOARD	FINANCIAL SERVICES	400 000		20 000	20 000	12/31/2016	376 867	30 275	
MAROC NUMERIQUE FUND	INVESTMENT FUNDS	75 000	20.00%	15 000	9 202	12/31/2016	46 012	-4 836	
FONCIERE EMERGENCE	IMMOVABLE	360 051	8.06%	33 844	21 856	12/31/2016	271 272	-3 522	
ALTERMED MAGHREB EUR	INVESTMENT FUNDS	109 468 EUR	7.94%	80 KEUR	- 29 KEUR	12/31/2016	886	-	
INTER MUTUELLES ASSISTANCE	INSURANCE	-		894	894		-	-	
WAFA IMA ASSISTANCE	INSURANCE AND REINSURANCE	50 000		15 356	15 356	12/31/2016	90 896	20 765	2 112
3 P FUND	INVESTMENT FUNDS	220 020	5.00%	11 000	7 805	12/31/2016	121 127	-10 635	
BANQUE D'AFFAIRE TUNISIENNE	BANKING	198 741		2 583	-		-	-	
BANQUE MAGHREBINE POUR L'INVESTISSEMENT ET LE COMMERCE EXTERIEUR "BMICE"	BANKING	500.000$	1.20%	49 583	49 583		-	-	
FONDS ATTIJARI AFRICA FUNDS MULTI ASSETS	ASSET MANAGEMENT	31 EURO		346	346		-	-	
CENTRE MONETIQUE INTERBANCAIRE	ELECTRONIC BANKING	98 200	22.40%	22 000	22 000	12/31/2016	202 973	83 632	17 600
SOCIETE INTERBANK	BANK CARD MANAGEMENT	11 500	16.00%	1 840	1 840		-	-	
SGFG SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE DES DEPÔTS BANCAIRE	BANK CARD MANAGEMENT	-		59	59				
SMAEX	INSURANCE	37 450	11.42%	4 278	4 278		-	-	
C- Similar investments				**355 694**	**334 971**				**-**
C/C PARTNERS CURRENT ACCOUNT				338 885	318 163				
OTHER SIMILAR INVESTMENTS				16 809	16 808				
Total				**19 431 933**	**19 104 819**				**1 502 175**

AMOUNTS OWING TO CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS at 31 December 2017

(thousand MAD)

AMOUNTS OWING	credit institutions and similar establishments in Morocco			credit institutions overseas	Total 12/31/2017	Total 12/31/2016
	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		**1 490**	**263 930**	**1 267 916**	**1 533 336**	**4 502 092**
NOTES GIVEN AS SECURITY	**12 031 707**	**2 816 497**			**14 848 204**	**5 211 350**
- overnight		2 816 497			2 816 497	700 081
- term	12 031 707				12 031 707	4 511 269
CASH BORROWINGS	**950 000**	**2 768 000**	**2 822 835**	**4 403 275**	**10 944 110**	**11 974 851**
- overnight		2 158 000	69 957		2 227 957	1 546 184
- term	950 000	610 000	2 752 878	4 403 275	8 716 153	10 428 667
FINANCIAL BORROWINGS	**1 992**			**82**	**2 074**	**2 074**
OTHER DEBTS	**45 905**	**29 690**			**75 595**	**73 941**
INTEREST PAYABLE					**29 355**	**27 807**
TOTAL	**13 029 604**	**5 615 677**	**3 086 765**	**5 671 273**	**27 432 674**	**21 792 115**

CUSTOMER DEPOSITS at 31 December 2017

(thousand MAD)

DÉPÔTS	public sector	private sector			Total 12/31/2017	Total 12/31/2016
		Financial companies	non-financial companies	private sector		
CURRENT ACCOUNTS IN CREDIT	2 587 185	3 269 788	30 217 492	105 339 851	141 414 316	129 555 947
SAVINGS ACCOUNTS				27 861 271	27 861 271	26 911 023
TERM DEPOSITS	665 000	3 534 043	10 552 168	24 288 914	39 040 125	38 365 648
OTHER ACCOUNTS IN CREDIT	52 870	6 091 562	7 718 502	2 507 416	16 370 350	13 248 394
ACCRUED INTEREST PAYABLE					682 779	752 641
TOTAL	**3 305 055**	**12 895 393**	**48 488 162**	**159 997 452**	**225 368 841**	**208 833 653**

DEBT SECURITIES ISSUED at 31 December 2017

(thousand MAD)

SECURITIES	characteristics					Value	including		Unamortised value of issue or redemption premiums
	entitlement date	Maturity	nominal value	interest rate	Redemption terms		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	12/24/2013	12/24/2018	100 000	5.60%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	04/23/2014	04/23/2019	100 000	4.60%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	07/23/2015	07/23/2018	100 000	3.28%	IN FINE	800 000			
CERTIFICATES OF DEPOSIT	08/17/2015	08/17/2018	100 000	3.25%	IN FINE	490 000			
CERTIFICATES OF DEPOSIT	10/23/2015	10/23/2020	100 000	3.61%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	01/12/2016	01/12/2018	100 000	3.12%	IN FINE	690 000			
CERTIFICATES OF DEPOSIT	01/12/2016	01/14/2019	100 000	3.31%	IN FINE	404 000			
CERTIFICATES OF DEPOSIT	01/20/2016	01/21/2019	100 000	3.29%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	01/20/2016	01/20/2021	100 000	3.58%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	02/05/2016	02/05/2021	100 000	3.43%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	02/25/2016	02/25/2019	100 000	3.00%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	04/20/2016	04/22/2019	100 000	2.58%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	09/11/2017	03/12/2018	100 000	2.46%	IN FINE	501 500			
CERTIFICATES OF DEPOSIT	09/11/2017	09/10/2018	100 000	2.61%	IN FINE	1 343 000			
TOTAL						**5 778 500**			

DETAILS OF OTHER LIABILITIES at 31 December 2017

(thousand MAD)

LIABILITIES	12/31/2017	12/31/2016
OPTIONS SOLD	**377 445**	
SUNDRY SECURITIES TRANSACTIONS	**1 976 885**	**2 855 703**
SUNDRY CREDITORS	**3 027 880**	**2 567 281**
Amounts due to the State	749 912	842 950
Amounts due to mutual societies	76 146	72 370
Sundry amounts due to staff	4 756	395 437
Sundry amounts due to shareholders and associates	427 651	4 432
Amounts due to suppliers of goods and services	1 745 018	1 226 988
Other sundry creditors	24 397	25 104
DEFERRED INCOME AND ACCRUED EXPENSES	**1 698 103**	**4 629 530**
Adjustment accounts for off-balance sheet transactions	1 063	233
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Inter-company accounts between head office, branch offices and branches in Morocco		
Accrued expenses and deferred income	612 427	1 066 893
Other deferred income	1 084 613	3 562 404
TOTAL	**7 080 313**	**10 052 514**

PROVISIONS at 31 December 2017

(thousand MAD)

PROVISIONS	outstanding 12/31/2016	Additional provisions	Write-backs	other changes	outstanding 12/31/2017
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**8 832 139**	**1 318 901**	**1 506 457**	**-10 767**	**8 633 816**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	8 195 429	1 264 061	1 197 485	-10 767	8 251 238
Available-for-sale securities	32 713	10 754	4 377		39 090
Investments in affiliates and other long-term investments	587 620	44 086	304 595		327 111
Leased and rented assets	-	-	-		-
Other assets	16 377	-	-		16 377
PROVISIONS RECORDED UNDER LIABILITIES	**3 165 024**	**519 305**	**481 352**	**50 177**	**3 253 154**
Provisions for risks in executing signature loans	305 490	73 984	112 776	9 978	276 676
Provisions for foreign exchange risks	907		907		-
General provisions	1 898 849	165 700			2 064 549
Provisions for pension fund and similar obligations	135 798	45 322	38 454		142 666
Other provisions	823 980	234 299	329 215	40 199	769 263
Regulated provisions					
TOTAL	**11 997 163**	**1 838 206**	**1 987 809**	**39 410**	**11 886 970**

SUBSIDIES, PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS at 31 December 2017

(thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT DECEMBER 2016	UTILISATION 2017	VALUE AT DECEMBER 2017
SUBSIDIES	NOT APPLICABLE				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

SUBORDINATED DEBTS at 31 December 2017

(thousand MAD)

currency of issue	Value of loan of issue	price (1)	Rate	Years (2)	terms for early re-tion and convertibility demption. subordina- (3)	Value of loan in thousand MAD	including related businesses		dont autres apparentés	
							Value in thousand MAD 2017	Value in thousand MAD 2016	Value in thousand MAD 2017	Value in thousand MAD 2016
MAD			3,39%	10 Years		879 600				
MAD			5,60%	10 Years		1 120 400				
MAD			3,26%	10 Years		290 000				
MAD			5,00%	10 Years		710 000				
MAD			3,06%	7 Years		798 300				
MAD			4,77%	7 Years		201 700				
MAD			3,00%	5 Years		710 000				
MAD			5,60%	7 Years		540 000				
MAD			3,29%	10 Years		320 000				
MAD			4,75%	10 Years		880 000				
MAD			4,13%	7 Years		411 800				
MAD			4,52%	10 Years		588 200				
MAD			2,66%	7 Years		240 800				
MAD			3,34%	7 Years		1 200				
MAD			3,74%	10 Years		758 000				
MAD			2,81%	7 Years		1 250 000				
MAD			3,44%	7 Years		250 000				
MAD			5,73%	Perpetual		50 000				
MAD			3,96%	Perpetual		450 000				
MAD			2,81%	7 Years		896 500				
MAD			3,63%	7 Years		603 500				
MAD			2,92%	7 Years		925 000				
MAD			3,69%	7 Years		325 000				
TOTAL						**13 200 000**				

(1) BAM price at 12/31/2017 - (2) Possibly for an unspecified period – (3) Refer to the subordinated debt contract note

SHAREHOLDERS EQUITY at 31 December 2017

(thousand MAD)

SHAREHOLDERS'	outstanding 12/31/2016	Appropriation of income	other changes	outstanding 12/31/2017
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**26 350 000**	**4 493 500**	**-**	**30 843 500**
Legal reserve	203 527	-		203 527
Other reserves	18 029 980	4 493 500		22 523 480
Issue, merger and transfer premiums	8 116 493		-	8 116 493
Share capital	**2 035 272**	**-**	**-**	**2 035 272**
Called-up share capital	2 035 272		-	2 035 272
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	**160**	**308**		**468**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**6 935 048**	**-6 936 135**	**1 087**	**4 158 011**
TOTAL	**35 320 900**	**-2 442 327**	**1 087**	**37 037 671**

FINANCING COMMITMENTS AND GUARANTEES at 31 December 2017

(thousand MAD)

COMMITMENTS	12/31/2017	12/31/2016
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**118 180 275**	**74 919 835**
Financing commitments given to credit institutions and similar establishments	**4 574 906**	**532**
Import documentary credits		
Acceptances or commitments to be paid	532	532
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	4 574 374	
Financing commitments given to customers	**50 599 636**	**18 287 612**
Import documentary credits	14 210 895	15 148 137
Acceptances or commitments to be paid	3 332 250	3 139 475
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	33 056 491	
Guarantees given to credit institutions and similar establishments	**15 990 396**	**15 981 109**
Confirmed export documentary credits	90 847	158 310
Acceptances or commitments to be paid		
Credit guarantees given	2 005 381	2 058 580
Other guarantees and pledges given	13 894 168	13 764 219
Non-performing commitments		
Guarantees given to customers	**47 015 337**	**40 650 582**
Credit guarantees given	6 490 412	985 258
Guarantees given to government bodies	20 061 754	19 531 342
Other guarantees and pledges given	19 781 765	19 437 319
Non-performing commitments	681 406	696 663
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**20 389 889**	**23 034 121**
Financing commitments received from credit institutions and similar establishments		**1 491 560**
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received		1 491 560
Guarantees received from credit institutions and similar establishments	**20 008 773**	**21 270 627**
Credit guarantees received		
Other guarantees received	20 008 773	21 270 627
Guarantees received from the State and other organisations providing guarantees	**381 116**	**271 934**
Credit guarantees received		
Other guarantees received	381 116	271 934

COMMITMENTS ON SECURITIES at 31 December 2017

(thousand MAD)

	Amount
Commitments given	**3 144**
Securities purchased with redemption rights Other securities to be provided	
Commitments received	3 144
Securities sold with redemption rights Other securities receivable	**15 274**
Securities sold with redemption rights	
Other securities receivable	15 274

FORWARD FOREIGN EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVE PRODUCTS at 31 December 2017

(thousand MAD)

	hedging activities		other activities	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Forward foreign exchange transactions	**54 792 398**	**48 152 264**		
Foreign currencies to be received	20 670 552	20 756 134		
Dirhams to be delivered	6 030 477	10 268 448		
Foreign currencies to be delivered	21 191 080	13 605 264		
Dirhams to be received	6 900 289	3 522 418		
Commitments on derivative products	**36 443 732**	**40 892 549**		
Commitments on regulated fixed income markets				
Commitments on OTC fixed income markets	3 665 834	10 377 597		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	13 766 177	21 580 582		
Commitments on regulated markets in other instruments				
Commitments on OTC markets in other instruments	19 011 721	8 934 370		

SECURITIES RECEIVED AND GIVEN AS GUARANTEE at 31 December 2017

(thousand MAD)

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets			
Other securities		N/D	
Mortgages			
Other physical assets			
TOTAL			

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	11 682		
Other securities			
Mortgages			
Other physical assets		Other assets received and pledged	
TOTAL	**11 682**		

BREAKDOWN OF ASSETS AND LIABILITIES BY RESIDUAL MATURITY at 31 December 2017

(thousand MAD)

	d ≤ 1 month	1 month < d ≤ 3 months	3 months < d ≤ 1 year	1 year < d ≤ 5 years	d > 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	6 812 912	6 779 503	17 048 187	9 747 106	799 158	41 186 866
Loans and advances to customers	12 045 503	15 478 662	43 838 403	62 419 834	45 455 473	179 237 875
Debt securities	12 417	5 224	83 544	400 281	9 572	511 038
Subordinated loans			1 833 273	698 529	4 308 417	6 840 219
TOTAL	**18 870 832**	**22 263 389**	**62 803 407**	**73 265 750**	**50 572 620**	**227 775 998**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	21 936 690	3 416 027	1 647 723	432 234		27 432 674
Amounts owing to customers	18 004 624	12 907 127	68 908 318	72 771 626	52 777 146	225 368 841
Debt securities issued	690 000	501 500	2 833 438	1 854 000		5 878 938
Subordinated debt			8 655 451	967 500	3 696 700	13 319 651
TOTAL	**40 631 314**	**16 824 654**	**82 044 930**	**76 025 360**	**56 473 846**	**272 000 104**

Loans & Advances and demand deposits are classified according to run-off conventions adopted by the bank.

BREAKDOWN OF FOREIGN CURRENCY-DENOMINATED ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS at 31 December 2017

(thousand MAD)

BALANCE SHEET	12/31/2017	12/31/2016
ASSETS:	**35 629 927**	**32 143 003**
Cash and balances with central banks, the Treasury and post office accounts	159 682	86 111
Loans and advances to credit institutions and similar establishments	10 226 499	10 453 917
Loans and advances to customers	4 397 362	5 067 306
Trading securities and available-for-sale securities	6 806 032	4 566 675
Other assets	113 703	3 202 753
Investments in affiliates and other long-term investments	13 926 649	8 753 823
Subordinated		
Leased and rented		
Intangible assets and property, plant and equipment		12 418
LIABILITIES:	**17 040 475**	**22 240 870**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	7 330 352	13 619 000
Customer deposits	8 786 632	8 393 002
Debt securities		
Other liabilities	923 491	229 955
Subsidies, public funds and special guarantee		
Subordinated		
Share capital and reserves		
Provisions		
Retained earnings		
Net income		-1 087
OFF-BALANCE SHEET ITEMS:	**60 343 017**	**62 115 518**
Commitments given	42 054 981	41 589 237
Commitments received	18 288 036	20 526 281

RISK CONCENTRATION WITH THE SAME COUNTERPARTY at 31 December 2017

(thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
17	54 763 809

NET INTEREST MARGIN at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CUSTOMERS	**8 926 121**	**8 941 326**
of which interest and similar income	8 682 864	8 684 083
of which fee income on commitments	243 257	257 243
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CREDIT INSTITUTIONS	**1 030 084**	**966 137**
of which interest and similar income	969 858	925 775
of which fee income on commitments	60 226	40 362
INTEREST AND SIMILAR INCOME FROM DEBT SECURITIES	**305 196**	**347 179**
TOTAL INTEREST AND SIMILAR INCOME	**10 261 401**	**10 254 641**
Interest and similar expenses on activities with customers	2 451 394	2 718 007
Interest and similar expenses on activities with credit institutions	592 376	436 578
Interest and similar expenses on debt securities issued	207 086	246 466
TOTAL INTEREST AND SIMILAR EXPENSES	**3 250 856**	**3 401 051**
NET INTEREST MARGIN	**7 010 544**	**6 853 590**

FEE INCOME PROVIDED FROM SERVICES at 31 December 2017

(thousand MAD)

FEES	12/31/2017	12/31/2016
Account management	222 827	213 692
Payment services	663 751	588 327
Securities transactions	52 669	41 266
Asset management and custody	81 866	76 390
Credit services	127 032	156 833
Sale of insurance products	118 240	100 666
Other services provided	368 835	316 611
TOTAL	**1 635 220**	**1 493 786**

GENERAL OPERATING EXPENSES at 31 December 2017

(thousand MAD)

EXPENSES	12/31/2017	12/31/2016
Staff costs	2 068 105	1 929 338
Taxes	122 812	119 829
External expenses	1 885 578	1 804 780
Other general operating expenses	18 863	15 649
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	412 389	415 918
TOTAL	**4 507 747**	**4 285 515**

INCOME FROM MARKET ACTIVITIES at 31 December 2017

(thousand MAD)

INCOME AND EXPENDITURES	12/31/2017	12/31/2016
+ Gains on trading securities	1 994 475	2 094 865
- Losses on trading securities	365 293	315 888
Income from activities in trading securities	**1 629 182**	**1 778 977**
+ Capital gains on disposal of available-for-sale securities	9	42 716
+ Write-back of provisions for impairment of available-for-sale securities	4 377	565
- Losses on disposal of available-for-sale securities		5 303
- Provisions for impairment of available-for-sale securities	10 753	2 459
Income from activities in available-for-sale securities	**-6 367**	**35 518**
+ Gains on foreign exchange transactions - transfers	1 608 702	2 343 053
+ Gains on foreign exchange transactions - notes	100 026	91 204
- Losses on foreign exchange transactions - transfers	1 068 310	1 981 678
- Losses on foreign exchange transactions - notes	4 841	3 836
Income from foreign exchange activities	**635 577**	**448 742**
+ Gains on fixed income derivative products	44 826	101 899
+ Gains on foreign exchange derivative products	211 478	81 413
+ Gains on other derivative products	306 140	247 003
- Losses on fixed income derivative products	23 967	80 138
- Losses on foreign exchange derivative products	128 219	66 507
- Losses on other derivative products	308 420	344 322
Income from activities in derivatives products	**101 838**	**-60 652**

INCOME FROM EQUITY SECURITIES at 31 December 2017

(thousand MAD)

CATEGORY	12/31/2017	12/31/2016
Available-for-sale securities	-	-
Investments in affiliates and other long-term investments	1 512 834	4 587 637
TOTAL	**1 512 834**	**4 587 637**

OTHER INCOME AND EXPENSES at 31 December 2017

(thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2017	12/31/2016
Other banking income	4 288 009	5 002 750
Other banking expenses	2 936 757	3 761 407
TOTAL	**1 351 252**	**1 241 343**
OTHER NON-BANKING INCOME AND EXPENSES	12/31/2017	12/31/2016
Non-banking operating income	52 074	104 797
Non-banking operating expenses	3 469	-
TOTAL	**48 605**	**104 797**
Provisions and losses on irrecoverable loans	2 797 776	2 410 213
Provision write-backs and amounts recovered on impaired loans	2 045 997	1 053 971
NON-CURRENT INCOME AND EXPENSES	12/31/2017	12/31/2016
Non-recurring income	695	11 999
Non-recurring expenses	530 893	191 171

DETERMINING INCOME AFTER TAX FROM ORDINARY ACTIVITIES at 31 December 2017

(thousand MAD)

I- DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	6 291 804
Tax write-backs on ordinary activities (+)	385 852
Tax deductions on ordinary activities (-)	1 813 419
Theoretical taxable income from ordinary activities (=)	4 864 237
Theoretical tax on income from ordinary activities (-)	1 799 768
Income after tax from ordinary activities (=)	4 492 036
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

DETAILED INFORMATION ON VALUE ADDED TAX at 31 December 2017

(thousand MAD)

TYPE	Balance at the beginning of the exercise 1	transactions liable to VAT during the period 2	VAT declarations during the period 3	Balance at the end of the exercise (1+2-3=4)
A. VAT collected	**166 938**	**1 331 701**	**1 376 367**	**122 272**
B. Recoverable VAT	**205 855**	**488 152**	**491 830**	**202 177**
On expenses	98 687	368 692	385 129	82 250
On fixed assets	107 168	119 460	106 701	119 927
c. VAT payable or VAt credit = (A-B)	**-38 917**	**843 549**	**884 537**	**-79 905**

RECONCILIATION OF NET INCOME FOR ACCOUNTING AND TAX PURPOSES at 31 December 2017

(thousand MAD)

Reconciliation statement	Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES	**4 158 011**	
. Net profit	4 158 011	
. Net loss		
II- TAX WRITE-BACKS	**1 989 446**	
1- Current	1 989 446	
- Income tax	1 603 594	
- Losses on irrecoverable loans not provisioned	18 944	
- General provisions	165 700	
- Provisions for pension funds and similar obligation	45 322	
- Non-deductible exceptional expenses	18 700	
- Contribution for the social cohesion support	136 052	
- Personal gifts	1 134	
2- Non-current		
III- TAX		**1 813 419**
1- Current		1 813 419
- 100% allowance on income from investments in affiliates		1 504 465
- Write-back of investment		38 454
- Write-back of provisions used		270 500
- Write-back of general contingency reserve		-
2- Non-current		
TOTAL	**6 147 457**	**1 813 419**
IV- GROSS INCOME FOR TAX PURPOSES		**4 334 038**
. Gross profit for tax purposes if T1 > T2 (A)		4 334 038
. Gross loss for tax purposes if T2 > T1 (B)		
V- TAX LOSS CARRY FORWARDS (C) (1)		
. Financial year Y-4		
. Financial year Y-3		
. Financial year Y-2		
. Financial year Y-1		
VI - NET INCOME FOR TAX		**4 334 038**
. Net profit for tax purposes (A - C)		4 334 038
. Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED		
. Financial year Y-4		
. Financial year Y-3		
. Financial year Y-2		
. Financial year Y-1		

(1) up to the value of gross profit for tax purposes (A)

APPROPRIATION OF INCOME at 31 December 2017

(thousand MAD)

	Value		Value
A- origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	160	to legal reserve	-
Net income awaiting appropriation		Dividends	2 442 327
Net income for the financial year	6 935 048	Other items for appropriation	4 492 413
Deduction from income		Earnings carried forward	468
Other deductions			
TOTAL A	**6 935 208**	**TOTAL B**	**6 935 208**

SHAREHOLDING STRUCTURE at 31 December 2017

(thousand MAD)

Name of main shareholders or associates	Adress	number of shares held		% of share capital
		previous period	current period	
A- DOMESTIC SHAREHOLDERS				
* S.N.I	ANGLE RUES D'ALGER ET DUHAUME CASA	97 433 137	97 433 137	47,87%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	15 597 202	15 597 202	7,66%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 456 468	13 226 583	6,50%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	HAY RIAD - B.P 20 38 - RABAT MAROC	10 417 416	10 417 416	5,12%
* CIMR	BD ABDELMOUMEN CASA	7 860 780	7 860 780	3,86%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	4 405 769	4 405 769	2,16%
* CAISSE DE DEPOT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	3 576 531	3 576 531	1,76%
* BANK'S STAFF	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1,32%
* AL WATANIYA	**************************	2 819 401	1 462 560	0,72%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	1 551 495	1 551 495	0,76%
* UCITS AND OTHER SHAREHOLDERS	**************************	33 009 471	34 596 197	17,00%
B- FOREIGN SHAREHOLDERS				
* SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID - ESPAGNE	10 715 614	10 715 614	5,26%
TOTAL		**203 527 226**	**203 527 226**	**100,00%**

BRANCH NETWORK at 31 December 2017

(thousand MAD)

BRANCH NETWORK	12/31/2017	12/31/2016
Permanent counters	1191	1171
Occasional counters		
Cash dispensers and ATMs	1306	1245
Branches in Europe	64	68
Representative offices in Europe and Middle-East	7	8

STAFF at 31 December 2017

(thousand MAD)

StAFF	12/31/2017	12/31/2016
Salaried staff	8 533	8 236
Staff in employment	8 533	8 236
Full-time staff	8 533	8 236
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	4 633	4 385
Other staff (full-time)	3 900	3 851
Including Overseas staff	58	61

SUMMARY OF KEY ITEMS OVER THE LAST THREE PERIODS at 31 December 2017

(thousand MAD)

ITEM	December 2017	December 2016	December 2015
SHAREHOLDERS' EQUITY AND EQUIVALENT	**37 037 671**	**35 320 900**	**30 623 461**
OPERATIONS AND INCOME IN FY			
Net banking income	11 502 724	14 235 602	10 840 770
Pre-tax income	5 761 605	8 519 470	5 118 408
Income tax	1 603 594	1 584 422	1 452 990
Dividend distribution	2 442 327	2 238 799	2 035 272
PER SHARE INFORMATION IN MAD			
Earning per share			
Dividend per share	12,00	11,00	10,00
STAFF			
Total staff costs	**2 068 105**	**1 929 338**	**1 854 299**
Average number of employees during the period			

KEY DATES AND POST-BALANCE SHEET EVENTS at 31 December 2017

(thousand MAD)

I. KEY DATES	
. Balance sheet date (1)	**31 December 2017**
. Date for drawing up the financial statements (2)	**Feb-18**

(1) Justification in the event of any change to the balance sheet date
(2) Justification in the event that the statutory 3-month period for drawing up the financial statements is exceeded.

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of event
. Favorable	NOT APPLICABLE
. unfavourable	NOT APPLICABLE

CUSTOMER ACCOUNTS at 31 December 2017

(thousand MAD)

	12/31/2017	12/31/2016
Current accounts	187 961	175 692
Current accounts of Moroccans living abroad	816 418	788 355
Other current accounts	2 180 220	2 013 690
Factoring liabilities	7	7
Savings accounts	922 849	877 619
Term accounts	16 815	17 757
Certificates of deposit	2 699	2 711
Other deposit accounts	1 303 343	1 086 464
TOTAL	**5 430 312**	**4 962 295**

CONTACTS

Head Office

2, boulevard Moulay Youssef, BP 20000 - Casablanca, Morocco
Phone +212 5 22 22 41 69
or +212 5 22 29 88 88
Fax +212 5 22 29 41 25

www.attijariwafabank.com

Financial Information and Investor Relations

Ibtissam ABOUHARIA
Phone +212 5 22 29 88 88
e-mail : i.abouharia@attijariwafa.com
ir@attijariwafa.com

http://ir.attijariwafabank.com

Domestic Subsidiaries

Wafa Assurance
1, boulevard Abdelmoumen - Casablanca, Morocco
Phone +212 5 22 54 55 55
Fax +212 5 22 20 91 03

Wafasalaf
72, angle boulevard Abdelmoumen et rue Ramallah - Casablanca, Morocco
Phone +212 5 22 54 51 00 / 22 54 51 51
Fax +212 5 22 25 48 17

Wafacash
15, rue Driss Lahrizi - Casablanca, Morocco
Phone +212 5 22 43 05 22 / 22 43 50 00
Fax +212 5 22 27 27 29

Wafa Immobilier
112, angle boulevard Abdelmoumen et rue Rembrandt - Casablanca, Morocco
Phone +212 5 29 02 45 00/46
Fax +212 5 22 77 60 02

Wafabail
39,41 Angle Bd Moulay Youssef et rue Abdelkader El Mazini - Casablanca, Morocco
Phone +212 5 22 43 60 00
Fax +212 5 22 26 06 31

Wafa LLD
5, boulevard Abdelmoumen - Casablanca, Morocco
Phone +212 5 22 43 17 70
Fax +212 5 22 34 21 61

Attijari Factoring Maroc
5, Rue Duhaume - Casablanca, Morocco
Phone +212 5 22 22 93 01/04
Fax +212 5 22 22 92 95

Wafa Gestion
416, rue Mustapha El Maâni - Casablanca, Morocco
Phone +212 5 22 45 38 38
Fax +212 5 22 22 99 81

Attijari Finances Corp.
416, rue Mustapha El Maâni - Casablanca, Morocco
Phone +212 5 22 47 64 35 / 22 47 64 36
Fax +212 5 22 47 64 32

Attijari Intermédiation
416, rue Mustapha El Maâni - Casablanca, Morocco
Phone +212 5 22 43 68 09
Fax +212 5 22 20 25 15 / 22 20 95 25

Wafa Bourse
416, rue Mustapha El Maâni - Casablanca, Morocco
Phone +212 5 22 49 59 69
Fax +212 5 22 47 46 91

Attijari Invest
416, rue Mustapha El Maâni - Casablanca, Morocco
Phone +212 5 22 20 08 78 / 22 49 57 80
Fax +212 5 22 20 86 46

Attijari International bank
Lot n° 41, Zone Franche d’Exportation, route de Rabat - Tanger, Morocco
Phone +212 5 39 39 41 75/77/76
Fax +212 5 39 39 41 78

Overseas Subsidiaries

North Africa

Attijari bank Tunisia
Rue Hédi Karray lot n°12-Centre Urbain Nord-1080 Tunis
Phone +216 70 012 000

Attijari bank Mauritania
91-92, rue Mamadou Konaté, Ilot O BP 415 - Nouakchott, Mauritania
Phone +222 45 29 63 74

Attijariwafa bank Egypt
Star Capital A1-City Stars, Ali Rashed Street, Nasr City, Cairo 11361, Egypt
Phone + 202 2366 2600

West Africa

CBAO
1, place de l'indépendance, BP.129 - Dakar, Senegal
Phone +221 33 83 99 609

CBAO Benin
Avenue St Michel Immeuble « espace DINA » Boulevard Saint Michel - Cotonou, BENIN
Phone +229 213 65 902

Crédit du Sénégal
Bvd Djily Mbaye, angle rue Huart, BP. 56 - Dakar, Senegal
Phone +221 33 84 90 020

CBAO Burkina Faso
Avenue du Président Sangoulé Lamizana Koulouba 11 BP 161 Ouaga CMS 11. Burkina Faso
Phone +226 50 33 77 77
Fax +226 50 33 20 99

Banque Internationale pour le Mali
Boulevard de l'indépendance, BP15 - Bamako, Mali
Phone +223 20 23 30 08

Société Ivoirienne de Banque
34, boulevard de la République, immeuble alpha 2000
01, BP 1300 - Abidjan 01, Ivory Coast
Phone +225 20 20 00 10

CBAO Niger branch office
Terminus, rue Heinrich Lubke n°7 - Niamey, Niger
Phone +227 20 73 98 10

BIA Togo
13, avenue Sylvanus Olympio, BP 346 - Lomé, Togo
Phone +228 22 21 32 86

Central Africa

Crédit du Congo
Avenue Amilcar Cabral, centre-ville,
BP 2470 - Brazzaville, Congo
Phone +242 05 530 06 49

Union Gabonaise de Banque
Rue du Colonel Parant, BP 315 - Libreville, Gabon
Phone +241 77 73 10

Société Commerciale de Banque Cameroun
530, rue du roi George Bonanjo, BP 300 - Douala, Cameroon
Phone +237 33 43 54 02

North America

Canada representative office
3480, rue St-Denis le plateau, Mont-Royal - Montreal, Canada H2x2L3
Phone 00 438 993 57 81

Europe

Switzerland representative office
Les Arcades, 9, rue de Fribourg - Geneva, Switzerland
Phone +41 225 566 200

Attijariwafa bank Europe
6-8, rue Chauchat, BP 75009 - Paris, France
Phone +33 1 53 75 75 00

Branch of Belgium
128 -130, boulevard Maurice Lemonnier,
BP 1000 - Brussels, Belgium
Phone +32 2 250 02 30

Branch of Spain
Avenida de Roma, 17 - Barcelona, Spain
Phone +34 934 15 58 99

Branch of Italy
Via Abbadesse, 44 - Milan, Italy
Phone +39 02 87 383 217

Branch of Germany
47, KAISERSTR, BP 60329 - Frankfurt, Deutschland
Phone +49 0 69 23 46 54

Branch of Netherlands
157, Bos en Lommerplein, BP 1055 - AD Amsterdam, Nederland
Phone +31 20 581 07 50

London Representative Office
95–95A, Praed Street - London W2 1NT, United Kingdom
Phone +44 207 706 8323

Middle-East

Desk commercial Jeddah
Chez Injaz Bank Al Bilad
Al Morabaa Branch Al Faissaliyah
PO Box : 53837 Jeddah 21593, Saudi Arabia
Phone +966126395400

Abu Dhabi Representative Office
Showroom C 15 Mozza Building, Number 3, Khalifa
Street Intersection with liwa Street - Abu Dhabi
POBOX : 33098 ABU DHABI UAE
Phone +97126660437

Dubai Representative Office
Bureau de représentation, N/2 City Bay Business Center
Abuhail Street Deira - Dubai
P.O.BOX : 183073 DUBAI UAE
Phone +97142599955

Attijariwafa bank Middle East Limited Dubai
The Gate Village 5, Level 3, Office 305 - Dubaï
International Financial Centre (DIFC) - BP 119312 - Dubaï
Phone +971 0 4 377 0300

التجاري وفا بنك
Attijariwafa bank

Believe in you

Attijariwafa bank
A limited company with a capital of MAD 2,098,596.790. Head office : 2, boulevard Moulay Youssef, Casablanca.
Telephone +212 (0) 5 22 22 41 69 or +212 (0) 5 22 29 88 88 - Register n° 333 - IF 01085221
www.attijariwafabank.com