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Attijariwafa bank
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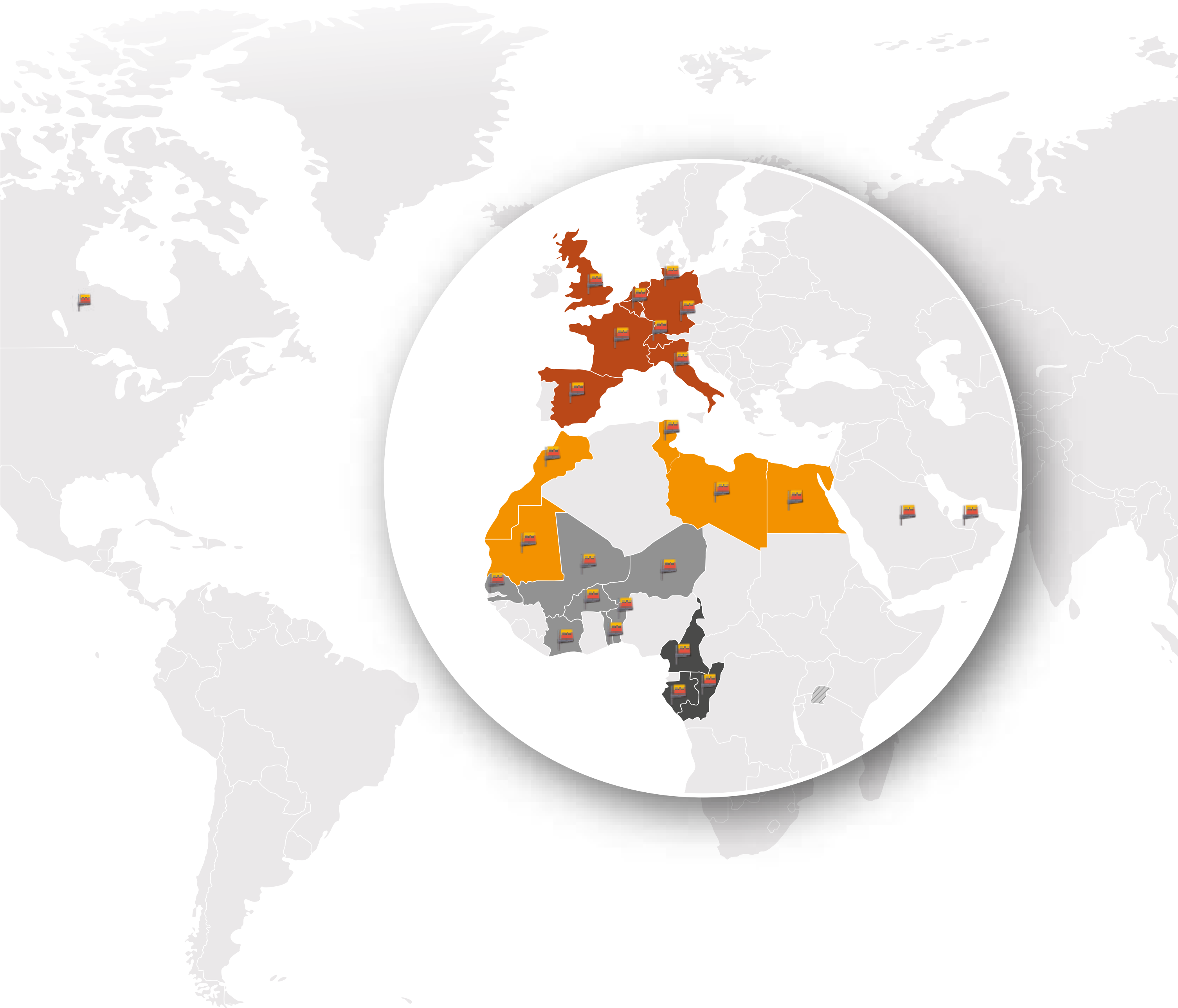
MANAGEMENT REPORT 2016

Contents

ATTIJARIWAFA BANK : AN INTERNATIONAL BANKING AND FINANCIAL GROUP



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Management report

Economic environment

World : global GDP growth

According to the latest International Monetary Fund (IMF) estimates, global GDP growth continues at a moderate pace. Global GDP growth in 2016 came to 3.1%, compared with 3.2% in 2015. This stagnation is attributable to declining macroeconomic prospects among developed countries and to a rise in economic activity in emerging economies.

GDP growth in developed countries came to 1.6% in 2016^{E}, compared with 2.1% in 2015. This lackluster performance followed the UK's decision to leave the European Union (Brexit), with effects that remain uncertain.

Economic growth in the eurozone remains modest: 1.7% in 2016^{E}, compared with 2.0% in 2015. Business activity is rising or stable in the main member states (France: 1.3%, Spain: 3.2%, and Germany: 1.7%).

American economic growth slowed in 2016, to 1.6%, compared with 2.6% in 2015. This decline is due to weak investment and a stronger dollar.

Growth in the United Kingdom declined by 0.2%, to 2.0% in 2016^{E}. Investors are staying cautious ahead of uncertain times, despite favorable exports and a net weakening of the pound.

Elsewhere, growth of developing countries rose slightly in 2016, to 4.1%, after five consecutive years of slowdown. The outlook varies significantly from one country to another.

Emerging economies in Asia continue to produce robust growth (6.3% in 2016^{E} vs. 6.7% in 2015), while countries in difficulty, such as Brazil (–3.5% in 2016^{E} vs. –3.8% in 2015) and Russia (–0.6% in 2016^{E} vs. –3.7% in 2015), are showing modest improvement. Sub-Saharan Africa has undergone a marked slowdown (1.6% in 2016^{E} vs. 3.4% in 2015), the combined effect of price cuts for commodities and of challenging domestic political and economic conditions. The Middle East must confront lower oil prices, fallout from geopolitical tensions, and civil strife in several countries.

GDP GROWTH	2015	2016^{E}	2017^{F}
World	**3.2%**	**3.1%**	**3.4%**
Developed countries	**2.1%**	**1.6%**	**1.9%**
Eurozone	2.0%	1.7%	1.6%
France	1.3%	1.3%	1.3%
Germany	1.5%	1.7%	1.5%
Spain	3.2%	3.2%	2.3%
United Kingdom	2.2%	2.0%	1.5%
United States	2.6%	1.6%	2.3%
Japan	1.2%	0.9%	0.8%
Emerging and developing countries	**4.1%**	**4.1%**	**4.5%**
North Africa and Middle East	2.5%	3.8%	3.1%
Sub-Saharan Africa	3.4%	1.6%	2.8%

Source : IMF (January 2017)

Monetary policy

The European Central Bank left its monetary policy unchanged in 2016, with the interest rate on the main refinancing operations at 0%, the rate on the marginal lending facility at 0.25%, and the rate on the deposit facility at –0.40%.

The Fed decided to raise the target range for its federal funds rate by 25 bp, to [0.50% – 0.75%], while maintaining an accommodating monetary policy.

By contrast, in August 2016 the Bank of England lowered interest rates by 25 bp to 0.25%, its lowest level ever and launched a quantitative easing.

Inflation

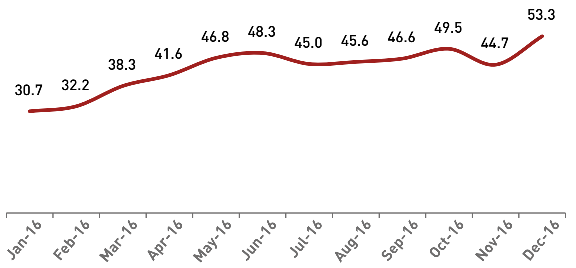
Inflation remains moderate in developed countries, where the consumer price index rose by 0.7% in 2016^{E} (compared with 0.3% in 2015).

In emerging economies, inflation was unchanged (4.5%) in 2016^{E} because of the quasi-stagnation of exchange rates.

Oil market

After hitting a ten-year low in January 2016, oil prices rose 75%, to an average of $53.3 a barrel in December. This rise was due mainly to involuntary production halts that served to stabilize the oil market.

Change in Brent prices in 2016 ($)



Source: Reuters

Africa

The African economy demonstrated its resilience, with GDP growth of 3.7% in 2016E. This growth was achieved despite the negative effects of falling commodities prices and an unfavorable global market. Regional growth rates, however, remain uneven.

	GDP (%)		Inflation (%)	
	2016E	2017F	2016E	2017F
Africa	3.7	4.5	7.2	7.2
Central Africa	3.9	5.0	2.3	2.4
East Africa	6.4	6.7	7.9	8.0
North Africa	3.3	3.8	6.3	6.7
Southern Africa	1.9	2.8	7.9	8.0
West Africa	4.3	5.5	8.7	8.0

AfDB, May 2016

This following section describes the main changes in 2016 in the economic environments of the countries where Attijariwafa bank does business.

North Africa

(2016 DATA)	Surface area (km²)	Population (millions)	GDP per capita (USD)
Tunisia	163,610	11.2	3,776.7
Mauritania	1,030,700	3.8	1,243.7
Libya	1,759,540	6.4	6,169.3
Egypt	1,001,450	91.0	3,710.0

IMF, October 2016

Economic environment

The African Development Bank forecasts growth in North Africa of 3.3% in 2016, compared with 3.5% in 2015. Because of regional conflicts, however, growth in North Africa remains fragile.

Although low oil prices impede the growth of oil-producing countries, they enhance the growth of oil-importing countries such as Egypt (3.8% in 2016E, after 4.2% in 2015) and Tunisia (1.5% in 2016E, after 0.8% in 2015).

For Libya, the IMF forecasts further economic contraction in 2016, though less than in 2015 (–3.3% in 2016E vs. –6.4% in 2015).

Key economic indicators by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2016E	2017F	2016E	2017F	2016E	2017F	2016E	2017F
Tunisia	1.5	2.8	3.7	3.9	-4.5	-3.6	-8.0	-6.9
Mauritania	3.2	4.3	1.3	4.2	-0.4	-1.8	-21.9	-24.9
Libya	-3.3	13.7	14.2	12.5	-56.6	-43.8	-47.4	-36.9
Egypt	3.8	4.0	10.2	18.2	-12.0	-9.7	-5.8	-5.2

IMF, October 2016

The region's budget deficit narrowed slightly in 2016, to -12.1%, compared with -13.3% in 2015. This performance was achieved despite the pressure that falling commodities prices places on fiscal accounts. Inflation was 6.3% in 2016E, compared with 7.6% in 2015.

WAEMU

(2016 DATA)	Surface area (km²)	Population (millions)	GDP per capita (USD)
Benin	112,622	11.1	802.5
Burkina Faso	274,200	18.4	651.8
Ivory Coast	322,463	24.3	1,424.3
Niger	1,267,000	18.2	415.9
Mali	1,240,192	16.8	838.6
Senegal	196,722	15.4	965.2
Togo	56,785	7.5	601.9

IMF, October 2016

Economic environment

According to the IMF, growth of the West African Economic and Monetary Union (WAEMU) continues at a steady pace. GDP came to 6.3% in 2016E, aided by the robustness of the secondary and tertiary sectors.

Key economic indicators by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2016E	2017F	2016E	2017F	2016E	2017F	2016E	2017F
Benin	4.6	5.4	0.6	2.2	-4.2	-4.3	-10.0	-11.8
Burkina Faso	5.2	5.9	1.6	2.0	-3.1	-3.0	-6.0	-5.0
Ivory Coast	8.0	8.0	1.0	1.5	-4.0	-3.6	-1.8	-2.1
Niger	5.2	5.0	1.6	2.0	-6.9	-5.3	-17.8	-17.5
Mali	5.3	5.2	1.0	1.3	-4.3	-3.8	-6.0	-5.2
Senegal	6.6	6.8	1.0	1.8	-4.2	-3.7	-8.4	-8.2
Togo	5.3	5.0	2.1	2.5	-6.3	-6.3	-8.0	-8.2

IMF, October 2016

Inflation and the budget deficit came to 1.2% and -4.3%, respectively.

The monetary policy committee of the BCEAO (Central Bank of West African States) decided in 2016 to leave unchanged the minimum interest rate of invitations to tender for liquidity operations. At 2.5%, the rate has been in force since 16 September 2013.

By contrast, in an effort to boost the interbank market, the marginal discount rate rose from 3.5% to 4.5%, effective 16 December 2016.

CAEMC

(2016 DATA)	Surface area (km²)	Population (millions)	GDP per capita (USD)
Cameroon	475,440	23.7	1,303.4
Congo	342,000	4.5	1,980.7
Gabon	267,667	1.9	7,741.1

IMF, October 2016

Economic environment

The Central African Economic and Monetary Community (CAEMC) had GDP growth of 1.0% in 2016E, after 2.1% in 2015 and 4.7% in 2014.

Lackluster growth in the CAEMC is the result of declining prices, which had a negative effect on public finances. The budget balance widened to –5.1% in 2016E, compared with –4.6% in 2015 and –3.6% in 2014.

Inflation stabilized at 2.1% in 2016E, within the 3% limit set by the CAEMC.

Key economic indicators by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2016E	2017F	2016E	2017F	2016E	2017F	2016E	2017F
Cameroon	4.8	4.2	2.2	2.2	-6.2	-4.9	-4.2	-4.0
Congo	1.7	5.0	4.0	3.7	-7.5	-1.6	-8.2	-2.1
Gabon	3.2	4.5	2.5	2.5	-2.8	-2.7	-5.3	-4.7

IMF, October 2016

Despite the sluggish economy, the Bank of Central African States (BCAS) decided in 2016 to maintain its benchmark interest rate at 2.45%. In March 2017, the monetary policy committee rose the rate by 50 bp to 2.95%.

East African Community (EAC)

(2016 DATA)	Surface area (km²)	Population (millions)	GDP per capita (USD)
Rwanda	26,338	11.5	723.5

Economic environment

The East African Community (EAC) comprises five partner states: Burundi, Kenya, Uganda, Tanzania, and Rwanda. A common market was established in 2010.

According to AfDB, East Africa enjoys the highest growth rate of the continent. GDP came to 6.4% in 2016E, the result of vibrant business in services, construction, and industry.

Thanks to significant public investment in regional infrastructure, GDP growth is expected to continue in 2017.

Inflation declined from 9.3% in 2015 to 7.9% in 2016E.

Budget and current account balances widened in 2016E to –4.4% and –7.1%, respectively.

Key economic indicators

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2016E	2017F	2016E	2017F	2016E	2017F	2016E	2017F
Rwanda	6.0	6.0	5.3	4.9	-3.0	-1.6	-16.6	-11.9

Royal visit of East Africa: several agreements concluded

His Majesty King Mohammed VI visited East Africa (Rwanda, Tanzania, Ethiopia and Madagascar) in 2016.

Numerous agreements were signed during the tour: 19 in Rwanda, 22 in Tanzania, 7 in Ethiopia and 22 in Madagascar. The agreements concern agriculture, housing, professional training, new technologies, air transport, tourism, and renewable energies, as well as the finance, tax, and banking sectors.

The visit emphasized the Kingdom's commitment to investment and to a solid South-South cooperation that promotes the emergence of stronger African economies.

After an absence of more than 30 years, Morocco rejoined the African Union at its 28th summit meeting in January 2017 in Addis-Abeba, after a favorable readmission vote of 39 country leaders out of 54.

Morocco

- Economic growth slowed, from 4.5% in 2015 to 1.1% in 2016E. Contributing factors were:
  - a decline in value-added agricultural activity (–9.8% in 2016E vs. 13.0% in 2015), because of lower cereal production (33.5 million quintals in 2016, compared with 115 million quintals in 2015);
  - a moderate increase in nonagricultural GDP, 2.7% in 2016 (vs. 3.4% in 2015), effected by weak external demand.
- Inflation remained under 2% (1.6% in 2016).
- Ongoing macroeconomic recovery:
  - reduction of budget deficit: -4.0% of GDP in 2016E after -4.3% in 2015;
  - sovereign debt stable at approximately 64.8% of GDP in 2016E;
  - slight rise in current account deficit, to -3.8% in 2016E, compared with -2.1% in 2015;
  - record level of foreign-currency reserves, covering 6 months and 28 days.
- Results of legislative elections: victory of the Justice and Development Party (PJD) with 125 seats, a sign that the democratic process in Morocco is consolidating.
- Investment levels were maintained in 2016, as reflected in the state budget allocated to investment, up 17.7% to MAD 65.5 billion at the end of December 2016.
- The Central Bank forecasts gradual recovery, with growth of 4.3% in 2017F and 3.8% in 2018F.

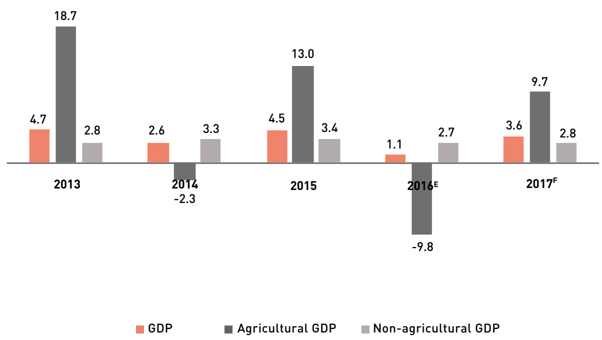
Quarterly Moroccan GDP growth (year on year)

In (%)	2014	2015	Q1-16	Q2-16	Q3-16	Q4-16	2016*	2017*
GDP	2.6%	4.5%	2.9%	2.1%	2.8%	2.5%	1.1%	3.6%
Agricultural V-A	-2.3%	13.0%	-1.5%	1.7%	1.8%	3.1%	-9.8%	9.7%
Nonagricultural GDP	3.3%	3.4%	3.6%	2.2%	3.0%	2.5%	2.7%	2.8%

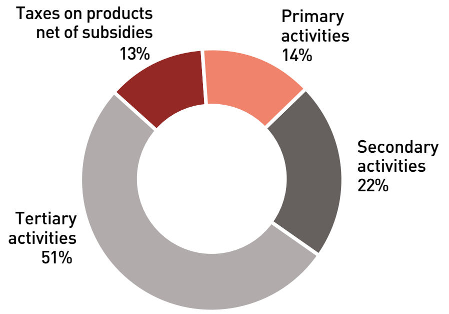
(*) : Estimates

Source : Ministry of Finance - BAM - HCP (January 2017)

GDP growth 2013-2017F (%)



Breakdown of GDP in 2015



Sector analysis of GDP reveals a growing focus on services, with the tertiary sector accounting for 51% of Moroccan GDP, compared with 22% for the secondary sector and 14% for the primary sector.

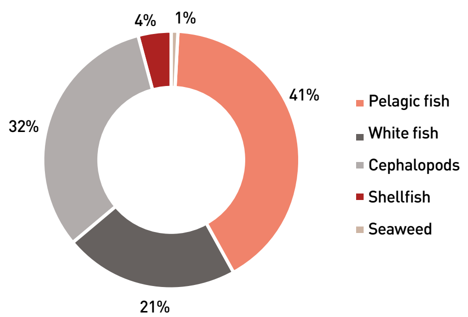
Primary sector

The 2015–2016 harvest suffered from insufficient rainfall, 42.7% less than the seasonal average and 45.5% less than the previous season's rainfall. Consequently, production of the three principal cereal grains was estimated at 33.5 million quintals, the lowest level since the Green Morocco Plan was introduced.

Except for the weak cereal harvest, agricultural production was solid. Gardening increased by 15%, and olive production reached a record 1.42 million tons (+24%).

On the whole the fishery sector performed well in 2016. The volume of inshore and traditional fishery landings rose 7.3%, to 1,383,215 tons. The value of landings rose by 3.9%, to MAD 6.8 billion.

Structure of inshore and traditional fishery landings at end-December 2016



Source: National Office of fisheries

Secondary sector

Short-term economic indicators forecast a favorable outlook for nonagricultural activity.

Phosphates

After enduring unfavorable conditions in 2015, the mining sector began to recover in 2016. The production of phosphate rock and phosphate derivatives increased by 2.5% to 26.9 million metric tons and 22.6% to 12.0 million metric tons, respectively.

However, exports of phosphate rock and phosphate derivatives declined by 10.8% in 2016, to MAD 39.5 billion. Exports were hurt by lower phosphate prices worldwide.

Energy

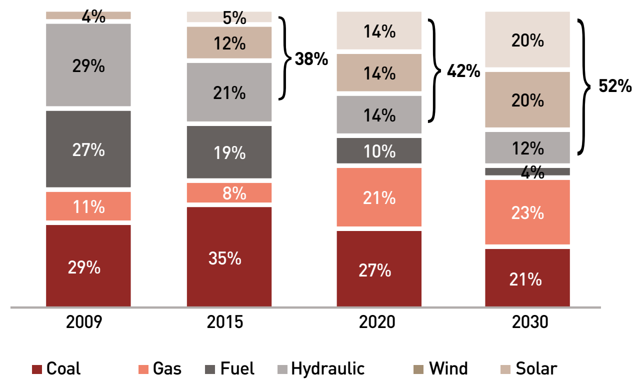
The energy sector continued to perform well in 2016.

Net electricity generation rose 2.9%, totaling 35,273 GWh at the end of December 2016. This change results from 0.7% growth in National Water and Electricity Office's production in line with good performance of production of thermal power (+8.6%) and wind power (+6.4%).

Energy consumption had risen by 1.9% as at the end of December 2016, totaling 30,019 GWh.

In accordance with its energy policy, Morocco gives priority to the development of renewable energy sources, to the detriment of fossil fuels. During the COP 21, Morocco announced its commitment to raising renewable energy sources in its energy mix from 33% in 2009 to 42% in 2020 and 52% in 2030, with an estimated investment of MAD 30 billion.

Energy mix from renewable sources by 2030



Source : Société d'Investissements Energétiques (Moroccan energy investment company) and the Office National de l'Electricité et de l'Eau Potable (Moroccan electricity and water utility)

The year 2016 was noteworthy not only for the opening of the NOOR I solar power plant, but also for the launch of construction of the NOOR II and NOOR III solar projects in Ouarzazate.

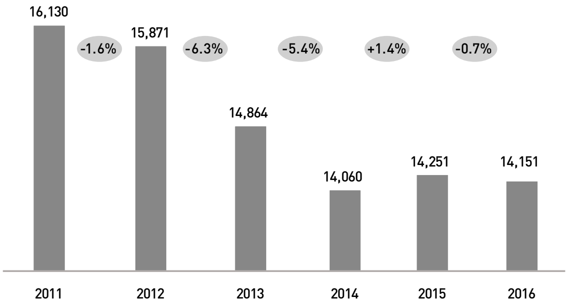
> Morocco continues to deepen its commitment to combat climate change and to embrace energy transition. November 7–18, Morocco hosted the COP22, the 22nd United Nations Conference on Climate Change. The theme was «mitigating the effects of climate change and adaptation in innovation».

Construction and public works

After a slowdown over the past few years, the construction and public-works sector improved slightly, continuing a trend begun in 2015. Value-added rose by 1.3% in 2016, compared with 0.8% in 2015.

Cement sales, a key performance indicator for the sector, declined by 0.7% in 2016, to 14,151 thousand tons.

Domestic cement consumption (thousand tonnes)



Source : Ministry of Housing and Urban Planning

Mortgage loan outstandings rose 2.4% in 2016, to MAD 245.5 billion, in line with the robust growth in home loans (+4.6%, totaling MAD 187.6 billion).

The construction and public-works sector continued to create jobs in 2016. At the end of December 2016, 36,000 new jobs had been created.

Tertiary sector

The tertiary sector continued its growth momentum (+2.3%) in 2016, in line with the tourism, transport, and telecommunications sectors.

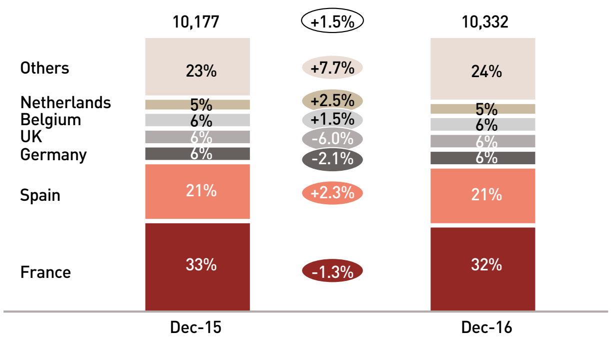
Tourism

Despite uneven results among the various regions, the tourism sector ended 2016 on a positive note.

After declining 3.2% in 2015, value-added in Moroccan tourism rose by 2.6% 2016, boosted mainly by the positive effect of the COP22.

The number of tourists increased 1.5% in 2016, to 10.3 million. This trend is attributable to 4.0% growth in visits by Moroccans living abroad, a figure mitigated by a 0.9% fall in foreign tourists, to 5.1 million.

Arrivals by country (in thousands)



Source : Ministry of Tourism

Overnight stays in star-rated hotels rose 4.5%, totaling 19.3 million.

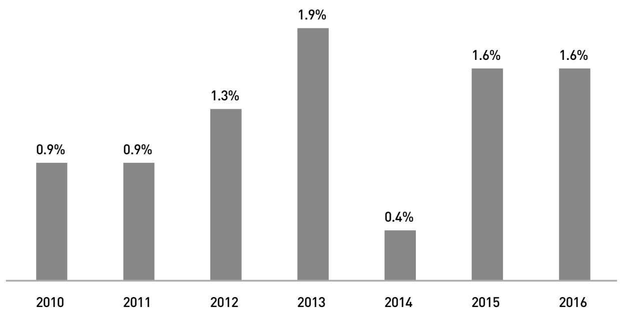
The two most popular destinations, Agadir and Marrakech, accounted for 60% of total overnight stays.

Inflation

Inflation in Morocco remained moderate in 2016 partly because of final consumption (+2.6% in 2016), which was well below the average for the period 2008–2012 (+4.6%).

The consumer price index rose by 1.6%, the result of a 2.7% increase in food prices and a 0.7% increase in nonfood prices.

Trend of consumer price index



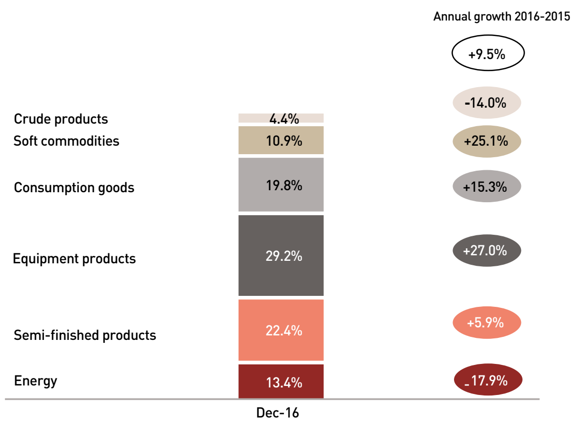
Source : HCP

Foreign trade

The trade deficit rose 37.7% in 2016, to MAD 106.7 billion. This widening of the trade deficit can be attributed to greater imports of goods and services (+9.6%, totaling MAD 441.3 billion) than exports (+2.9%, totaling MAD 334.7 billion).

The increase in imports is due mainly to higher purchases of capital goods (+27.0%), finished consumer goods (+15.3%), and food (+25.1%). Energy costs, on the other hand, were down 17.9%.

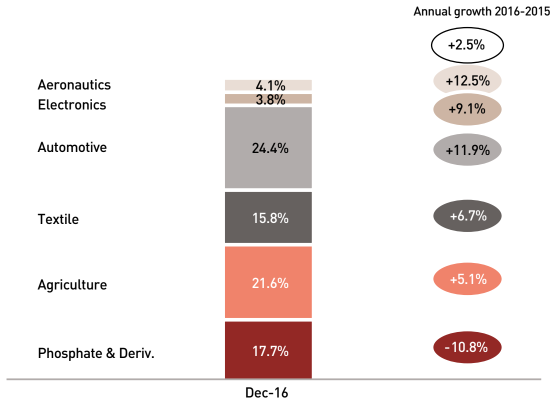
Total imports



Source : Office des changes

The rise in exports was driven by higher sales in Morocco's global industries, mainly the automotive (+11.9%) and agricultural (+5.1%) sectors.

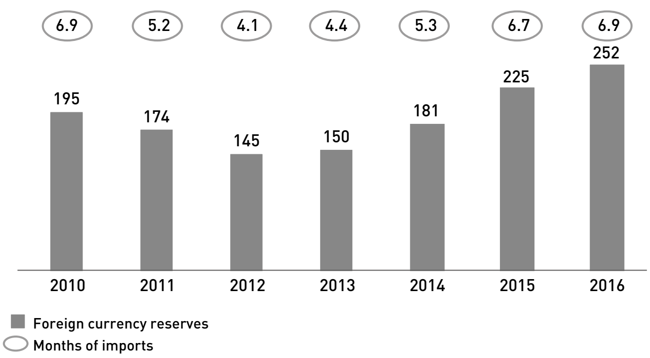
Total exports



Source : Office des changes

Morocco's economic performance was further enhanced by an increase in net international reserves, which at the end of 2016 stood at MAD 251.9 billion. Reserves now cover six months and twenty-eight days of import needs.

Foreign Currency Reserves trend (MAD billions)



Source : Bank Al-Maghrib

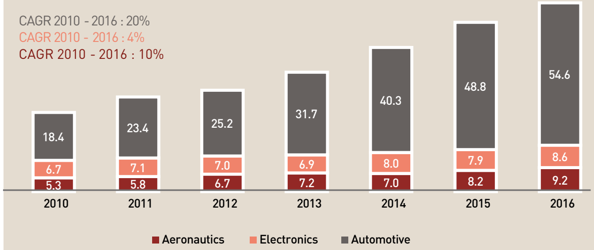
Remittances from Moroccans living abroad rose by 3.4%, to MAD 62.2 billion. Net foreign direct investment fell by 28.2%, to MAD 22.8 billion. This change was in line with the 17.2% decline (to MAD 33.1 billion) of inflows and the 25.8% rise (to MAD 10.2 billion) of outflows.

Morocco's global industries continue to perform well

The latest data from the Moroccan statistics bureau suggest positive momentum for the **Global Trades of Morocco**, specifically the automotive and aeronautics industries.

Export revenues from the automotive sector—Morocco's largest contributor to exports for the third year in a row—came to MAD 54.6 billion in 2016, or 24.4% of total exports.

Change in global industry exports (MAD billions)



After the memorandum of understanding with **PSA Group** in 2015 for the construction of an industrial complex with a production capacity of **200,000** vehicles and **200,000** motors per year, a performance contract for the establishment of a **Renault ecosystem** was signed in 2016. With total investment of MAD **10 billion**, this contract is expected to generate additional annual revenue of **MAD 20 billion** and to create **50,000** permanent jobs.

In addition, the 5th edition of the **Automotive Meetings Tangier-Med 2016** saw the conclusion of nine investment agreements totaling **MAD 441 million**. These contracts aim to create **2,122** jobs and to generate revenues of **MAD 2,268** million by 2020.

The year 2016 was also promising for the aeronautics sector. Exports totaled **MAD 9.2 billion**, an increase of 12.5% year on year.

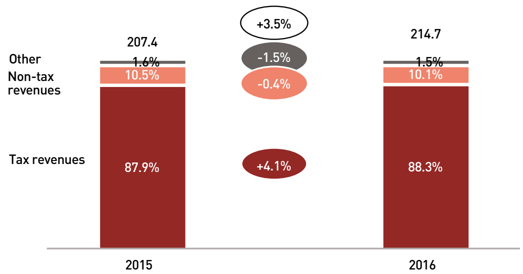
A memorandum of understanding was signed in 2016 for the establishment of a Boeing ecosystem. This project aims to generate additional annual revenues of **$1 billion** and the creation of **8,700 jobs**.

Public finances

Treasury revenue and expenditure anticipate improvement in the ordinary balance, which rose from MAD 126 million at the end of 2015 to MAD 12.3 billion at the end of 2016. This change is attributable to:

- a 3.5% rise in ordinary revenue, to MAD 214.7 billion, distributed as follows:

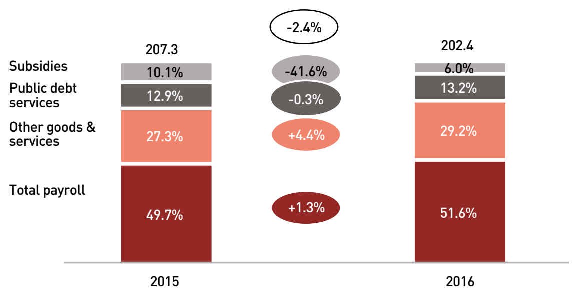
Change in ordinary revenues
(MAD billions)



Source : Moroccan General Treasury

- a 2.4% decline in ordinary expenditure, to MAD 202.4 billion, distributed as follows:

Change in ordinary expenses
(MAD billions)

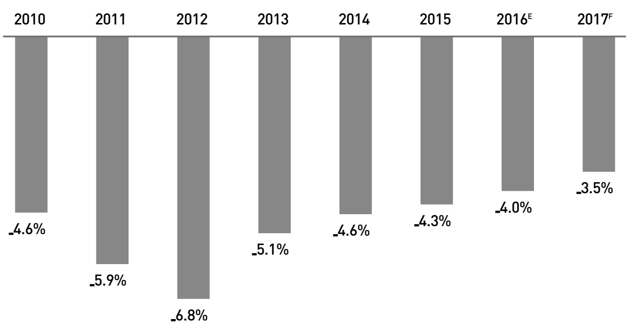


Source : Moroccan General Treasury

Public investment, meanwhile, amounted to MAD 65.5 billion, up 17.7%.

If the special Treasury accounts surplus of MAD 11.6 billion is taken into account, the budget deficit continues its downwards trend, amounting to MAD −41.6 billion (−4.0% of GDP), compared with MAD −44.6 billion a year earlier.

Budget deficit trend (% of GDP)

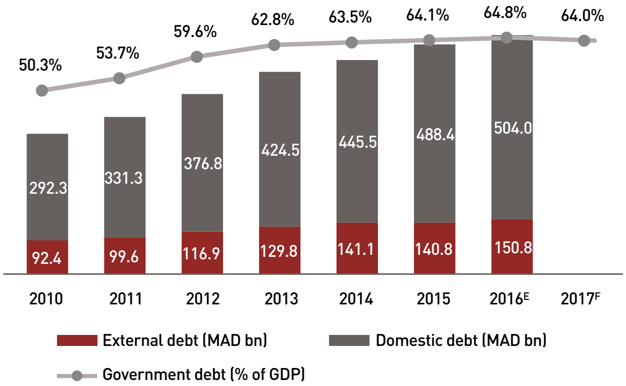


Source : HCP

Government debt

Domestic debt stood at MAD 504 billion at the end of 2016, representing 49.9% of GDP. External debt stocks amounted to MAD 150.8 billion, or 14.9% of GDP. Total government debt at the end of 2016 represented 64.8% of GDP.

Change in government debt



Source : Ministry of Finance and HCP

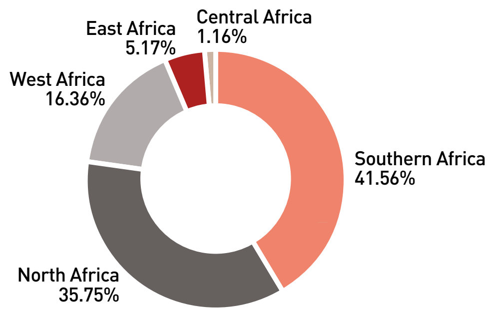
Banking and financial environment

AFRICA

The African banking sector has grown considerably over the past decade, as large regional and pan-African groups have developed.

At the end of 2015, the 200 largest African banks had total assets of $1,497.2 billion, compared with $1,579.3 billion at the end of 2014. The breakdown is as follows :

Breakdown of total assets of the 200 leading banks by region



Source : Jeune Afrique special edition no. 44

Southern Africa remains the largest contributor to total assets, thanks largely to South African banks (34.7%). North Africa is in second place. The shares of total assets of Egyptian, Moroccan, and Algerian banks amount to 16.1%, 9.4%, and 6.5%, respectively. West Africa is in third place, mainly because of performances of Nigerian banks (11.4%).

Net banking income declined by 6.1%, to $65.6 billion.

The fall in total assets and net banking income is attributable mainly to the weakening of African currencies against the dollar.

Development of the financial sector in Africa

	Domestic loans to private sector in % of GDP	Bank deposits in % of GDP
Africa	36.3%	45.5%
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

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 is in first place, at 61.4%. East Africa, on the other hand, 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

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

Although the penetration rate of ATMs in Africa is only (15.4 ATMs per 100,000 adults), African banks continue to invest in bank infrastructure. They are also embracing digital technology, with online banking and systems for electronic transactions.

This 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 more than 35.75% of all assets of the 200 largest African banks, according to the Jeune Afrique rankings for 2015.

	Tunisia	Mauritania	Egypt
Banks	23[1]	15	40
Branch network	1,701	186	3,824
Number of ATMs	2,249	NA	8,443
Bancarization rate	66%	13%	23%
Total assets	TND 89.3 billion	MRO 671.5 billion	EGP 3,962.6 billion
Deposits	TND 52.1 billion	MRO 404.2 billion	EGP 2,754.2 billion
Loans	TND 59.6 billion	MRO 379.3 billion	EGP 1,300.2 billion
NBI	TND 3.1 billion	MRO 39.3 billion	ND
Net income	TND 698 million	MRO 6.3 billion	EGP 53.1 billion

1) 23 resident banks

Source : Central Banks

Note: 2015 Data except for Egypt (2016 Data)

Egypt

In October 2016, Attijariwafa bank have signed an agreement to acquire a 100% shareholding in Barclays Bank Egypt. The completion of this acquisition was carried out on 3 May 2017.

Banking overview

The Egyptian banking sector is very liquid and enjoys high-quality risk and profitability indicators (ROE of 19%, nonperforming-loan ratio of 7%, capital-adequacy ratio of 13%).

At the end of 2015 there were 40 banks operating in the Egyptian market, with 3,824 branches and 8,443 ATMs.

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

Business activity

Total assets increased 59.4% in 2016, to EGP 3,962.6 billion. The ratio of bank assets to GDP is 89.4%.

Loans total EGP 1,300.2 billion, while deposits amount to EGP 2,754.2 billion.

Results

At the end of 2016, net operating income totaled EGP 131.2 billion and net income stood at EGP 53.1 billion.

WAEMU

Banking overview

At December 31, 2015, the WAEMU banking system comprised 137 lending institutions (122 banks and 15 financial institutions offering banking services), five more than in December 2014.

Network density has increased. Branches, offices, and sales points came to 2,430 units, up 5.7%. At the same time, the number of ATMs rose 7.5%, to 2,799 units.

	Banks	Financial institutions	Total	Network	ATMs
Benin	15		15	205	277
Burkina Faso	13	4	17	280	341
Ivory Coast	26	2	28	635	896
Guinea-Bissau	5		5	27	42
Mali	14	3	17	533	405
Niger	12	1	13	148	145
Senegal	24	3	27	392	454
Togo	13	2	15	210	239
Total	**122**	**15**	**137**	**2 430**	**2 799**

Source : General Secretariat of the Banking Commission

Business activity

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

As a result of asset growth in all WAEMU countries, total assets of credit institutions rose 19.3%, amounting to FCFA 28,215 billion at the end of 2015.

	Total assets (FCFA millions)	Market share in terms of total assets
Benin	3,324,419	11.8%
Burkina Faso	3,768,914	13.4%
Ivory Coast	8,294,479	29.4%
Guinea-Bissau	195,225	0.7%
Mali	3,840,616	13.6%
Niger	1,268,632	4.5%
Senegal	5,463,295	19.3%
Togo	2,059,304	7.3%
Total	**28,214,884**	**100.0%**

Source : General Secretariat of the Banking Commission

Ivory Coast is the leader in terms of total assets (29.4%), followed by Senegal (19.3%), Mali (13.6%), and Burkina Faso (13.4%). Guinea-Bissau is far behind, accounting for only 0.7% of total assets in the WAEMU system.

Loans rose by 16.1%, to FCFA 14,910 billion. Deposits increased 18.4%, to FCFA 18,813 billion. The loan-to-deposit ratio stands at 79.3%.

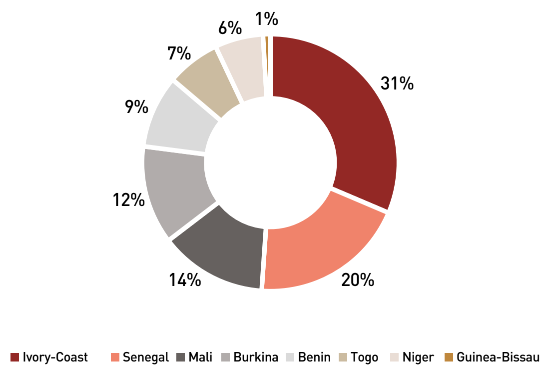
Results

Net banking income totaled FCFA 1,508 billion at the end of 2015, an 11.4% increase from the previous year.

Ivory Coast is the largest contributor (31.4%) to WAEMU net banking income, followed by Senegal (19.7%), Mali (13.5%), and Burkina Faso (12.4%).

Estimated total net income rose from FCFA 173 billion in 2014 to FCFA 327 billion in 2015 (+89.6%). All countries contributed to this performance, especially Ivory Coast (FCFA 116 billion), Mali (FCFA 59 billion), Burkina Faso (FCFA 49 billion), and Senegal (FCFA 43 billion).

Distribution of Net Banking Income by country in 2015



CAEMC

Banking overview

At July 31, 2016, the CAEMC banking system comprised 52 banks in operation: 14 in Cameroon, 4 in the Central African Republic, 11 in Congo, 10 in Gabon, 5 in Equatorial Guinea, and 8 in Chad.

There were 466 ATMs, distributed as follows :

	Banks	ATMs
Cameroon	14	218
Central African Republic	4	22
Congo	11	82
Gabon	10	70
Equatorial Guinea	5	26
Chad	8	48
Total	**52**	**466**

Source : General Secretariat of the Banking Commission

Business activity

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

CAEMC banks has total assets of FCFA 12,966 billion at the end of July 2016, up 1.1% year on year.

Deposits declined by 1.9%, to FCFA 9,827 billion. Loans, on the other hand, rose 5.9%, to FCFA 8,323 billion.

Results

Despite the difficult context, Central African banks had net banking income of FCFA 444 billion at the end of July 2016, unchanged from a year earlier.

East African Community (EAC)

Rwanda

In October 2016, Attijariwafa bank signed a Memorandum of Understanding for the acquisition of a majority stake in Cogebanque in Rwanda.

Banking overview

The Rwandan banking system comprises 17 banks: 12 commercial banks, 3 microfinance banks, 1 development bank, and 1 cooperative bank.

The network saw 26 new branches opened, bringing the total to 547 at the end of June 2016.

There were 27 new ATMs installed, raising the total from 371 in June 2015 to 398 in June 2016.

Business activity

Total assets reached RWF 2,377.9 billion in December 2016, up 11.5% year on year.

Loans rose 14.6%, to RWF 1,406.7 billion and deposits increased by 7.2% to RWF 1,528.1 billion in December 2016.

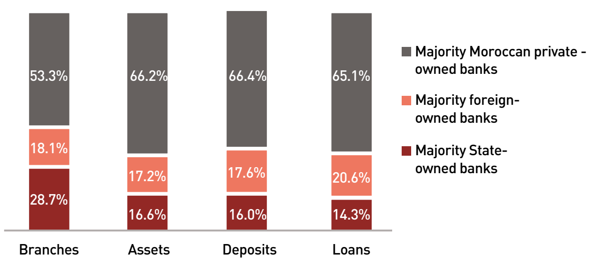
Results

At the end of 2016, NBI totaled RWF 335.9 billion, a rise of 11.0%. Net income for the banks fell 6.3%, to RWF 40.3 billion.

MOROCCO

The banking sector pays a vital role in the Moroccan economy, with banking assets representing 1.17 times GDP. At the end of 2016 there were 84 financial institutions: 19 banks, 34 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 %)



Private Moroccan shareholders dominate the banking system's shareholding structure, which comprises holdings, insurance companies, and mutual societies. In second place is foreign investment, with French, Spanish, American, and Jordanian investors.

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 and 18 branches with 1,453 bank agencies and more than 50 representative offices.

With 14 financial institutions (including 6 banks) listed on the stock market, the banking sector was still the largest sector of the Casablanca Stock Exchange in terms of market capitalization (33.8%) at the end of 2016.

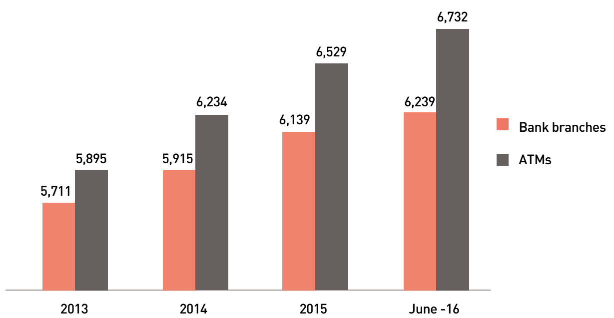
Growth in banking facilities and branch networks

Access to banking facilities is 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.

During the first half of 2016, banks opened 100 new branches, bringing the total number of branches to 6,239.

The ATM network totaled 6,821 at the end of 2016, after the installation of 292 new ATMs year on year.

Change in branch networks



Source : Bank Al Maghrib

Expansion of the branch networks increased access to banking facilities, which stood at 71% at the end of June 2016, compared with 68% at the end of December 2015. However, bank branches are largely concentrated in the country's main cities and are rarer in rural areas.

At the end of December 2015, the number of Moroccan bank cards in circulation totaled 12.9 million cards, an 8.8% increase from a year earlier.

With digital technology rapidly expanding into the banking sector, the number of e-commerce transactions rose 48.2% in 2016, to 3.5 million.

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 sustainable development.

Sector rules and regulations

Highlights of 2016 include authorization to practice participatory (i.e., Islamic) finance granted to five Moroccan financial institutions: CIH Bank, BMCE Bank of Africa, Banque Centrale Populaire, Crédit Agricole du Maroc, and Attijariwafa bank. Moreover, three other institutions have been authorized to sell alternative products by means of "dedicated counters."

The introduction of participatory banks will enrich the Moroccan banking sector and enhance the appeal of Casablanca as a financial hub.

Results of banking-sector activity in 2016

Despite the challenging economic context, the Moroccan banking sector managed to expand its business activity in 2016.

Loan outstandings increased by 3.6%, to MAD 790,303 million at the end of 2016 (compared with +2.1% between 2014 and 2015, and +7.4% between 2008 and 2013). This change results from the following:

- more rapid growth of mortgage loans, +2.4% at MAD 245,504 million at the end of 2016, compared with +1.1% at MAD 239,653 million a year earlier;
- recovery in equipment loans, +10.6% at 162,521 million at the end of 2016, compared with –0.3% at MAD 146,931 in 2015;
- a +4.7% rise in consumer loans (to MAD 52,156 million), compared with +3.5% (to MAD 49,810 million) a year earlier.

Customer deposits grew to MAD 802,010 million (+4.3%) in 2016 as a result of:

- a 5.3% rise in passbook savings accounts, totaling MAD 118,739 million;
- a 3.8% rise in current accounts, totaling MAD 136,644 million;
- significant growth of 8.5% in checking accounts, totaling MAD 346,295 million.

The loan-to-deposit ratio stood at 98.5% at the end of 2016, down 0.6 points from 99.1% a year earlier.

Commitments by signature grew 18.0%, to MAD 230,406 million, of which 59.9% was for commitment guarantees.

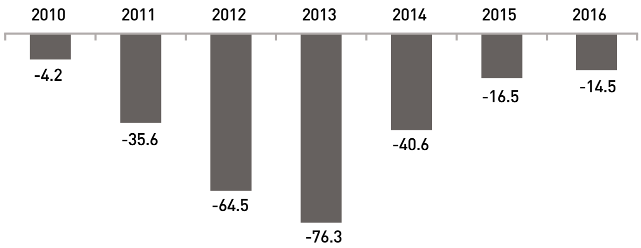
Nonperforming loans continued their upward trend (+6.7%, totaling MAD 61,525 million), although at a slower rate than the previous year (+11.5%).

Provisions and bank charges increased by 9.9%, to MAD 42,508 million, resulting in a nonperforming-loan ratio of 7.79% and a coverage ratio of 69.09%.

Money market

Liquidity shortfall in the money market continued to improve, falling to MAD 14.5 billion in 2016 from MAD 16.5 billion in 2015. This change is attributable to a rise in foreign-exchange reserves.

Change in liquidity deficit (MAD billions)



Source : Attijari Intermédiation

Consequently Bank Al-Maghrib softened its quantitative easing program, particularly through its seven-day advances, whose ceiling was set at MAD 9.2 billion in 2016 after MAD 19 billion in 2015. The average amount of guaranteed 12-month loans came to MAD 5.9 billion in 2016, compared with MAD 15.5 billion a year earlier.

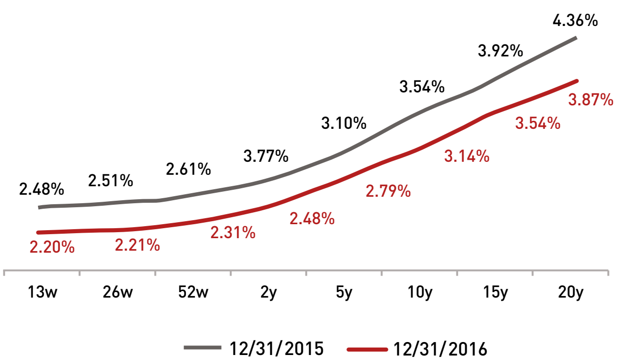
The Central Bank also lowered its benchmark interest rate by 25 basis points, to 2.25% in March 2016, and raised the required reserve ratio from 2% to 4% in June 2016.

Bond market

The decline in yields that began in 2014 continued in 2016, attributable mainly to the 25-basis-point cut in the benchmark interest rate in March 2016 following the status quo of 2015. Two factors explain this new trend towards lower yields:

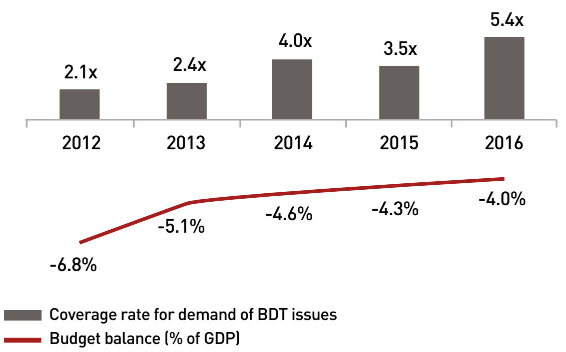
- first, budgetary pressure has diminished as a result of public-subsidy reforms in 2015, with gasoline and fuel-oil no longer subsidized;
- second, investor demand has increased significantly, as a result of available liquidity on financial markets. The ratio of total treasury to investor demand issues averaged more than 5.2 times for the period 2014–2016, compared with only 2.2 times for the period 2012–2013.

Change in bond yields between 2015 and 2016



Source : Attijari Intermédiation

Change in budgetary indicators



Source : Attijari Intermédiation

As a result, required rates of return declined in 2016, in line with the Treasury's comfortable position. The sharpest decline (–50 bp) was for 20-year bonds, now yielding 3.87%. Other maturities declined between 29 basis points and 40 basis points.

Gross Treasury issuance contracted 25.1% in 2016, to MAD 111.2 billion. This decline was across all maturities: short term (25.4%), medium term (30.3%), and long term (14.2%). Redemptions totaled MAD 91.4 billion (12.5%). As a result of these changes, outstanding treasury bills issued by auction totaled MAD 489.9 billion.

The demand of market operators slowed 6.1% in 2016, to MAD 489.4 billion, a sign of diminishing investor appetite.

Stock market

After a long and lackluster period, the stock market performed exceptionally well in 2016. Indexes rose significantly, and trading volume was high. The MASI index ended the year at 11,644 points, a rise of 30.5%, while the MADEX index closed the year at 9,547 points, an increase of 31.6%.

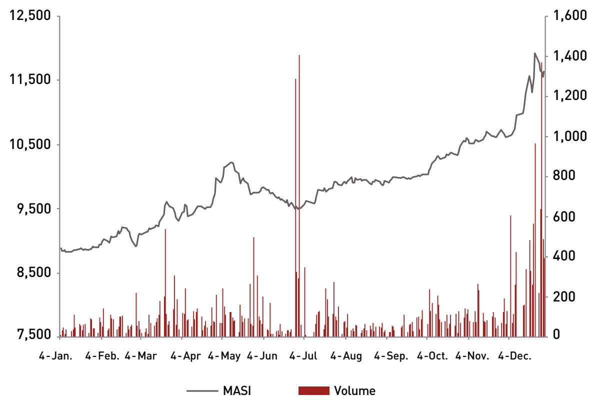
Average daily trading volume on the central market came to MAD 128 million, for an annual total of MAD 32.1 billion. Attijariwafa bank was the most actively traded stock on the central market, with volume of MAD 6.5 billion (20.2% of total volume), followed by BCP (MAD 4.0 billion and 12.4% of total volume), and Addoha (MAD 2.9 billion and 8.9% of total volume).

Block-trading volume totaled MAD 18.4 billion.

Market capitalization reached its highest level since January 2011, amounting to MAD 583.4 billion, a rise of 28.7% year on year.

Marsa Maroc's IPO in 2016 marked the beginning of a successful life as a publicly traded company.

Change in stock market in 2016



Source : Attijari Intermédiation

The stock market trended upwards throughout 2016. After slowing in May, June, and July, the market rose again during the half-year reporting period (i.e., towards the end of Q3 2016). The quality of half-year results of listed companies was better than expected, and reinforced investor forecasts of full-year results.

Analysis of Group results

Business activity in Morocco

Customer deposits

Attijariwafa bank's customer deposits rose by 4.1% in 2016, to MAD 208.1 billion. This trend is due to:

- a 8.3% rise in non-interest-bearing deposits, to MAD 140.9 billion, attributable to:
  - a 9.0% rise in checking accounts, to MAD 93.8 billion;
  - a 1.6% rise in current accounts with short-term lines of credit, to MAD 35.8 billion; and
- a 3.9% decline in interest-bearing deposits, to MAD 67.2 billion, impacted by a 9.8% fall, to MAD 38.4 billion, in term deposits. Growth in passbook accounts (+4.0%, to MAD 26.9 billion) compensated partially for the decline in term deposits.

The bank's market share in customer deposits stood at 26.0% at the end of 2016.

Loan disbursals

In 2016, Attijariwafa bank's loan disbursals grew by 7.8%, to MAD 204.4 billion. This change is attributable mainly to:

- a 6.8% rise in equipment loans, to MAD 58.3 billion;
- a 3.1% increase in mortgage loans, to MAD 56.3 billion in line with the 6.2% rise in home loans, to MAD 45.6 billion;
- a 7.7% growth in consumer loans, to MAD 10.6 billion, .

The bank's market share in lending stood at 25.9% at the end of 2016.

In a context of improved asset quality, the non-performing loan ratio remained stable at 5.6%, improving the cost of risk by 20 bps to 0.5% while maintaining a coverage ratio at 71.2%.

Commitments by signature

Commitments by signature grew by 20.0% in 2016, to MAD 74.2 billion. The bank now holds a 32.2% market share in commitments by signature.

Source : GPBM

Parent-company results at december 31, 2016

Net banking income

In 2016, net banking income (NBI) rose 31.3% (i.e., by MAD 3.4 billion), to MAD 14.2 billion. This change is due mainly to a 13.1% rise, to MAD 4.6 billion, in other banking income arising from nonrecurring revenues in 2016. Excluding non-recurring items, the net banking income's growth would have been 3%.

Net banking income breaks down as follows :

	2016	Share of NBI	2015	Share of NBI	Change	
					MAD millions	%
Net interest margin	6,854	48.1%	6,758	62.3%	96	1.4%
Income from lease financing and similar agreements	59	0.4%	35	0.3%	25	70.9%
Fee income	1,494	10.5%	1,356	12.5%	138	10.2%
Income from market activities	2,203	15.5%	2,195	20.2%	8	0.4%
(+) Other banking income	4,588	32.2%	1,419	13.1%	3,168	>100%
(-) Other banking expenses	961	6.8%	922	8.5%	40	4.3%
Net banking income	**14,236**	**100.0%**	**10,841**	**100.0%**	**3,395**	**31.3%**

Net interest margin

Net interest margin rose by 1.4%, to MAD 6.9 billion, despite a cut in interest rates. Net interest margin breaks down as follows:

- Interest and related income contracted by 4.8%, to MAD 10.3 billion, because of lower interest and related income from customer activities (–2.8%) and a decline in interest and related income from credit institutions (–11.6%). This change is largely attributable to lower interest rates.
- Interest and related expenses fell 15.4%, to MAD 3.4 billion, because of lower interest and related expenses from operations with customers (–7.5%) and a decline in interest and related expenses from operations with credit institutions (–45.4%).

Income from lease financing and similar agreements

Income from lease financing and similar agreements amounted to MAD 59.2 million in 2016, compared with MAD 34.7 million in 2015.

Fee income

Fee income in 2016 totaled MAD 1.5 billion, 10.2% more than in 2015.

Income from market activities

Income from market activities totaled MAD 2.2 billion, a slight improvement of 0.4% from a year earlier.

Other banking income and expenses

In 2016, other banking income totaled MAD 4.6 billion, compared with MAD 1.4 billion in 2015. This change is due mainly to higher dividends received by Group subsidiaries, including a non-recurring dividend of MAD 2.9 billion.

Other banking expenses rose 4.3%, to MAD 961.3 million.

General operating expenses

General operating expenses in 2016 totaled MAD 4.3 billion, a rise of 4.0% year on year. This change is due largely to higher staff costs (+4.0%) and to an increase in operating expenses (+6.2%). The cost-to-income ratio came to 30.1%, compared with 38.0% in 2015. Excluding non-recurring items, the cost-to-income ratio would have been 38.3%.

(in MAD millions)

	December 2016	December 2015	Change	
			MAD millions	%
General expenses	**3,736**	**3,555**	**181**	**5.1**
Staff costs	1,929	1,854	75	4.0
Operating expenses	1,807	1,701	106	6.2
Real-estate lease payments	117	141	-24	-17.0
Deprecation and amortization expenses*	**430**	**424**	**7**	**1.6**
Expenses from prior periods	-180	-	-180	
General operating expenses	**4,286**	**4,122**	**164**	**3.9**

* Tangible and intangible assets

Gross operating income

Gross operating income rose 50.3% in 2016, to MAD 10.1 billion. This change is the result of higher net banking income (+31.3%) and the limited increase in general operating expenses (+4.0%).

Income from ordinary activities

Income from ordinary activities totaled MAD 8.7 billion in 2016, a rise of 67.0% year on year.

Net provisions declined by 18.9%, to MAD 1.4 billion, because of:

- gross provisions in 2016 of MAD 2.4 billion, compared with MAD 2.8 billion in 2015;
- gross-provision write-backs of MAD 1.05 million in 2016, down 4.3% from a year earlier.

The coverage ratio for nonperforming loans came to 71.2% in 2016.

Net income

Net income rose 89.2% in 2016, to MAD 6.9 billion.

Shareholders' equity

Shareholders' equity rose by 15.3% in 2016, to MAD 35.3 billion, compared with MAD 30.6 billion in 2015.

Total assets

At December 31, 2016, total assets stood at MAD 299.6 billion, up 4.0% 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	**6,936,134,617.92***
Retained earnings from prior years	159,816.30
Distributable income	6,936,294,434.22
Allocation	-
Statutory dividend (6%)	122,116,335.60
Amount required to bring the dividend per share to MAD 12	2,320,210,376.40
Total payout	**2,442,326,712.00**
Extraordinary reserves	**4,493,500,000.00**
Retained earnings	**467,722.22**

* Net income of Attijariwafa bank Morocco (excluding foreign branches). The aggregate net income totals MAD 6,935,048 thousand.

Business activity and results of main subsidiaries

Specialized finance companies

Wafasalaf

Despite the lackluster economy and a highly competitive market, Wafasalaf achieved solid commercial and financial performances in 2016.

Total production in 2016 for the consumer-credit subsidiary rose 9.7%, to MAD 10.5 billion. This change is attributable to growth of 7.7% (to MAD 4.9 billion) in in-house production combined with a 11.4% rise (to MAD 5.6 billion) in managed production.

Total outstandings rose by 6.2%, to MAD 27.4 billion. This result is in line with the 5.2% rise (to MAD 12.1 billion) in in-house outstandings and the 6.9% increase (to MAD 15.3 billion) in managed outstandings.

In MAD millions	2015	2016	Change
Total production	**9,579**	**10,504**	**9.7%**
In-house production	4,517	4,863	7.7%
Managed production	5,062	5,641	11.4%
Total outstandings	**25,831**	**27,430**	**6.2%**
In-house outstandings	11,525	12,130	5.2%
Managed outstandings	14,306	15,300	6.9%

Wafasalaf remains the leader of its sector, with market share (on the basis of gross outstandings) of 31.5% as of the end of 2016.

Another highlight last year was the 2016 Global Business Awards, where Wafasalaf received the trophy for North African «Financial Company of the Year».

Net banking income declined by 0.4%, to MAD 964.5 million, while net income amounted to MAD 334.3 million.

Wafabail

Construction and public works sectors enjoyed significant recovery in 2016, as did passenger vehicles.

Wafabail ended the year with positive momentum. The leasing subsidiary's total production grew 1.2% in 2016, totaling nearly MAD 4.0 billion. By contrast, total outstandings declined 4.4%, to MAD 11.8 billion. The number of leases increased by 3.0%, to 5,011.

In MAD millions	2015	2016	Change
Total production	3,943	3,992	1.2%
Total oustandings	12,319	11,777	-4.4%

The subsidiary is still the uncontested leasing leader, with market share of 26.2% at the end of 2016.

Wafabail ended 2016 with net banking income at MAD 347.0 million (+8.2%) and net income at MAD 118.9 million (+10.3%).

Wafa Immobilier

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

Total outstandings rose 3.1%, to MAD 56.3 billion. Home-buyer outstandings increased 6.2%, to MAD 45.6 billion, but was mitigated by a 8.4% decline, to MAD 10.7 billion, in real-estate-developer outstandings.

The number of home-buyer mortgages fell 5.7%, to 166,951.

In MAD millions	2015	2016	Change
Total outstandings	**54,570**	**56,268**	**3.1%**
Home-buyer outstandings	42,892	45,566	6.2%
Developer outstandings	11,678	10,702	-8.4%
Number of mortgages	**157,889**	**166,951**	**5.7%**

Wafa Immobilier opened three new sales offices in Mohammedia El Alia, Salé El Jadida, and Marrakech Mhamid bringing the network total to 53 branches.

In recognition of its efforts to promote quality, leadership, and excellence, Wafa Immobilier was awarded the "ESQR'S Quality Choice Prize 2016" in Berlin. In addition, Wafa Immobilier is the first finance company to receive ISO 9001 (2015 version) certification.

Wafa Immobilier's net banking income totaled MAD 301.6 million in 2016, an annual rise of 4.5%. Net income came to MAD 96.2 million, up 4.5%.

Wafacash

Wafacash business trended positively in 2016. The number of transactions rose 13.6%, to 25.8 million, while total volume increased 9.3%, to MAD 61.7 billion.

	2015	2016	Change
Number of transactions (millions)	22.7	25.8	13.6%
Total volume (MAD billions)	56.4	61.7	9.3%

Key events in 2016 included:

- the signing of an agreement with Mea Finances for the distribution of Wafacash products and services via the Canal M network of sales points;
- the recruitment of a new trustee;
- the opening of 89 new branches, combined with the launch of the Canal M network with 254 sales points, expanding the total network from 1,274 agencies in 2015 to 1,611 in 2016;
- the signing of a partnership with ORANGE for the settlement of "e-boutique" and "e-factures";
- the signing of a partnership with the General Tax Division and the General Treasury of the Kingdom for the payment of taxes and penalties;

- the signing of new partnerships for the international transfer with Money Trans, World Remit, Pay Top & Small World;
- receiving the CFI.co "Best Money Transfer Services Morocco 2016" award;
- the implementation of a new strategic plan, "ORBITE 2020";
- the effective launch of Wafacash West Africa in Senegal on January 18, 2016;
- licensing granted to the subsidiary Wafacash Central Africa in Cameroon on November 21,2016.

Wafacash achieved net banking income of MAD 382.4 million in 2016, a rise of 12.4% year on year. Net income improved 10.1%, to MAD 135.7 million.

Attijari Factoring Maroc

In 2016, Attijari Factoring enhanced its leader position with a market share of 68.0%, thanks to its diversified offer of specialized products with high value-added.

In a context marked by a profound change in corporate risk, Attijari Factoring achieved a total production of MAD 15.6 billion. Excluding the interruption of special operations essentially in the hydrocarbons sector, recurring operations increased by 6.4%.

The evolution was marked by the decline in corporate production (-15%), offset by the very good performance of the production of SMEs and VSEs with respective increases of 19% and 23%. In addition, Attijari Factoring improved its Confirming production by 23%.

In MAD millions	2015	2016	Change
Recurring operations	14,628	15,563	6.4%
Special operations	6,557	0	-100.0%
Total production	**21,602**	**15,563**	**-28.0%**
Total outstandings	**2,760**	**2,526**	**-8.5%**

Net banking income came to MAD 77.0 million and net income totaled MAD 32.1 million.

Wafa LLD

The automotive market in Morocco enjoyed record sales in 2016, with more than 163,000 new vehicles sold, 23.6% more than in 2015.

	2015	2016	Change
Total managed fleet	4,255	4,903	15.2%

Wafa LLD ended the year with a fleet of 4,903 vehicles, after the addition of 1,591 new vehicles and the disposal of 943 vehicles.

In addition, the subsidiary for long-term leasing has a clientele comprising the largest companies and government administrations in Morocco.

Key events in 2016 for Wafa LLD included:

- the organization of the first trade fair for previously owned car sales;
- the grand opening of the new headquarters;
- the launch of the WAFA-VO.ma application, the first integrated platform (both web and mobile) for previously owned car sales.

Wafa LLD had revenues of MAD 204.0 million in 2016, a rise of 6.3%.

As an active proponent of corporate social responsibility, Wafa LLD endeavors to renew and modernize its automobile fleet and to introduce low-emission vehicles.

Dar Assafaa

Aware of the significant growth potential for Islamic finance in Morocco, the Attijariwafa bank Group has been positioned in this market since 2010 through its specialized subsidiary Dar Assafaa. After receiving its bank license from Bank Al-Maghrib at the beginning of 2017, Dar Assafaa is preparing for its transformation into Bank Assafaa, an Islamic bank with an independent identity.

Dar Assafaa ended 2016 with improved business and financial performances.

Total financing rose more than 20%, to MAD 1.6 billion.

At the end of 2016, Dar Assafaa had 6,031 customers, 1,067 more than a year earlier.

Dar Assafaa continued to expand its branch network in 2016. Five new branches were opened, bringing the total to 17.

Net banking income rose by 30.0%, to MAD 38.8 million. Net income, however, declined 40.0% to MAD 1.1 million due to the large-scale actions undertaken by Dar Assafaa in anticipation of the launch of the participatory bank's activities.

Investment-banking subsidiaries

Corporate Finance: Attijari Finances Corp.

In 2016, Attijari Finances Corp. maintained its leadership position in M&A advisory and infrastructure operations, thanks to its role in the following successful strategic operations :

M&A

- advisor to **Attijariwafa bank** for the full acquisition of **Barclays Bank Egypt**;
- advisor to **MAMDA-MCMA** and **CIMR** for a strategic investment operation;
- advisor to an **investor consortium** for the sale of **Intelcia Group** to Altice (SFR Group);
- advisor to **Induver** for the sale of 45% of its share capital to **AGC** and for the creation of a joint venture for the automotive sector;
- advisor to **Eramet-Comilog** for the sale of its majority shareholding in Somivab.

Infrastructures

- advisor to **SOREC** for the management search and structuring of the El Jadida exhibition grounds;
- advisor to **MASEN** for the Noor PVI invitation to tender for the selection of a developer for three solar-energy projects (Ouarzazate, Laâyoune, and Boujdour) for a total of 170 MW;
- advisor to the **ONCF** for an invitation to tender for the supply of wind-turbine electricity for a total of 260 GWh;
- Advisor to **COX Energy** as part of its deployment strategy in Morocco and the rest of Africa;
- advisor to the **AMDL** to define its action plan and draft its program contract with the State for the period 2016–2020.

For market activities in 2016, the bank enhanced its activity in equity and debt capital markets, largely through its successful completion of the following :

ECM

- advisor to **DEPP** for the SODEP **"Marsa Maroc"** IPO through disposal of a 40% stake, for MAD 1.93 billion;
- advisor to **Attijariwafa bank** for the IPO of the Société Ivoirienne de Banque (SIB), for FCFA 26.2 billion;
- advisor to **Lafarge Ciments** for its capital increase through the merger-absorption of Holcim Maroc S.A., for MAD 9.1 billion;
- advisor to **LafargeHolcim** Maroc for its capital increase through the merger-absorption of Lafarge Cementos, for MAD 2.36 billion;
- advisor to **Centrale Danone** for its mandatory public buyout offer, for MAD 468.0 million;
- advisor to **Cosumar** for its capital increase through the merger-absorption of Sucrafor, for MAD 133.0 million;
- advisor to **Auto Hall** for its capital increase through optional conversion of exceptional dividends, for MAD 120.3 million.

DCM

- advisor to **MASEN** for its first issuance of government-backed green bonds, for MAD 1.15 billion;
- advisor to **Attijariwafa bank** for the issuance of a subordinated bond, for MAD 1.0 billion;
- advisory to **Attijariwafa bank** for the issuance of a perpetual subordinated bond, for MAD 500 million, considered as Additional Tier 1 capital, which is the first transaction of its kind in Morocco.

Attijari Finances Corp. had revenues of MAD 65.4 million in 2016, compared with MAD 36.7 million in 2015. This change is due to strong business growth (+78%) in 2016.

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 2016, Attijari Invest continued to inspire growth and create value-added through the following:

- portfolio growth with the addition of two new industrial stakes;
- 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, initiated during the COP 22 held in Marrakesh last November. The fund is designed to create innovative economic models based on renewable energy.

For CSR in 2016, 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.

Asset management : Wafa Gestion

With MAD 101.8 billion (+13.7% year on year) in assets under management at the end of 2016, Wafa Gestion consolidated its rank as Morocco's leading asset-management firm, with market share of 27.1%.

Highlights of 2016 include:

- assigning by S&P Global Ratings of an «Af» quality rating to the «WG Monétaire fund»;
- affirmation by Fitch Ratings of Wafa Gestion's domestic asset manager rating at «Highest Standards (mar)» (this rating acknowledges Wafa Gestion's long years of experience, its leadership position on the Moroccan market in terms of assets under management, its product offerings, the high qualifications and stability of its staff, the continual improvement of its operational environment, and the rigor of its management processes; "Highest Standards" is the highest possible rating on the Fitch Ratings scale);
- affirmation by Fitch Ratings of its «AAAmmf (mar)» rating for the money-market funds «Attijari Monétaire Jour» and «CDM Securité Plus», both managed by Wafa Gestion (this rating, the highest assigned by Fitch Ratings, recognizes the mutual fund's exceptional skill at preserving principal and providing liquidity by minimizing credit, market, and liquidity risks on the Moroccan market);
- awarding of the «Best Asset Manager of 2016» prize to Wafa Gestion by the magazine EMEA Finances for the second year in a row.

Wafa Gestion generated revenue of MAD 302.5 million in 2016, a rise of 6.8%.

Attijari Titrisation

Attijari Titrisation is Attijariwafa bank's subsidiary dedicated to structured securitization solutions and to management of FPCTs (collective investment schemes for securitized assets).

Since the new securitization law entered into force in September 2013, Attijariwafa bank has extended its product range to include securitized assets. The new regulatory framework has opened the range of possibilities for companies. Now any type of company-not just banks and public agencies—can raise funds through securitization. All asset classes are allowed.

Since receiving its license to operate in January 2015, Attijari Titrisation has offered innovative corporate-financing solutions while endeavoring to provide premium investment products that combine quality, liquidity, and simplicity.

Large-scale projects that were developed in 2016 will be marketed in 2017.

Securities brokerage : Attijari Intermédiation

The Casablanca Stock Exchange had good results in 2016. Total trading volume rose 39.1%, to MAD 144.8 billion, of which MAD 57.5 billion was through Attijari Intermédiation.

The securities-brokerage subsidiary finished the year with central-market share of 24.6%.

Highlights of 2016 for Attijari Intermédiation include:

- the processing of the Centrale Danone mandatory public buyout offer, for MAD 443.7 million;
- winning the Arab Federation of Exchanges prize for the third consecutive year for "Highest Traded Value" on the Casablanca Stock Exchange;
- participation as lead underwriter in the SODEP-Marsa Maroc IPO (MAD 1.9 billion), with market share of 51%;
- block trading of MAD 2.3 billion during the shareholder restructuring of LafargeHolcim Maroc;
- overhaul of the information system, with the installation of an integrated front-to-back-office solution for compliance with the new trading system of the Bourse de Casablanca.

Attijari Intermédiation had revenues of MAD 47.0 million in 2016, compared with MAD 28.2 million in 2015. Net income (excl. exceptional income) totaled MAD 10.9 million, an increase of 44% from 2015.

Research and analysis :

To satisfy the growing interest in the stock market, an interest that is aided by improved market fundamentals, the Research and Analysis team has increased the quantity of its research notes and client meetings. The objective is to assist all types of investors in their investment decisions and to add value through new investment ideas.

Securities brokerage : Wafa Bourse

Wafa Bourse's business activity and performances improved in 2016, thanks mainly to a strategy based on adaptation and innovation.

Results for trading from mobile devices are steadily improving. Only one year after being launched, the mobile application accounted for nearly 10% of trading volume in 2016.

In addition, the online stock market accounts for almost 8% of the volume produced on the central market. The market share of Wafa Bourse in this segment amounts to 26%, up 3 points from 2015.

In 2016, Wafa Bourse generated revenues of MAD 7 million, 50% more than a year earlier.

Wafa Assurance

Insurance sector

The insurance sector underwent several regulatory changes in 2016.

The status of the Direction des Assurances et de la Prévoyance Sociale was changed to become, in accordance with law no. 64-12, the Autorité de Contrôle des Assurances et de la Prévoyance Sociale (ACAPS, or Insurance and Social Welfare Authority). This financially independent authority has the status of a legal entity.

The House of Councilors adopted law no. 59-13 modifying the insurance code. The main features of this law are:

- the legislative framework for Takaful (i.e., Islamic insurance);
- the requirement for comprehensive construction insurance and decennial liability insurance;
- increased minimum coverage from third-party auto insurance;
- the principle of solvency based on risks incurred by insurance companies.

Moreover, the House of Representatives adopted law no. 110-14 establishing the insurance scheme for consequences of catastrophic events.

A circular defining the relations between insurance intermediaries and insurance companies was published on July 16, 2015, and became effective on April 1, 2016. The circular defines the basic terms and conditions for collecting premiums and paying claims.

Simultaneously with the implementation of a new circular ("collection"), the ACAPS established the requirement that all interim balances as of March 31, 2016, must be settled by December 31, 2016.

Tax issues

Fiscal year 2016 was notable for the abolition of social-solidarity contributions for professional, employee, and related income during the period from January 1, 2013, to December 31, 2015.

Wafa Assurance activity

Change in core shareholder structure of Wafa Assurance

SNI's 50% stake in OGM, which owns 79.29% of Wafa Assurance, became effective in December 2016.

This operation will help Attijariwafa bank to finance international growth, particularly the acquisition of Barclays Bank Egypt. In addition, SNI Group will be able to increase its footprint in the insurance sector, which has a very attractive outlook in Morocco and the rest of Africa.

Distribution network

Wafa Assurance has expanded its network through the opening of 34 new sales points. At the end of 2016, the network comprised 221 agents, 37 direct agencies, and 40 salespeople. Wafa Assurance now works with 194 brokers.

Human resources

New guidelines for human resources were implemented in 2016 through the creation of an organizational chart for jobs and skills. The methods for assessing individual skills and performances were also overhauled.

Wafa Assurance now has 615 employees, 68 more than in 2015.

International development

While the Tunisian and Senegalese subsidiaries continue to advance, Wafa Assurance's life and P&C subsidiaries in Ivory Coast and its life subsidiary in Cameroon have effectively been launched. Teams have been recruited and information systems and a marketing plan implemented.

Results

Premiums

Premiums in 2016 rose 14.2%, to MAD 7,314 million, of which two-thirds was life business of MAD 4,043 million (+18.1%). Growth in life business was due largely (just under 90%) to savings products, which rose 21.1% year on year, to MAD 3,233 million. Life insurance with death benefits showed steady growth of 7.6%, with MAD 811 million of premiums in 2016.

With premiums of MAD 3,271 million in 2016, growth in P&C came to a solid 9.6%. All branches contributed to this performance, though fully one-third came from auto insurance, which grew 6.6%, to MAD 1,558 million.

Results

P&C earnings rose 45.5%, to MAD 961 million. Financial results and, to a lesser degree, operations underpinned this performance.

Life earnings declined by 32 million, to MAD 291 million. Impairment of unlisted shares, as well as the second half of the Samir bonds, impacted life earnings.

Non-technical results for 2016 showed a loss of MAD 108 million, including interest expense of MAD 98 million and impairment of unlisted equity investments.

As a result of corporate tax expense of MAD 303 million, the company had net income in 2016 of MAD 841 million (+5.2%), compared with MAD 800 million in 2015.

Subsidiaries

Wafa IMA Assistance

Premiums written in 2016 totaled MAD 220 million, a 20% increase (MAD 37 million) year on year.

Net income came to MAD 20.8 million in 2016, a rise of MAD 5.7 million.

Attijari Assurance

Premiums in 2016 totaled TND 50 million (MAD 231 million), an increase of 5.7% from the previous year.

After a non-technical loss of TND -2.1 million (MAD -9.5 million) impacted by net financial income, net income came to TND 0.9 million (MAD 4 million), compared with TND 1.4 million in 2015.

Wafa Assurance Vie Sénégal (life)

Premium income came to FCFA 3,346 million (MAD 55 million), compared with FCFA 382 million after four months of activity in 2015.

Net income for the first financial year totaled FCFA −297 million (MAD −4.9 million), compared with FCFA −438 million in 2015.

Wafa Assurance Sénégal (Non vie) (P&C)

Premium income totaled FCFA 1,164 million (MAD 19.1 million), up slightly from 2015 (FCFA 1,143 million). More than half of premium income was from the auto branch.

The property damage and health branches contributed 20% and 18% respectively to total premium income in 2016.

Net income was negative, at FCFA −613 million (MAD −10 million), compared with FCFA −118 million in 2015.

Wafa Assurance Côte d'Ivoire

In P&C, Wafa Assurance Côte d'Ivoire premium income totaled FCFA 3.7 million (MAD 61 thousand). The auto branch contributed 62% of total premium income.

Wafa Assurance Côte d'Ivoire is expected to begin life activity in early 2017.

Because these two subsidiaries are in the early stages of their development, net results remain negative.

Wafa Assurance Vie Cameroun

Premium income for Wafa Assurance Vie Cameroun totaled FCFA 3.2 million (MAD 53 thousand).

Because this subsidiary is in the early stage of its development, net results remain negative.

Subsidiaries in Africa

Attijariwafa bank is a truly pan-African bank, with a strong presence in North Africa and in two African economic zones: the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CAEMC).

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 2016, Attijariwafa bank expanded its international footprint by signing an agreement for the acquisition of 100% of Barclays Bank Egypt. In May 2017, Attijariwafa bank completed this acquisition after obtaining all the required regulatory approvals.

In addition, having covered the WAEMU countries, Attijariwafa bank is now focusing on East Africa. A memorandum of understanding for the acquisition of a majority stake in Cogebanque (Rwanda) reflects the Group's ambition to take market share in Anglophone zones in the second phase of its corporate roadmap.

The international retail banking subsidiaries had excellent performances in 2016.

North Africa

Attijariwafa bank Group is active throughout North Africa, via its subsidiaries Attijari bank Tunisia (ABT) and Attijari bank Mauritania (ABM).

(In MAD millions)

FINANCIAL STATEMENTS	Attijari bank Tunisie	Attijari bank Mauritanie
Deposits	23,899	1,497
Total loans	21,092	1,305
Total assets	30,086	1,893
NBI	1,457	154
Net income	459	54
Network	203	24

CONTRIBUTIONS*	Attijari bank Tunisie	Attijari bank Mauritanie
Total loans	8.3%	0.5%
Total deposits	7.8%	0.4%
Total assets	7.0%	0.5%
NBI	7.4%	0.8%
Net income	7.9%	0.8%
Network	-	-

* Contribution: contribution to Group (IFRS).

WAEMU zone

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

(In MAD millions)

FINANCIAL STATEMENTS	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Deposits	10,767	2,310	10,013	4,711	1,329
Total loans	10,693	1,684	10,132	3,943	1,298
Total assets	14,924	3,134	14,730	6,630	1,691
NBI	1,013	176	838	309	84
Net income	231	54	282	2	21
Network	99[1]	8	54	83	11

(1) yc Bénin, Burkina-Faso et Niger

CONTRIBUTIONS*	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Total loans	3.7%	0.8%	3.5%	1.6%	0.5%
Total deposits	3.6%	0.6%	3.6%	1.3%	0.3%
Total assets	3.7%	0.8%	3.6%	1.7%	0.4%
NBI	5.0%	0.8%	4.3%	1.4%	0.4%
Net income	4.2%	1.1%	5.6%	0.1%	0.4%

(*) Contribution: contribution 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)

FINANCIAL STATEMENTS	UGB-Gabon	CDC-Congo	SCB-Cameroun
Deposits	5,311	3,164	6,769
Total loans	5,207	2,590	5,396
Total assets	7,496	4,529	8,019
NBI	648	356	717
Net income	181	105	210
Network	21	35	56

CONTRIBUTIONS*	UGB-Gabon	CDC-Congo	SCB-Cameroun
Total loans	1.9%	1.1%	2.4%
Total deposits	1.9%	1.0%	1.9%
Total assets	1.8%	1.0%	2.0%
NBI	3.2%	1.8%	3.6%
Net income	3.2%	1.9%	4.0%
Network	-	-	-

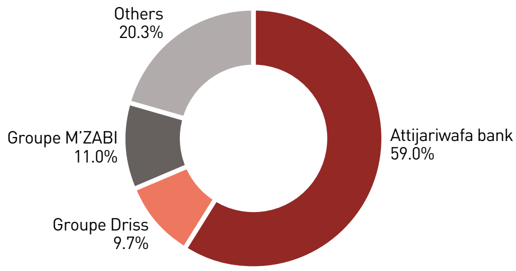
(*) Contribution: contribution to Group (IFRS).

Focus on Attijari bank Tunisie (ABT)

Highlights of 2016

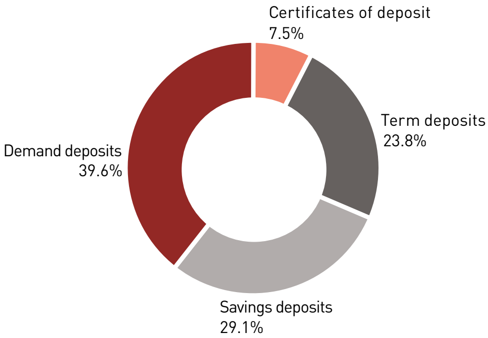
- For the third year in a row, The Banker magazine named Attijari bank Tunisie "Bank of the Year" for its active lending policy, corporate governance, international strategy, and technological development.
- Attijari bank Tunisie has rejuvenated its image with a new slogan, "Believe in you," and a more contemporary logo design.
- Launch of a solidarity caravan to aid inhabitants of northwest Tunisia suffering from severe weather conditions. This action enhances ABT's economically responsible image.

ABT's shareholding structure at December 2016



Key performance indicators for the tunisian banking sector

Structure of deposits in 2015



	2016	2015	2014
Number of banks	23	22	22
Network branches	NA	1,701	1,625
Number of inhabitants per bank branch (in thousands)	NA	6.5	6.8
Total assets/GDP	NA	116.6	113.1
Key interest rate	4.25%	4.25%	4.75%

Source : Central Bank of Tunisia

Key financial-performance indicators for Attijari bank Tunisie

Attijari bank Tunisie enjoyed double-digit performances in 2016.

Deposits rose 12.1%, to MAD 23.9 billion, while loans increased by 15.5%, to MAD 21.1 billion.

Net banking income of the Tunisian subsidiary rose 15.4% in 2016, to MAD 1.5 billion. Net income climbed 9.4%, to MAD 458.6 million.

(In MAD billions)	2016	2015	2014
Total deposits	23.9	21.3	19.7
Total loans	21.1	18.3	17.2
Total assets	30.1	26.5	23.2
NBI (Parent-company)	1.5	1.3	1.2
Net income (Parent-company)	0.46	0.42	0.34
ROE	26.2%	26.1%	22.1%
Deposit market share	10.8%	10.5%	10.0%
Loan market share	8.8%	8.1%	8.1%
Network branches	203	201	200

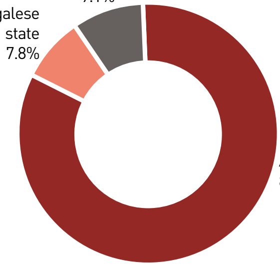
Constant exchange rate: 1 TND = MAD 4.3769

Focus on Compagnie Bancaire de l'Afrique de l'Ouest

Highlights of 2016

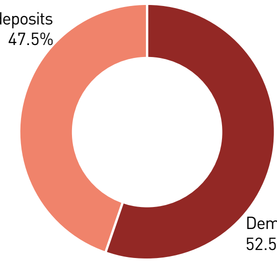
- Launch of two major projects, "Operational Excellence" and "Operational Risk". Both are aimed at improving service quality and risk management.
- Launch of the Africa Development Club in Senegal, whose aim is to facilitate regional exchange and to promote south-south cooperation.

CBAO's shareholding structure at December 2016



Key performance indicators for the senegalese banking sector

Structure of deposits in 2015



	2016	2015	2014
Number of banks	24	24	22
Network branches	NA	392	381
Minimum bid rate for invitations to provide liquidity	2.50%	2.50%	2.50%
Discount rate for marginal lending facility	4.50%*	3.50%	3.50%
Ratio for legal reserves	5.0%	5.0%	5.0%

* Effective since December 16, 2016

Source : BCEAO

Key financial-performance indicators for CBAO

Deposits at CBAO grew by 4.9% in 2016, to MAD 10.8 billion. Loan outstandings rose from MAD 9.4 billion in 2015 to MAD 10.7 billion in 2016, an increase of 13.8%.

CBAO net banking income exceeded the one-billion mark, rising 11.3% year on year. Net income increased to MAD 231.4 million in 2015 from MAD 183.4 million a year earlier.

(In MAD billions)	2016	2015	2014
Total deposits	10.8	10.3	9.0
Total loans	10.7	9.4	8.2
Total assets	14.9	13.2	11.9
NBI (Parent-company)	1.01	0.91	0.91
Net income (Parent-company)	0.23	0.18	0.01
ROE	18.0%	14.6%	1.1%
Deposit market share	16.1%	17.3%	18.0%
Loan market share	16.7%	16.9%	16.5%
Network branches*	99	168	168

Exchange rates: 1 FCFA = MAD 0.016242; (*) incl. Burkina Faso, Niger, and Benin.

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 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 resulted in 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 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 government. 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%.

In October 2016, the bank signed an agreement with Barclays Bank PLC for the acquisition of 100% of Barclays Bank Egypt. In May 2017, Attijariwafa bank completed this acquisition after obtaining all the required regulatory approvals.

During the same period, Attijariwafa bank signed a memorandum of understanding for the acquisition of a majority stake in Cogebanque (Rwanda).

Through these acquisitions the Group is preparing the way for development in the Middle East and East Africa.

In addition, Attijariwafa bank and SNI are partnering in the insurance business. As co-shareholders, they have equal stakes in Wafa Assurance. This operation leaves Attijariwafa bank the necessary capital for international development, particularly in Egypt and more generally in Anglophone African countries.

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	- Wafasalaf - Wafabail - Wafa Immobilier - Attijari Immobilier - Attijari Factoring Maroc - Wafacash - Wafa LLD	- Wafa Assurance

Analysis of consolidated business activity

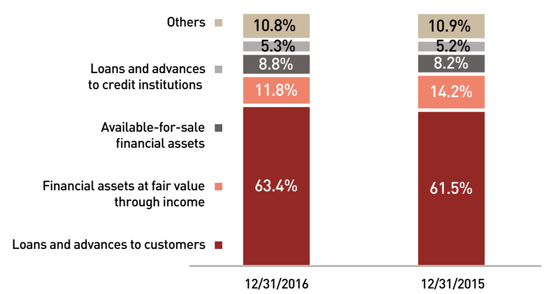
Total assets

At the end of 2016, Attijariwafa bank Group's assets totaled MAD 428.8 billion, a rise of 4.3% year on year.

Broken down by geographic area, 76.2% of total assets were in Morocco, with the rest in Tunisia, sub-Saharan Africa, and Europe.

Total assets comprised loans and advances to customers (63.4%), financial assets at fair value through profit or loss (11.8%), and available-for-sale financial assets (8.8%). These three items account for 83.9% of total assets.

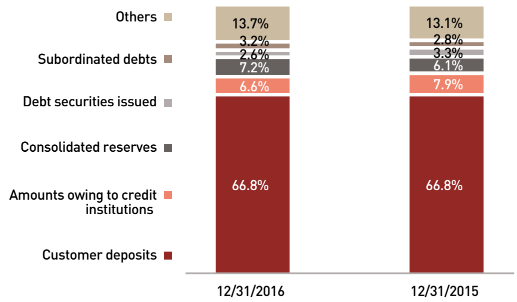
Structure of assets



The rise in assets was attributable mainly to:

- a 7.4% increase, to MAD 271.6 billion, in loans and advances to customers;
- a 11.4% increase, to MAD 37.8 billion, in available-for-sale financial assets;
- a 6.8% rise, to MAD 22.6 billion, in loans and advances to credit institutions and similar establishments.

Structure of liabilities



The rise in liabilities was due mainly to:

- a 4.3% increase, to MAD 286.3 billion, in customer deposits;
- a 23.9% rise, to MAD 30.9 billion, in consolidated reserves;
- a 19.5% improvement, to MAD 13.6 billion, in subordinated debt.

Deposits

At December 31, 2016, customer deposits of MAD 286.3 billion accounted for 66.8% of total liabilities, compared with MAD 274.5 billion a year earlier. This trend was attributable to:

- a 4.3% rise in deposits in Morocco, Europe, and the offshore zone, to MAD 212.6 billion;
- a 37.7% increase in deposits in specialized financial companies, to MAD 3.8 billion;
- a 2.8% rise in international retail-banking deposits, to MAD 69.8 billion.

Loans

Loans and advances to customers in 2016 climbed 7.4%, to MAD 271.6 billion. Customer loans rose 6.8% in domestic banking but rose 10.5% in international retail banking.

The loan-to-deposit ratio came to 94.9% in 2016, compared with 92.1% in 2015.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 15.0% in 2016, to MAD 47.4 billion. This strengthening of the Group's financial base is due largely to the Wafa Assurance operation, which boosted the Tier 1 capital ratio by 166 basis points.

Group solvency

Attijariwafa bank Group ended 2016 with a Tier 1 capital ratio of 10.81% and a capital-adequacy ratio of 13.29%, higher than the minimum regulatory requirements of 9% and 12% respectively and effective since June 30, 2014.

Consolidated results of attijariwafa bank group

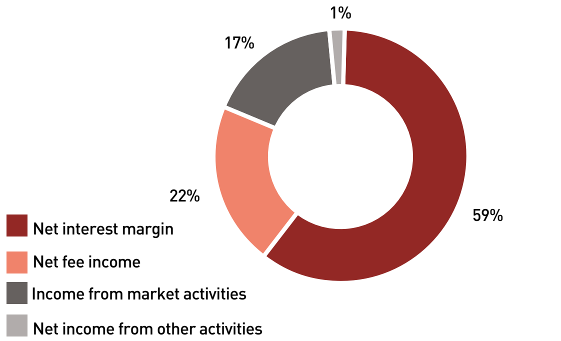
Consolidated net banking income

In 2016, consolidated net banking income totaled MAD 19.7 billion (+3.6%), compared with MAD 19.0 billion in 2015. This rise is attributable to:

- a 1.9% rise in interest margin, to MAD 11.6 billion;
- a 9.4% increase in fee income, to MAD 4.4 billion;
- a 9.0% increase in income from market activities, to MAD 3.4 billion;
- a decline of 45.8% in income from other activities, to MAD 231.7 million.

At the end of 2016, net banking income broke down as follows:

Net Banking Income structure at 31 December 2016



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

- Morocco, Europe, and offshore zone: +0.9%, to MAD 10.6 billion;
- Specialized Financial Companies: +3.8%, to MAD 2.3 billion;
- Insurance: +2.5%, to MAD 1.4 billion;
- International Retail Banking: +8.0%, to MAD 5.8 billion.

Gross operating income

Gross operating income rose 3.4% in 2016, totaling MAD 10.5 billion. General operating expenses (including depreciation, amortization, and impairment) rose by 3.8%, to MAD 9.1 billion. The cost-to-income ratio came to 46.5%.

Cost of risk

The cost of risk fell by 9.7%, to MAD 2.0 billion. As a share of total loan outstandings, the cost of risk declined by 0.13 points year on year, to 0.70%. The nonperforming-loan ratio came to 7.0%, an improvement from the previous year.

Consolidated net income

Group consolidated net income rose by 6.7% in 2016, to MAD 5.7 billion.

Net income (Group share)

Net income (Group share) grew 5.7% in 2016, to MAD 4.8 billion.

Return on equity (ROE) came to 13.5% in 2016, while return on assets (ROA) was unchanged at 1.3%.

Contributors to net income (Group share) at December 31, 2016	
Banking in Morocco, Europe, and offshore zone	+1.0%
Specialized financial companies	+4.0%
Insurance	-4.0%
International retail banking	+26.0%

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.

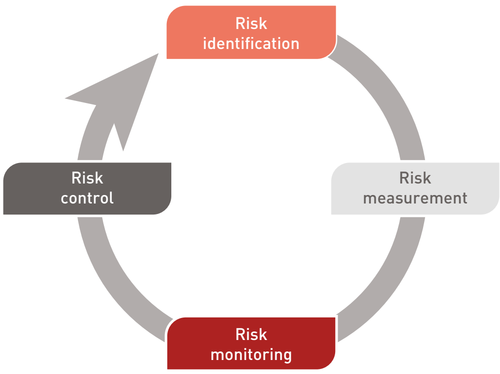
Global Risk Management's role:

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.

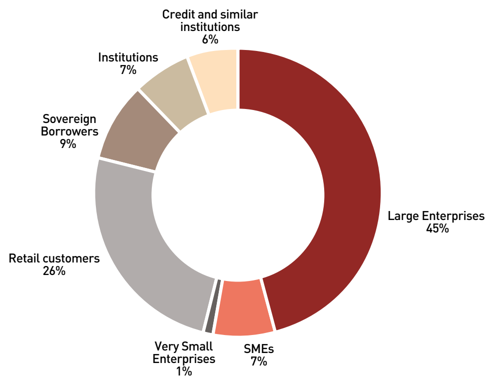
Regularly reviewing the bank's exposure against a backdrop of changing business conditions makes decision-making easier and enables real-time adjustments in quantitative, even qualitative, limits by:

- 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.

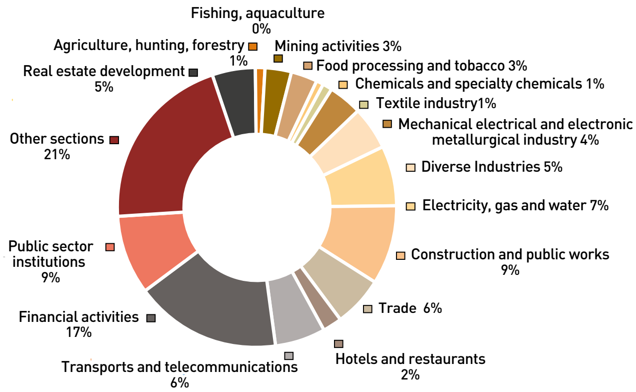


III.2.2- Diversification by sector:

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.

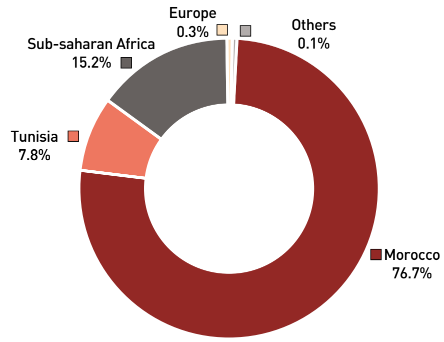
A breakdown of the bank's loan commitments by industry sector as a percentage of total loan commitments at 31 December 2016 was as follows:

- Financial institutions and insurance companies accounted for 17%, up from 2015. Commitments to this sector carry a very low level of risk.
- Construction and public works together with building materials accounted for 9%, and real estate development accounted for 5%.



III.2.3- Geographical distribution:

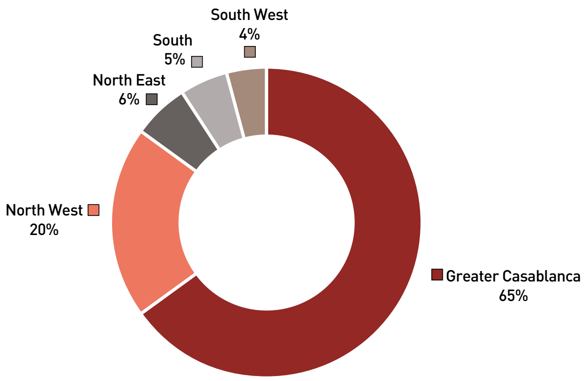
The geographical distribution of the Group's commitments reveals a very high exposure to Morocco, accounting for 76.7% of total loans, followed by Tunisia .The remaining balance accounted for by sub-Sahara African countries.



In Morocco, the Greater Casablanca region accounted for 65% of the bank's commitments followed by North-West region (Rabat - Tanger) (20%), 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 21.754 billion at 31 December 2016, the breakdown of which was as follows:

MAD millions	< 3 months	3-6 months	> 6 months
Hedging	11,520	5,656	4,578

At 31 December 2016, the bank's foreign exchange options position amounted to MAD 16.153 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	(2 118 437)	440	1 391
Equities	191 433	1 240	3 921
Fixed income and mutual funds	39 399 420	75 305	238 135

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.

III- 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.

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.

IV- Country Risk

The International Retail Banking (IRB) risk unit continued its efforts to integrate the risk division in order to support the bank's commercial development and to prepare for the broadening of the regulatory framework of cross-border risks. In addition, consolidation efforts with regard to policies for country-risk management were stepped up in order to encourage international banking business.

Consolidation of the IRB risk activity

The new organization of the Group GRM division has reinforced risk management as a growth area, and has instilled risk oversight as a core managerial duty. In support of this reorganization, the Risk Management & Reporting unit has fully consolidated the risk subsidiary dedicated to IRB, including the identification and monitoring of country risks that form an integral part of international exposure.

Similarly, individual counterparty measurements have been strengthened by means of a more global approach (portfolio, subsidiary and country), resulting in broader risk assessment.

These efforts went beyond the risk framework and provided for dynamic management in close collaboration with the banking subsidiaries. In particular, focus was on occasional reviews of countries and subsidiaries, as well as on support within the commercial structures.

In addition, the adoption of lending policies and the gradual rollout of credit ratings consolidate the alignment of banking subsidiaries with central standards.

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 first 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 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;

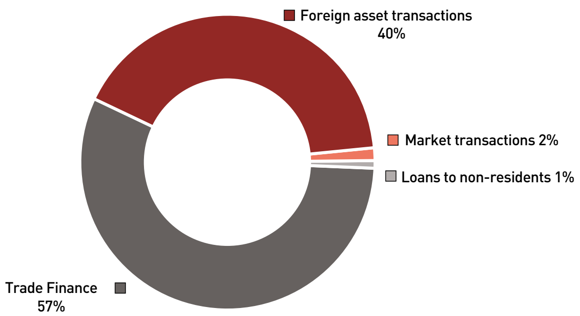
2.3. Foreign asset transactions:

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

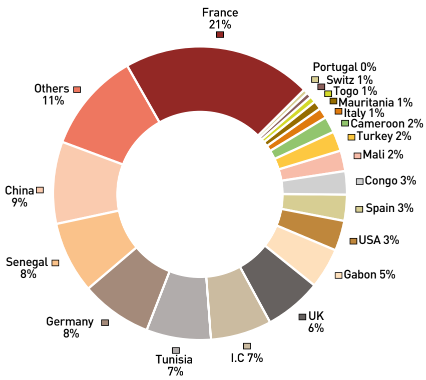
2.4. Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

At the end of December 2016, AWB's cross-border risks amounted to MAD 26,476 thousand. Trade-finance operations accounted for 57% of total cross-border risks, followed by foreign-asset transactions (40%). 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

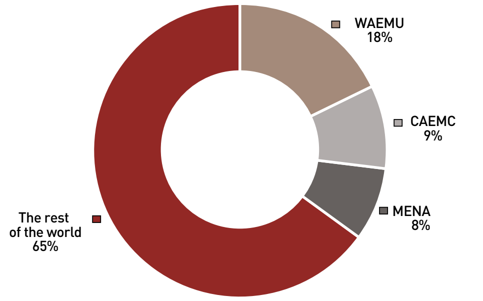


3- Methodology for calculating and restating country risk exposure based on the risk transfer principle which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks.



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

Concentration of country exposure by region at December 2016



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.

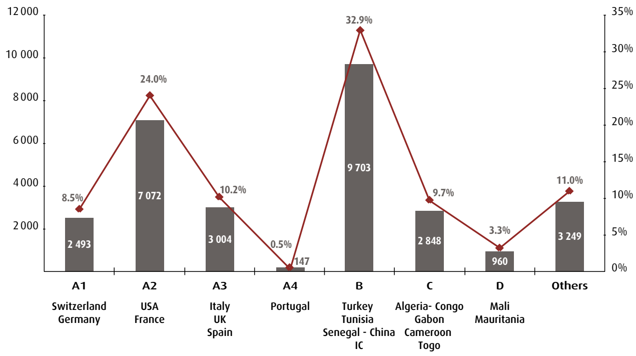
The resulting internal country score is the algebraic sum of the above sub-scores and is graded on a scale of 1 to 5, 1 representing an excellent risk profile and 5 representing a highly vulnerable risk profile.

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.

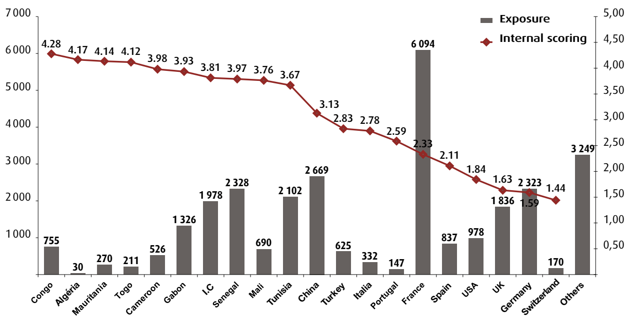
A consolidated procedure for determining country risk has been implemented by means of a standard form sent to subsidiaries and then consolidated for compliance with reporting regulations.

The declassification of Italy and Tunisia brought Attijariwafa bank's international class B (moderately acceptable) loan outstandings to 33%.

Breakdown of country risk exposure using the Coface scale at December 2016



According to the internal country scoring system (vulnerability index), exposure to countries with average risk and greater amounted to 44%.



6. 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

V- 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.

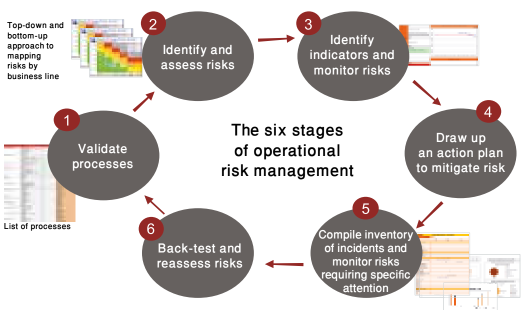
Operational risk management policy is steered by the Operational, Legal, Information Systems and Human Risks unit.

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.

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

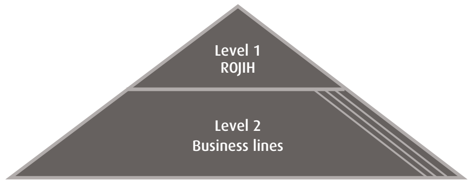
The road map is regularly updated on the basis of incidents occurring in each unit and/or due to changes in the bank's products and services.

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



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:

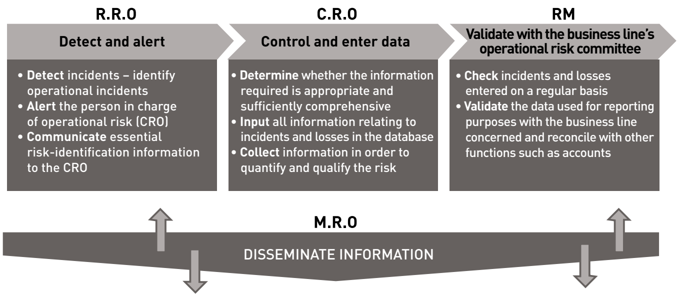
- Ensure that operational risk management policy is implemented within each of the Group's units;
- Identify changes to the risk map (validated by the business line's Operational Risks Committee);
- Examine major risks arising at Group level and propose appropriate action;
- Draw up procedures for reporting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

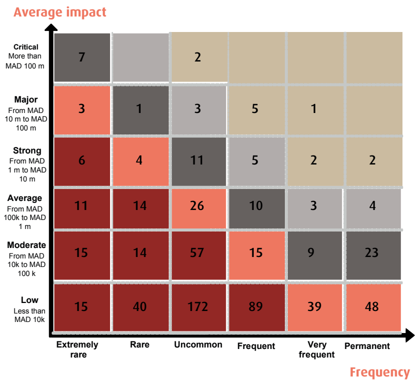


II. Risk mapping analysis during 2016

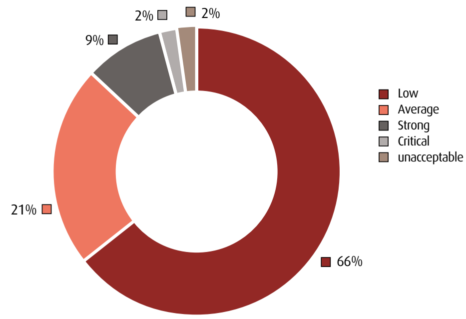
A. Banking risks

The operational risk map for 2016 is identical to that for 2015, with 656 risks identified, 161 risks to be managed, and 27 "unacceptable or critical" risks. The latter require special treatment.

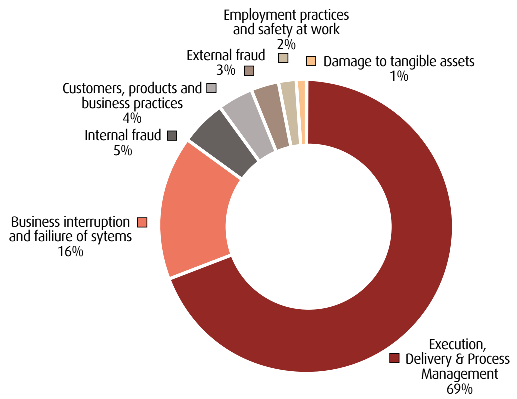
Risk mapping



Breakdown of the bank's risk scores

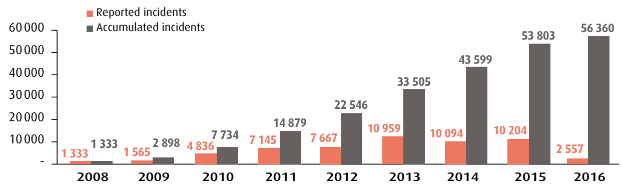


Breakdown according to Basel



B. Incident collection at parent level (Attijariwafa bank)

Implementation of the bank's operational risk management policy resulted in **2,557 incidents being collected in 2016**, taking the total to more than **56,360 incidents** since the policy was first implemented.



III. Software for operational-risk management

In order to meet regulatory requirements and to upgrade its aging Excel-based software (particularly with regard to the measurement of operational incidents, the proper handling of workflow appraisal for risks, incidents, and action plans, and the relevant analysis of transversal risks), Attijariwafa bank has chosen to replace its software for operational-risk management. With a total budget of 884 man-days, the project was launched in June 2014. Production was implemented in two stages: a test run in June 2015 was followed by general deployment in September 2015.

Goals of the project:

- Improvement of organization, methods, and procedures
- Adherence to regulations
- Optimal allocation of capital reserves
- Improved control of the Group profile risk

IV. Operational-risk management summary

The map of operational risks in 2016 is identical to that for the previous year.

With regard to incidents, while the volume of incidents collected has improved, it still falls short of expectations.

It is vital that business lines understand that they must make an exhaustive report of operational incidents.

The reporting of operational incidents should be facilitated by software that allows for workflow to be shared by the main participants, who thereby have access to the relevant entities, processes, and risks.

Simultaneous to these actions, the ROJIH unit implements channels for information cross-checking with other control units, particularly continual control, through solutions provided by the same software company so that data can be shared (especially relevant units and processes).

V– Business Continuity Plan (BCP)

Consolidation of Group BCP and improved management skills for business continuity

In accordance with BCP policy for maintaining operational conditions, all BCP systems for the bank's priority business lines were updated in 2016.

BCP correspondents have been made aware of the importance of their roles in the event of a crisis, particularly during a logistics backup and transition to fail-soft mode, and until a return to normal for the affected business activity.

The organization of BCP workshops and the presentation of a dedicated package for Moroccan and African banking subsidiaries allowed Group BCP to consolidate and to improve management skills for business continuity. To achieve this, BCP tests under real conditions were carried out successfully by the Wafasalaf, Wafabail, and Wafa IMA subsidiaries.

This same momentum in 2016 also led to the completion of refurbishment of the backup site for the trading floor, as well as the performance of BCP tests for business line qualifications in investment banking.

Internationally, the bank's business continuity managers provided satisfactory responses to questions from various banks (Bank of America, J.P. Morgan, Intesa Sanpaolo, etc.) with regard to the operational maturity of the bank's BCP.

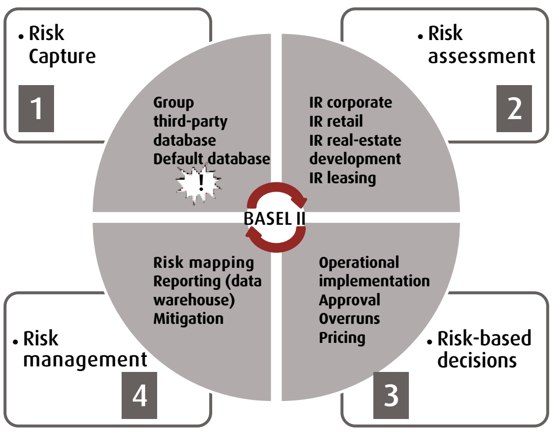
V- Risk Management

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



Internal ratings model

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

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

The adoption of the internal ratings model reflects the Group's determination to comply with international standards of risk management (Basel II). The implementation of a new internal ratings system under EDEN takes into account additional financial criteria, in addition to qualitative and behavioral criteria. It covers most of the bank's commitments. The system's design stems from an analysis of homogeneous classes and from tested statistical analyses.

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

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:

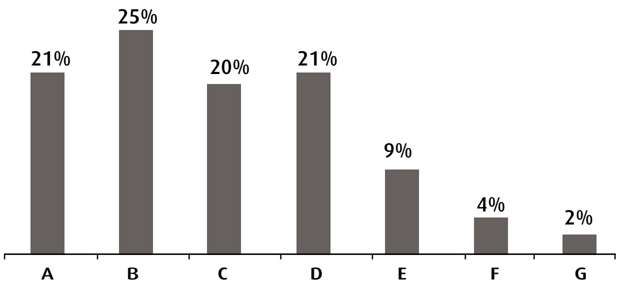
- Scope: corporate portfolio, excluding public administration, finance companies and real estate development companies;
- Attijariwafa bank's ratings model is primarily based on assigning a counterparty rating reflecting the probability of default within one year ;
- This rating is calculated on the 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:

Breakdown of the bank's corporate commitments by risk class %



A charter for operational integration was drawn up. The charter aims to gradually introduce a rating system at the operating level, particularly with regard to lending, guaranties, and price structure.

To promote the transition, the GGRM has actively participated in a PR 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.

Rating the retail segment (very small enterprises, self-employed professionals, retail customers, etc.)

Underpinned by the time-tested expertise of the bank's risk managers, technological advances, and statisticians, Risk Management continues to fine-tune the retail-segment rating models it first introduced in 2014. These models provide the foundation for decision-support tools based on quantitative and qualitative data as well as on customer behavior, and they allow for more standardized decision making and risk control.

After three years of actual use of the rating models (very small enterprises and professionals), the models were backtested and areas for improvement were identified. The new versions of the models feature improved predictive power enhanced by new data blocks such as external data (CBR type) and utility data (card-use patterns for payment and cash withdrawal). This process conforms completely to the notion of Big Data and is designed to improve the level of decision support for the benefit of risk managers.

Continual monitoring of models, and adjustment of rules for decision making in close collaboration with risk managers, resulted in dramatic improvement in the capacity for processing requests and in the convergence rate between automated rating and human judgment. The software initially intended for risk management is now used for commercial 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.

The process for rating self-employed professionals was also improved in 2016, in order to fully integrate this client segment into the global system implemented by the bank. This confirms the Group's strategic commitment to solidly finance its retail-customer business.

A rating hub was set up to standardize the rating approach for subsidiaries and for other targets and products. The bank plans to digitalize ratings by means of e-banking solutions so that customers can receive online replies to loan requests.

Advances in Basel II

Reform of corporate rating models

In view of improving ratings models and adapting them to the bank's portfolio, corporate rating models (SME and large companies) were overhauled in 2016 by integrating the experience of risk managers and the results of statistical stress tests. These measures improved the models' predictive power.

The implementation of new models using easily adaptable software will be effective in 2017, in compliance with the requirements of Basel II and the new IFRS 9.

Real Estate Development & Finance Project segment

A ratings system for real-estate development projects was implemented in 2014, on the basis of qualitative and quantitative variables assessed by expert valuation.

Highlights of 2016 included the launch of an overhaul of the ratings model for projects and the implementation of a model for developers, the latter with the help of an international firm. The guiding principle was to favor a dynamic approach for project ratings that take the project's life cycle into account.

The rating of the Project Finance segment will be carried out in this mission's second stage. Priority is given to the energy sector.

Subsidiaries

The expansion of the internal ratings system is under way or finalized, both for Moroccan and international subsidiaries, particularly the SIB in Ivory Coast and Attijari bank in Tunisia.

One of the key concerns of GGRM is how to help Group subsidiaries. Ratings systems for international subsidiaries are currently being deployed. A ratings system was deployed at the ABT (Tunisia) site in 2014, and a new ratings system at SIB (Ivory Coast) is currently being completed. The ratings system for other subsidiaries will be expanded in 2017.

In collaboration with the Wafabail subsidiary, the Risk Management unit has developed a risk-management ratings model for asset purchases. This system is designed to assess asset impairment where assets are being sold for customers that have been declared contentious. The model is based on the asset's intrinsic information and on qualitative information about the debtor.

A ratings project has been launched for Attijari Factoring. The project will provide the subsidiary with a ratings system to assess credit risk in its factoring business.

Collection and loss model

A global effort for the implementation of a payment-collection system is now under way. It gives priority coverage to operating needs, but also provides a loss basis for LGD modeling.

Risk-data warehouse

The risk-data warehouse now plays a vital role in risk management. The risk-data warehouse provides a centralized view of the bank's portfolio and allows close monitoring of risk zones by means of a sector-based approach. The system allows risk-management teams to publish occasional reports on risk mapping, to monitor the portfolio's ratings, and to determine risk indicators in accordance with various analytical factors (e.g., business sector, business center, region, market). The data warehouse also allows for historical data to be stored for the design and backtesting of internal ratings models, studies, and specific analyses.

Similarly, a warehouse for financial information was also established. This database computes the average ratios per business sector and facilitates the interpretation of financial indicators for Moroccan companies. Other applications based on the same environment have been implemented to meet the needs for global risk management, especially risk oversight (alerts, watch lists, etc.).

Several pre-certification missions were carried out with regard to Basel II. Conclusions of the missions reaffirm the Group's risk-management approach with regard to prudential rules set forth by the Central Bank and required for a mature banking sector.

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, 2016, outstanding free treasury securities amounted to MAD 34.3 billion, compared with MAD 40.8 billion a year earlier.

Available liquidity reserves

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

At December 31, 2016, high-quality liquid assets totaled MAD 41.8 billion, compared with MAD 37.3 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, 2016, 12-month wholesale liquidity gaps totaled MAD 18.0 billion, compared with MAD 18.2 billion a year earlier. The coverage rate for high-quality liquid assets stood at 232% at December 31, 2016, compared with 205% at December 31, 2015.

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, 2016, 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	150	86	67
Liability flow	115	102	85
Static liquidity gap	35	-16	-18

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, 2016, the LCR stood at 142%, compared with 155% at December 31, 2015.

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, 2016, the NSFR stood at 134%, compared with 137% at December 31, 2015.

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, 2016 (in MAD billions), were as follows:

(MAD billions)s

	0-1 year	1 to 5 years	more than 5 years
Asset flow	102	83	52
Liability flow	110	71	57
Rate gap	-8	12	-5

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, 2016, the sensitivity for a 100 bp rise was MAD -17 million (–0.25%) from the estimated interest margin, and MAD –579 million (–1.8%) 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 :

Risks and Capital Adequacy

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 bank Europe	Banking	France	IG	99.78%	99.78%
Attijari International Bank	Banking	Morocco	IG	100.00%	100.00%
CBAO Groupe Attijariwafa bank	Banking	Senegal	IG	83.07%	83.01%
Attijari bank Tunisie	Banking	Tunisia	IG	58.98%	58.98%
La Banque Internationale pour le Mali	Banking	Mali	IG	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	75.00%	75.00%
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	55.00%	55.00%
Wafasalaf	Consumer credit	Morocco	IG	50.91%	50.91%
Wafabail	Leasing	Morocco	IG	97.83%	97.83%
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.

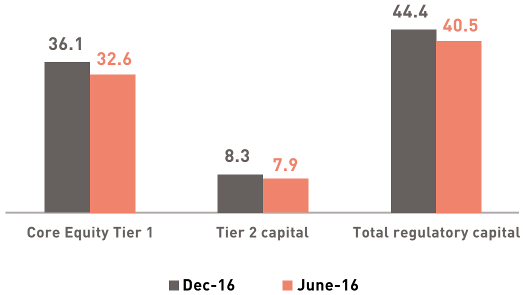
Tier 2 capital consists mainly of subordinated debt whose initial maturity is less than five years. An annual discount of 20% is applied to subordinated debt with less than five years of residual maturity. Tier 2 capital is restricted to 3% of risk-weighted assets.

(in MAD thousands)

	Dec-16	June-16
Tier 1 capital= CET1+AT1	**36,103,150**	**32,571,718**
Items to be included in core capital	43,695,364	40,541,382
Share capital	2,035,272	2,035,272
Reserves	35,904,290	34,406,865
Retained earnings	2,317,048	1,436,683
Minority interests	3,584,268	2,892,854
Ineligible core capital	-145,514	-230,293
Items to be deducted from core capital	-8,092,214	-7,969,665
Core Equity Tier 1 (CET1)	**35,603,150**	**32,571,718**
Additional Tier 1 capital (AT1)	**500,000**	**-**
Tier 2 capital	**8,289,691**	**7,937,189**
Subordinated debt with maturity of at least five years	8,065,549	7,699,756
Unrealized gains from marketable securities	146,831	192,002
Other items	141,812	144,431
Ineligible Tier 2 capital	**-64,500**	**-99,000**
Total regulatory capital	**44,392,841**	**40,508,906**

At December 31, 2016, Group statutory shareholders' equity amounted to KMAD 36 103 150. They include KMAD 500 000 additional Tier 1 following the issuance of perpetual subordinated debts in December 2016 fulfilling the eligibility criteria for additional Tier 1 as described by Bank Al Maghrib circular 14/G/2013. Group Tier 2 capital amounted to **MAD 8,289,691 thousand**. Total capital amounted to **MAD 44,392,841 thousand**, 9.6% more than in June 2016.

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



4- Solvency ratios

At 31 December 2016, the Group's Core Equity Tier 1 ratio (T1) amounted to 10.81% and its capital adequacy ratio stood at 13.29%.

(in MAD thousands)

	Dec-16	June-16
Core capital	36,103,150	32,571,718
Total capital	44,392,841	40,508,906
Risk-weighted assets	**333,999,394**	**323,968,917**
Core equity Tier 1 ratio (CET1)	**10.81%**	**10.05%**
Capital adequacy ratio	**13.29%**	**12.50%**

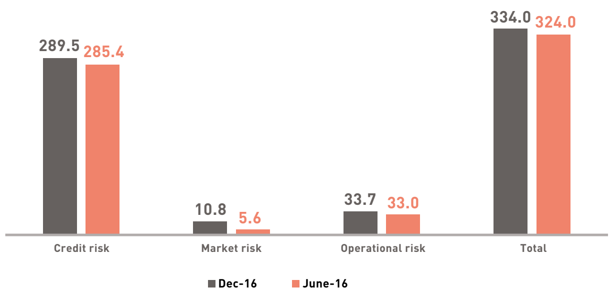
II. Capital requirements and risk-weighted assets of Attijariwafa bank Group

At December 31, 2016, 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 333,999,394 thousand**. Risk-weighted assets are calculated by means of the standardized approach for credit, counterparty, and market risks, and by means of the Basic Indicator approach for operational risks.

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

- **Changes in weighted risks in Attijariwafa bank Group**

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%.

• Capital requirements and risk-weighted assets of Attijariwafa bank Group:

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

(in MAD thousands)

	December 16		June 2016		Change	
	Risk-weighted assets	Capital requirements[3]	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Credit risk on balance sheet	**230,334,212**	**18,426,737**	**229,826,636**	**18,386,131**	**507,576**	**40,606**
Sovereigns	10,795,819	863,666	10,817,665	865,413	-21,846	-1,748
Institutions	11,140,332	891,227	11,220,854	897,668	-80,522	-6,442
Corporate	164,289,132	13,143,131	165,798,625	13,263,890	-1,509,494	-120,760
Retail	44,108,929	3,528,714	41,989,491	3,359,159	2,119,438	169,555
Credit risk off balance sheet	**36,062,173**	**2,884,974**	**34,008,141**	**2,720,651**	**2,054,032**	**164,323**
Sovereigns	200,000	16,000	1,748	140	198,252	15,860
Institutions	1,242,027	99,362	1,296,456	103,716	-54,429	-4,354
Companies	34,368,914	2,749,513	32,498,113	2,599,849	1,870,801	149,664
Retail customers	251,232	20,099	211,824	16,946	39,408	3,153
Counterparty risk[4]	**2,133,914**	**170,713**	**1,980,015**	**158,401**	**153,899**	**12,312**
Institutions	817,447	65,396	730,409	58,433	87,038	6,963
Companies	1,316,467	105,317	1,249,605	99,968	66,861	5,349
Credit risk from other assets[5]	**20,944,965**	**1,675,597**	**19,554,328**	**1,564,346**	**1,390,636**	**111,251**
Market risk	**10,839,341**	**867,147**	**5,632,221**	**450,578**	**5,207,120**	**416,570**
Operational risk	**33,684,790**	**2,694,783**	**32,967,577**	**2,637,406**	**717,213**	**57,377**
Total	**333,999,394**	**26,719,952**	**323,968,917**	**25,917,513**	**10,030,477**	**802,438**

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.

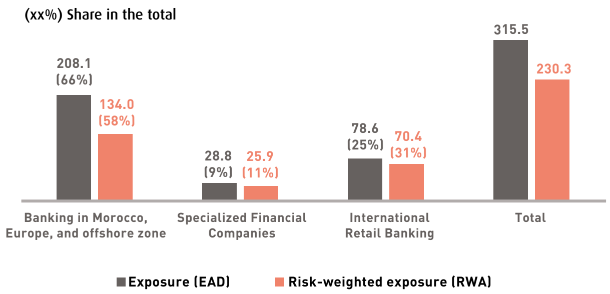
(in MAD thousands)

	Exposure before CRM (EAD)[6]		Risk-weighted exposure after CRM (RWA)	
	BALANCE SHEET	OFF BALANCE SHEET[7]	BALANCE SHEET	OFF BALANCE SHEET
Sovereigns	27,896,812	9,219,694	10,795,819	200,000
Institutions	21,293,774	276,325	179,388	20,000
Credit establishments and equivalent	20,164,113	7,597,173	10,960,944	1,222,027
Large enterprises	164,884,623	89,147,627	164,289,132	34,368,914
Retail customers	81,326,188	841,922	44,108,929	251,232
Total	**315,565,509**	**107,082,740**	**230,334,212**	**36,062,173**

• Analysis of balance-sheet credit risk by business line

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

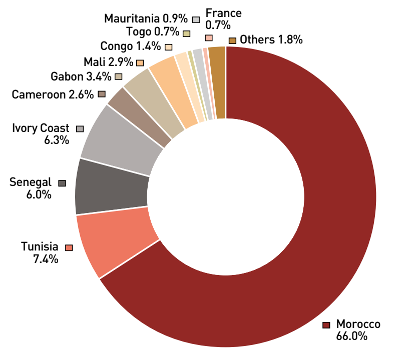
Breakdown of credit risk by business activity in 2016 (in MAD billions)



• Geographic analysis of risk-weighted assets

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

Geographical breakdown of weighted risks



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, 2016, the Group's net exposure to counterparty risk to security-financed transactions and derivative products totaled **MAD 14,080,013 thousand**, 44% less than at June 2016. Risk-weighted exposure came to **MAD 2,133,914 thousand**, 8% more than at June 30, 2016.

(in MAD thousands)

	December 16		June 2016	
	Exposure at default (EAD)	Risk-weighted assets (RWA)	Exposure at default (EAD)	Risk-weighted assets (RWA)
Sovereign	1,971,488	0	14,602,199	0
Credit establishments and equivalent	3,830,398	817,447	5,497,186	730,409
Corporate	8,278,127	1,316,467	5,175,815	1,249,605
Total	**14,080,013**	**2,133,914**	**25,275,200**	**1,980,015**

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.

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.

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	December 16	June 2016
Interest-rate risk	**717,094**	**420,176**
Specific interest-rate risk	130,159	67,081
General interest-rate risk	586,935	353,095
Equity risk	**11,722**	**20,368**
Currency risk	**138,295**	**8,806**
Commodity risk	**37**	**1,228**
Total	**867,147**	**450,578**

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
June 2016	1,502,922	335,037	799,447	2,637,407
Dec 2016	1,537,983	329,559	818,369	2,694,783

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 2016, as well as the hedge amounts for credit risk included in the calculation of risk-weighted assets (standardised approach) at the end of 2016:

(in MAD thousands)

	Dec-16
Guarantees and collateral	**161,014,906**
Guarantees	3,742,471
Real[8] and financial collateral	157,272,435
Guarantees and collateral eligible for the standardised approach	**60,755,596**
Guarantees	3,742,471
Real and financial collateral	57,013,125
Mortgage on residential home loan	51,130,931
Mortgage on commercial lease	5,882,194
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.

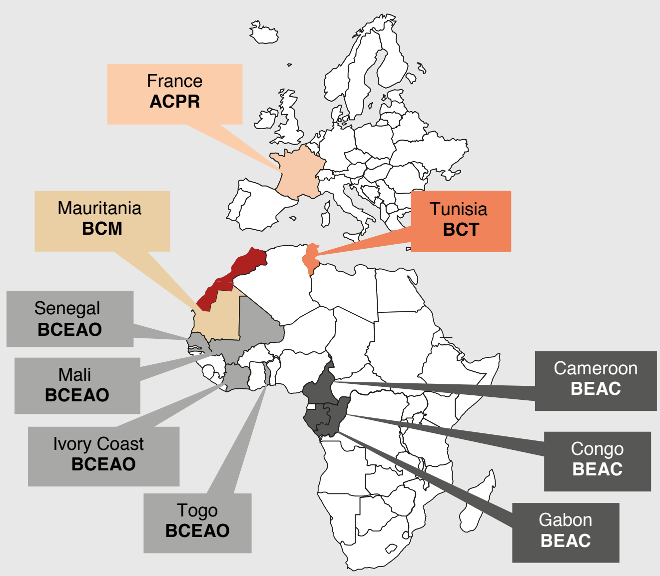
All subsidiary credit institutions in Morocco: Wafabail, Wafasalaf, and Attijari Factoring individually report their solvency ratios to Bank Al-Maghrib, as governed by:

- 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



BCT: Tunisian Central Bank

BCM: Mauritanian Central Bank

ACPR: Prudential Supervisory Authority

BCEAO: Central Bank of West African States, which oversees banks operating in the WAEMU

BEAC: Central Africa Bank that oversees banks operating in the CAEMC zone

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%	32,661,541	229,321,605	14.24%	32,661,541	229,321,605
Wafasalaf	Bank Al-Maghrib	12%	1,367,685	11,367,601	12.03%	1,367,685	11,367,601
Wafabail	Bank Al-Maghrib	12%	1,111,583	9,007,641	12.34%	1,111,583	9,007,641
wafa Immobilier	Bank Al-Maghrib	12%	53,886	283,081	19.04%	53,886	283,081
Attijari Factoring	Bank Al-Maghrib	12%	175,560	765,101	22.95%	175,560	765,101
Attijari bank Tunisie	BCT	10%	526,758	4,964,457	10.61%	2,305,567	21,728,932
CBAO	BCEAO	8%	66,905,000	560,302,000	11.94%	1,086,671	9,100,425
Attijariwafa bank Europe	ACPR	12%	42,586	334,868	12.72%	453,711	3,567,684

9) Exchange rates: 1 TND = MAD 4.3769; 1 FCFA = MAD 0.016242; EUR = MAD 10.654.

Subsidiaries	Regulatory authority	Margin	Minimum solvency margin	Ratio
Wafa Assurance	ACAPS	6,274,721	1,840,744	340.88%

IV. Internal capital management

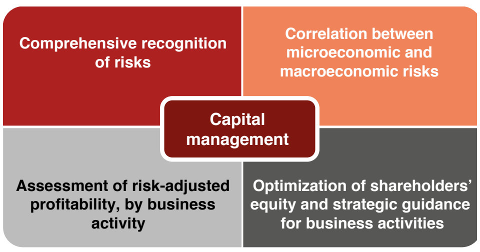
1- Capital management

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 2016, 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 2016 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

Projection including Attijariwafa Bank Egypt starting from June 2017

In MAD billion	dec.-16	june-17 F	dec.- 17 F	june-18 F
Tier 1 capital	27.2	23,8	23,6	23,6
Tier 2 capital	5.5	6,0	6,1	7,4
Total regulatory capital	**32.7**	**29,8**	**29,7**	**31,0**
Risk-weighted assets	**229,3**	**235,3**	**240,9**	**246,9**
Core equity Tier 1 ratio	11,84%	10,13%	9,78%	9,55%
Capital adequacy ratio	14,24%	12,68%	12,34%	12,55%

Forecast ratio in a consolidated basis

Projection1 including Attijariwafa Bank Egypt starting from June 2017

Projections conducted with a constant prudential environment and constant accounting standard

In MAD billion	dec.-16	june-17 F	dec.- 17 F	june-18 F
Tier 1 capital	36,1	34,1	35,6	37,1
Tier 2 capital	8,3	9,0	9,3	9,8
Total regulatory capital	**44,4**	**43,2**	**44,9**	**46,8**
Risk-weighted assets	**334,0**	**355,1**	**366,6**	**380,8**
Core equity Tier 1 ratio	10,81%	9,61%	9,71%	9,74%
Capital adequacy ratio	13,29%	12,15%	12,24%	12,30%

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	Function	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.

Member	Function	Title
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. Saad BENJELLOUN	Head of the Great Casablanca region	Deputy Managing Director
Mr. Saad BENWAHOUD	Head of North-West region	Deputy Managing Director
Mr. Said SEBTI	Head of North-East region	Deputy Managing Director
Mr. Mohamed BOUBRIK	Head of South-West region	Executive Director
Mr. Rachid EL BOUZIDI	Retail Banking Support Functions	Executive Director
Mr. Fouad MAGHOUS	Head of South region	Executive Director
Mr. Hassan BEDRAOUI	Managing Director, Attijariwafa bank Europe	Deputy Managing Director
Mr. Mouaouia ESSEKELLI	Transaction Banking Group	Deputy Managing Director
Mr. Omar GHOMARI	Specialized Financial Companies	Deputy Managing Director
Mrs. Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Deputy Managing Director

1) Projections at a constant prudential environment and a constant accounting standard.

Mr. Jamal AHIZOUNE	International Retail Banking	Deputy Managing Director
Mr. Youssef ROUISSI	Corporate & Investment Banking	Deputy Managing Director
Mr. Hassan BERTAL	Transformation Office	Deputy Managing Director
Mr. Younes BELABED	Group General Audit	Executive Director
Mrs Saloua BENMEHREZ	Group Communication	Executive Director
Mr. Ismail EL FILALI	Back Offices and Customer Services	Executive Director
Mrs Malika EL YOUNSI	Group Legal Advisory	Executive Director
Mr. Badr ALIOUA	Private Banking	Executive Director
Mr. Rachid KETTANI	Group Finance Division	Executive Director
Mrs. Soumaya LRHEZZIOUI	Group Information Systems	Executive Director
Mr. Driss MAGHRAOUI	Retail & Business Markets	Executive Director
Mr. Mohamed SOUSSI	Group 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.

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

• 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

Member	Function
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

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

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, 2016, expressly approves the summary financial statements for financial year 2016, as presented, as well as the transactions reflected in those financial statements or summarized in those reports, which show earnings of MAD 6,936,134,617.92*.

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 6,936,134,617.92 as follows:

Net income for the year	6,936,134,617.92*
Earnings brought forward	159,816.30
DISTRIBUTABLE EARNINGS	**6,936,294,434.22**
ALLOCATION:	
Statutory dividend 6%	122,116,335.60
Amount necessary to raise the dividend per share to MAD 12	2,320,210,376.40
TOTAL DISTRIBUTION OF	**2,442,326,712.00**
Allocation to extraordinary reserves	4,493,500,000.00
Retained earnings	467,722.22

Accordingly, the Ordinary General Meeting resolves to allocate to each share constituting the Company's share capital an annual dividend of MAD 12, payable as from July 3rd, 2017, at the bank's headquarters, in compliance with the regulations in force.

* Net income of Attijariwafa bank Morocco (excluding foreign branches). The aggregate net profit amounted to MAD 6,935,048 thousands.

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 2017. 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 directors' mandates of SNI, represented by Mr Hassan Ouriagli, of Mr Abed Yacoubi Soussane and of Mr Abdelmjid Tazlaoui 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 the financial year 2022.

Seventh Resolution

The General Meeting, having acknowledged the expiration of the term of the Statutory Auditors Ernst & Young and Fidaroc Grant Thornton, hereby resolves to appoint external auditors for the financial years ending December 31, 2017,2018 and 2019**.

Eighth 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.

** The name of the new external auditors will be included in the current resolution after completion of the formalities

Consolidated Financial Statements

Auditors' report on consolidated financial statements

Year ended December 31, 2016

Fidaroc Grant Thornton
47, rue Allal Ben Abdellah
20 000 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, 2016

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, 2016, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement for the year ended December 31, 2016, and notes containing a summary of accounting principles used and other explanations. The financial statements show consolidated equity of MAD 47,411,083 thousand and consolidated net income of MAD 5,653,125 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, 2016, 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, April 19,2017

The Statutory Auditors

FIDAROC GRANT THORNTON

Faïçal MEKOUAR
Partner

ERNST & YOUNG

Bachir TAZI
Partner

FINANCIAL STATEMENTS
Consolidated Financial Statements at 31 December 2016

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.

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

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

<u>Securities' impairment criteria:</u>

- 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 2016

CONSOLIDATED IFRS BALANCE SHEET at 31 December 2016

(thousand MAD)

ASSETS (under IFRS)	Notes	12/31/2016	12/31/2015
Cash and balances with central banks. the Treasury and post office accounts		14 141 202	12 580 486
Financial assets at fair value through income	2.1	50 454 731	58 297 966
Derivative hedging instruments			-
Available-for-sale financial assets	2.2	35 701 001	33 000 427
loans and advances to credit institutions and similar establishments	2.3	22 625 866	21 179 662
loans and advances to customers	2.4	271 627 179	252 918 815
interest rate hedging reserve			-
held-to-maturity investments		8 015 501	7 916 008
Current tax assets	2.5	39 319	395 789
Deferred tax assets	2.5	539 849	516 412
Other assets	2.6	7 585 194	7 973 730
Participations of insured parties in differed profits	2.2	2 066 502	893 528
Non-current assets held for sale		87 538	98 622
Investments in companies accounted for under the equity method	2.7	94 908	102 952
Investment property	2.8	2 020 107	1 875 923
Property. plant and equipment	2.9	5 428 512	4 953 082
Intangible assets	2.9	1 683 656	1 708 144
goodwill	2.10	6 655 000	6 667 144
TOTAL ASSETS		**428 766 067**	**411 078 692**

LIABILITIES (under IFRS)	Notes	12/31/2016	12/31/2015
Amounts owing to central banks. the Treasury and post office accounts		160 715	165 236
Financial liabilities at fair value through income	2.11	1 033 814	1 090 129
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	28 282 255	32 511 095
Customer deposits	2.13	286 264 527	274 514 736
Debt securities issued	2.14	11 243 383	13 743 666
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	709 425	296 624
Deferred tax liabilities	2.5	2 340 944	1 782 425
Other liabilities	2.6	9 881 260	8 848 300
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		25 960 939	23 873 972
General provisions	2.15	1 771 087	1 513 117
Subsidies. public funds and special guarantee funds		141 392	153 865
Subordinated debt	2.14	13 565 244	11 356 370
Share capital and related reserves		10 151 765	10 151 765
Consolidated reserves		30 861 381	24 905 872
- Group share		*25 059 651*	*21 420 642*
- Minority interests		*5 801 729*	*3 485 230*
Unrealised deferred capital gains or losses, Group share		744 812	871 352
Net income for the financial year		5 653 125	5 300 168
- Group share		*4 757 421*	*4 501 781*
- Minority interests		*895 705*	*798 387*
TOTAL LIABILITIES		**428 766 067**	**411 078 692**

CONSOLIDATED INCOME STATEMENT UNDER IFRS at 31 December 2016

(thousand MAD)

	Notes	12/31/2016	12/31/2015
interest and similar income	3.1	17 117 126	17 336 355
interest and similar expenses	3.1	5 504 228	5 935 421
NET INTEREST MARGIN		**11 612 899**	**11 400 934**
Fees received	3.2	4 991 813	4 566 042
Fees paid	3.2	573 539	525 758
NET FEE INCOME		**4 418 274**	**4 040 284**
Net gains or losses on financial instruments at fair value through income	3.3	3 063 010	2 944 577
Net gains or losses on available-for-sale financial assets	3.4	347 472	183 561
INCOME FROM MARKET ACTIVITIES		**3 410 482**	**3 128 139**
income from other activities	3.5	7 174 835	6 482 827
Expenses on other activities	3.5	6 943 163	6 055 166
NET BANKING INCOME		**19 673 327**	**18 997 018**
general operating expenses		8 246 893	7 959 562
Depreciation, amortisation and provisions		896 005	851 162
GROSS OPERATING INCOME		**10 530 429**	**10 186 295**
Cost of risk	3.7	-2 001 359	-2 217 045
OPERATING INCOME		**8 529 070**	**7 969 250**
Net income from companies accounted for under the equity method		3 538	12 471
Net gains or losses on other assets	3.8	54 596	122 573
Changes in value of goodwill		-	
PRE-TAX INCOME		**8 587 204**	**8 104 295**
income tax		2 934 078	2 804 127
NET INCOME		**5 653 125**	**5 300 168**
Minority interests		895 705	798 387
NET INCOME GROUP SHARE		**4 757 421**	**4 501 781**
Earnings per share (in dirhams)		23,37	22,12
Dividend per share (in dirhams)		23,37	22,12

STATEMENT OF NET INCOME AND GAINS AND LOSSES DIRECTLY RECORDED IN SHAREHOLDERS EQUITY at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
NET INCOME	**5 653 125**	**5 300 168**
Asset and liability variations directly recorded in shareholders equity	405 264	-41 481
Translation gains or losses	-368 393	-3 566
Variation in value of financial assets available for sale	785 239	-11 534
Revaluation of fixed assets		
Variations in differed value of derivative coverage instruments		
Items regarding enterprises by equity method	-11 582	-26 380
Total	**6 058 390**	**5 258 687**
Group share	4 399 551	4 486 083
Minority interest share	1 658 839	772 604

TABLE OF SHAREHOLDERS EQUITY VARIATION at 31 December 2016

(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 2014		2 035 272	8 116 493	-2 050 326	26 926 196	493 918	35 521 553	4 880 425	40 401 978
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2014		2 035 272	8 116 493	-2 050 326	26 926 196	493 918	35 521 553	4 880 425	40 401 978
Transactions related to share capital					216 227		216 227	70 184	286 411
Share-based payments									
Transactions related to treasury stock									
Dividends					-1 987 034		-1 987 034	-643 595	-2 630 629
Net income					4 501 781		4 501 781	798 387	5 300 168
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					20 262	20 262	-31 796	-11 534
Translation gains and losses	(B)					-9 579	-9 579	6 013	-3 566
Total assets and liabilities entered directly in capital	(A)+(B)					10 683	10 683	-25 783	-15 101
Other variations					-1 346 800		-1 346 800	-796 001	-2 142 801
Perimeter variation					29 131		29 131		29 131
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 for the period					4 757 421		4 757 421	895 705	5 653 125
Total assets and liabilities entered directly in capital	(C)					-126 541	-126 541	911 780	785 239
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-219 748	-219 748	-148 645	-368 393
Latent or differed gains or losses	(C)+(D)	-	-	-	-	-346 288	-346 288	763 135	416 846
Other variations				-432 988	-1 542 433		-1 975 421	661 339	-1 314 082
Changes in scope of consolidation							-		-
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**

CONSOLIDATED CASH FLOW STATEMENT at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Pre-tax income	**8 587 204**	**8 104 295**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	1 045 487	970 533
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	2 387	104 831
+/- Net provisions	2 016 267	2 422 800
+/- Net income from companies accounted for under the equity method	-3 538	-12 471
+/- Net gain/loss from investment activities	-541 050	-439 553
+/- Net gain/loss from financing activities		
+/- Other movements	5 360	-129 765
Total non-cash items included in pre-tax income and other adjustments	**2 524 912**	**2 916 376**
+/- Flows relating to transactions with credit institutions and similar establishments	7 729 733	-14 549 064
+/- Flows relating to transactions with customers	-6 982 931	16 854 982
+/- Flows relating to other transactions affecting financial assets or liabilities	7 365 147	-5 564 823
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- taxes paid	-2 750 907	-3 101 911
Net increase/decrease in operating assets and liabilities	**5 361 042**	**-6 360 817**
Net cash flow from operating activities	**16 473 158**	**4 659 853**
+/- Flows relating to financial assets and investments	5 152 260	-2 609 365
+/- Flows relating to investment property	-144 184	-75 423
+/- Flows relating to plant, property and equipment and intangible assets	-450 941	-671 838
Net cash flow from investment activities	**4 557 134**	**-3 356 626**
+/- Cash flows from or to shareholders	-5 679 918	-2 630 629
+/- Other net cash flows from financing activities	-261 530	930 931
Net cash flow from financing activities	**-5 941 448**	**-1 699 698**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-235 183**	**75 864**
Net increase (decrease) in cash and cash equivalents	**14 853 662**	**-320 606**

	12/31/2016	12/31/2015
Cash and cash equivalents at the beginning of the period	**-997 287**	**-676 681**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	12 415 251	8 707 054
Inter-bank balances with credit institutions and similar establishments	-13 412 538	-9 383 735
Cash and cash equivalents at the end 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
Net change in cash and cash equivalents	**14 853 662**	**-320 606**

2. NOTES RELATED TO THE BALANCE SHEET

2.1 Financial assets at fair value through income at 31 December 2016

(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	4	
Treasury notes and similar securities	26 501 813	
Bonds and other fixed income securities	**1 470 735**	
· listed securities		
· unlisted securities	1 470 735	
Shares and other equity securities	**21 732 126**	
· listed securities	21 732 126	
· unlisted securities		
Derivative instruments	**622 434**	
Related loans	**127 620**	
Fair value on the balance sheet	**50 454 731**	

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Securities valued at fair value		
· treasury notes and similar securities	**9 883 761**	**9 843 386**
· Bonds and other fixed income securities	**14 109 426**	**13 088 319**
· listed securities	9 282 366	7 593 569
· unlisted securities	4 827 060	5 494 750
· Shares and other equity securities	**5 371 761**	**3 904 388**
· listed securities	1 260 808	729 269
· unlisted securities	4 110 953	3 175 119
· Securities in non-consolidated affiliates	**8 402 556**	**7 057 863**
total available-for-sale securities	**37 767 504**	**33 893 955**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 19,520 million at the end of December 2016 vs. MAD 16,987 million at the end of December 2015.

2.2.2 Underlying gains and losses on financial assets available for sale at 31 December 2016

(thousand MAD)

	12/31/2016			12/31/2015		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	9 883 761	648 000	-78 419	9 843 386	593 001	-108 173
Bonds and other fixed income securities	14 109 426	244 866	-132 229	13 088 319	374 452	-81 065
Share and other variable income securities	5 371 761	1 285 537	-69 800	3 904 388	237 045	-173 883
Non consolidated equity interest securities	8 402 556	1 122 259	-279 860	7 057 863	860 522	-214 272
Balance sheet value of assets available for sale	**37 767 504**			**33 893 955**	-	-
Total underlying gains and losses		3 300 662	-560 308		2 065 020	-577 394
Differed taxes		-1 044 291	200 528		-582 343	206 068
Underlying gins and losses on net financial assets available for sale		2 256 371	-359 780		1 482 677	-371 325
Underlying gains and losses on net financial assets available for sale Group share		**970 432**	**-225 620**		**1 181 282**	**-309 930**

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Credit institutions		
Accounts and loans	19 771 940	20 585 285
Securities received under repo agreements	2 601 966	18 096
Subordinated loans	6 128	10 849
Other loans and advances	156 761	492 539
Total principal	**22 536 795**	**21 106 768**
Related loans	111 954	99 153
Provisions	22 883	26 260
Net value	**22 625 866**	**21 179 662**
Internal operations		
Regular accounts	4 336 842	7 350 273
Accounts and long-term advances	30 257 528	23 472 375
Related loans	238 458	227 113

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Morocco	12 678 146	8 156 760
Tunisia	1 431 985	1 417 177
Sub-Saharan Africa	3 265 557	2 356 124
Europe	2 270 922	6 169 633
Others	2 890 185	3 007 074
Total principal	**22 536 795**	**21 106 768**
Related loans	111 954	99 153
Provisions	22 883	26 260
Net value on the balance sheet	**22 625 866**	**21 179 662**

2.3.3 Breakdown of loans and advances to credit institutions per remaining term at 31 December 2016

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	6 159 529	9 661 283	1 169 253	5 523 846	22 513 912

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Transactions with customers		
Commercial loans	38 769 623	35 193 162
Other loans and advances to customers	200 851 839	184 905 880
Securities received under repo agreements	215 441	27 916
Current accounts in debit	26 930 436	28 171 206
Total principal	**266 767 340**	**248 298 165**
Related loans	1 761 434	1 600 192
Provisions	14 142 848	13 268 149
Net value	**254 385 926**	**236 630 208**
Leasing		
Property leasing	3 280 267	3 333 079
Leasing of movable property, long-term rental and similar activities	14 381 463	13 340 520
Total principal	**17 661 729**	**16 673 599**
Related loans	6 063	1 323
Provisions	426 539	386 316
Net value	**17 241 253**	**16 288 607**
Total	**271 627 179**	**252 918 815**

2.4.2 Loans and advances to customers by geographical area at 31 December 2016

(thousand MAD)

	12/31/2016				12/31/2015			
country	healthy outstandings	impaired outstandings	individual provisions	collective provisions	healthy outstandings	impaired outstandings	individual provisions	collective provisions
Morocco	203 212 978	14 876 802	8 623 017	1 618 762	190 742 015	13 493 447	7 862 235	1 551 774
Tunisia	20 772 700	1 295 822	780 206	84 615	19 995 518	1 458 111	850 310	94 058
Sub-Saharan Africa	39 232 368	3 941 463	2 940 685	512 052	34 209 374	4 039 348	2 797 677	489 268
Europe	720 966	10 930	10 024		212 467	10 873	9 142	-
Others	365 002	39	25		810 611	-	-	-
Total principal	**264 304 014**	**20 125 055**	**12 353 958**	**2 215 429**	**245 969 985**	**19 001 779**	**11 519 364**	**2 135 101**
Related loans	1 767 497				1 601 516			
Net value on the balance sheet	**266 071 511**	**20 125 055**	**12 353 958**	**2 215 429**	**247 571 501**	**19 001 779**	**11 519 364**	**2 135 101**

2.4.3 Loans and advances to customer per economic operator at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Corporate entities	180 562 786	164 421 836
Including Large Enterprises	114 610 750	105 609 585
Private individuals	89 296 896	86 895 463
Total	**269 859 682**	**251 317 299**
Related loans	1 767 497	1 601 516
Net value on balance sheet	**271 627 179**	**252 918 815**

2.4.4 Breakdown of loans and advances per remaining term at 31 December 2016

(thousand MAD)

	< = 3mois	Entre 3 mois et 1an	Entre 1 an et 5 ans	> 5 ans	Total
Loans and advances to custumers	60 943 867	51 307 163	94 687 903	57 365 081	264 304 014

The fair value of healthy outstanding loans to customers and credit institutions is estimated at 290,436 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Current taxes	39 319	395 789
Deffered taxes	539 849	516 412
Current and differed tax assets	**579 168**	**912 200**
Current taxes	709 425	296 624
Deffered taxes	2 340 944	1 782 425
Current and differed tax liabilities	**3 050 369**	**2 079 049**

2.5.2 Net income tax at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Current taxes	-3 109 751	-2 750 907
Net FY differed taxes	175 673	-53 219
Net income tax	**-2 934 078**	**-2 804 127**

2.5.3 Actual tax rate at 31 December 2016

	12/31/2016	12/31/2015
Net income	5 653 125	5 300 168
Income tax	2 934 078	2 804 127
Average actual income tax	**34,2%**	**34,6%**

ANALYSIS OF ACTUAL INCOME TAX at 31 December 2016

	12/31/2016	12/31/2015
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-0,9%	-1,2%
Permanent differences	1,9%	-0,3%
Other items	-3,9%	-1,0%
Average actual tax rate	**34,2%**	**34,6%**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Other Assets	**5 345 214**	**5 342 284**
Sundry debtors	3 135 178	3 129 620
Various securites & uses	166 184	244 913
Other insurance assets	1 615 706	1 574 587
Other	428 145	393 165
Equalization accounts	**2 239 980**	**2 631 445**
Receivables	1 276 942	1 339 508
Expenses identified in advance	161 356	212 287
Other equalization accounts	801 683	1 079 650
Total	**7 585 194**	**7 973 730**

2.6.2 Equalization accounts and other liabilities at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Other Liabilities	**6 107 038**	**5 506 303**
Miscellaneous securities operations	332 700	200 510
Miscellaneous creditors	5 471 824	5 148 029
Other insurance liabilities	302 515	157 765
Equalization accounts	**3 774 222**	**3 341 997**
Payables	1 878 530	1 551 738
Income identified in advance	523 168	472 619
Other equalization accounts	1 372 524	1 317 640
Total	**9 881 260**	**8 848 300**

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 2016

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	94 908	10 612	684 117	64 964	3 538
Net value on balance sheet in MEE companies	**94 908**	**10 612**	**684 117**	**64 964**	**3 538**

Participation of the Group in equity method companies concerns only Moussafir Hotels.

2.8 Investment property at 31 December 2016

(en milliers de dirhams)

	12/31/2015	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2016
Gross value	2 295 961		213 329	15 884	-2 154	2 491 253
Depreciation and provisions	420 038		51 478	-	-371	471 145
Net value on balance sheet	**1 875 923**		**161 852**	**15 884**	**-1 783**	**2 020 107**

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 2016 is estimated at MAD 2,386 million.

2.9 Plant, property and equipment and intangible assets at 31 December 2016

(thousand MAD)

	12/31/2016			12/31/2015		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	3 152 051	1 250 430	1 901 621	3 056 073	1 185 395	1 870 677
Movable property and equipment	3 264 512	2 556 035	708 477	3 074 951	2 574 665	500 286
Leased movable property	577 741	236 197	341 544	502 570	217 040	285 531
Other property, plant and equipment	5 583 602	3 106 732	2 476 870	5 169 400	2 872 811	2 296 589
Total property, plant and equipment	**12 577 907**	**7 149 395**	**5 428 512**	**11 802 994**	**6 849 911**	**4 953 082**
It software acquired	2 937 827	1 922 763	1 015 064	2 688 223	1 701 553	986 670
Other intangible assets	1 195 376	526 784	668 592	1 254 740	533 267	721 474
Total intangible assets	**4 133 203**	**2 449 547**	**1 683 656**	**3 942 964**	**2 234 819**	**1 708 144**

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:

Components	Annual duration of depreciation
Buildings per component	15-50 years
Equipment, furnishings, installations	4-10 years
Rented movable property	N/A
Other fixed assets	15-20 years

Par ailleurs les composants des constructions ont été amortis de la façon suivante :

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 2016

(thousand MAD)

Residual term	For the lessor: Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	32 328
> 1 year ≤ 5 years	364 570
> 5 years	
Total	**396 898**

2.10 Goodwill at 31 December 2016

(thousand MAD)

	12/31/2015	Perimeter variation	Translation gains and losses	Other movements	12/31/2016
Gross value	6 667 144		-12 144		6 655 000
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 667 144**		**-12 144**		**6 655 000**

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 2016, 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 2016

(thousand MAD)

	12/31/2016	12/31/2015
Securities pledged under repo agreements	180 037	289 501
Derivative instruments	853 777	800 627
Fair value on balance sheet	**1 033 814**	**1 090 129**

2.11.2 Derivative instruments per type of risk at 31 December 2016

(thousand MAD)

Per type of risk	Book value		Notional Amount
	Assets	Liabilities	
Exchange rate derivative instruments	245 970	66 683	38 157 802
Interest rate derivative instruments	328 318	83 526	18 814 418
Raw materials derivatives	20 527	20 527	675 362
Other derivative instruments	27 619	683 041	417 735
Total	**622 434**	**853 777**	**58 065 317**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Credit institutions		
Accounts and borrowings	17 845 337	20 744 187
Securities pledged under repo agreement	10 374 681	11 613 967
Total	**28 220 019**	**32 358 154**
Related debt	62 237	152 941
Value on the balance sheet	**28 282 255**	**32 511 095**
Internal group operations		
Current accounts in credit	2 997 242	6 131 550
Accounts and long-term advances	31 532 745	25 379 247
Related debt	149 019	119 306

2.12.2 Breakdown of debts per remaining term at 31 December 2016

(thousand MAD)

	< = months	Between 3 months and 1 year	Between 1 year and 5 years	>5 years	Total
Amounts owing to credit institutions	23 683 766	3 442 086	1 094 167	-	28 220 019

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Ordinary creditor accounts	206 289 781	194 127 296
Savings accounts	60 035 289	64 278 768
Other amounts owing to customers	16 967 469	13 394 138
Securities pledged under repo agreements	1 963 540	1 553 506
Total principal	**285 256 078**	**273 353 707**
Related debt	1 008 449	1 161 029
Value on the balance sheet	**286 264 527**	**274 514 736**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Morocco	211 706 201	202 555 876
Tunisia	23 761 930	23 940 401
Sub-Saharan Africa	44 980 492	42 080 312
Europe	4 598 965	4 249 603
Other	208 490	527 516
Total principal	**285 256 078**	**273 353 707**
Related debt	1 008 449	1 161 029
Value on the balance sheet	**286 264 527**	**274 514 736**

2.13.3 Breakdown of debts to customers per economic operator at 31 December 2016

(thousand MAD)

	12/31/2016	31/12/2015
Corporate entities	111 197 981	112 706 085
Including large enterprises	31 688 132	33 127 128
Private individuals	174 058 097	160 647 623
Total	**285 256 078**	**273 353 707**
Relevant debts	1 008 449	1 161 029
Net values on balance sheet	**286 264 527**	**274 514 736**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 December 2016

(thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	73 804 207	51 529 644	89 374 406	70 547 821	285 256 078

2.14 Debts represented by security and subordinated debts at 31 December 2016

(thousand MAD)

	12/31/2016	31/12/2015
Other debts represented by a security	**11 243 383**	**13 743 666**
Negotiable debt securities	11 139 034	13 580 234
Bond loans	104 349	163 433
Subordinated debts	**13 565 244**	**11 356 370**
Subordinated loan	13 565 244	11 356 370
with defined term	13 565 244	11 356 370
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**24 808 627**	**25 100 036**

2.15 General provisions at 31 December 2016

(thousand MAD)

	Stock at 12/31/2015	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2016
Provisions for risks in executing signature loans	142 363		13 509		24 917	1 669	132 624
Provisions for social benefit liabilities	464 506		95 691	55 094		-4 657	500 446
Other general provisions	906 250		400 765	13 939	153 261	-1 796	1 138 017
General provisions	**1 513 117**		**509 965**	**69 034**	**178 178**	**-4 784**	**1 771 087**

3- NOTES TO THE INCOME STATEMENT

3.1 Net interest margin at 31 December 2016

(thousand MAD)

	12/31/2016			12/31/2015		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**14 938 444**	**3 552 917**	**11 385 527**	**15 009 389**	**3 734 298**	**11 275 091**
Accounts and loans/borrowings	13 970 399	3 424 520	10 545 879	14 125 333	3 618 959	10 506 374
Repurchase agreements	1 789	128 397	-126 608	3 203	115 338	-112 135
Leasing activities	966 256		966 256	880 853		880 853
Inter-bank transactions	**565 576**	**929 273**	**-363 697**	**670 070**	**1 190 424**	**-520 353**
Accounts and loans/borrowings	564 752	788 160	-223 408	669 219	1 064 629	-395 410
Repurchase agreements	824	141 113	-140 289	852	125 795	-124 943
Debt issued by the group		**1 022 038**	**-1 022 038**	**-**	**1 010 699**	**-1 010 699**
Available-for-sale assets	**1 613 107**		**1 613 107**	**1 656 895**	**-**	**1 656 895**
Total net interest income	**17 117 126**	**5 504 228**	**11 612 899**	**17 336 355**	**5 935 421**	**11 400 934**

3.2 Net fee income at 31 December 2016

(thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**2 249 138**	**75 386**	**2 173 752**
With credit institutions	123 060	59 340	63 720
With customers	1 504 573		1 504 573
On securities	149 770	8 674	141 096
On foreign exchange	71 166	2 021	69 146
On forward financial instruments and other off-balance sheet transactions	400 569	5 352	395 218
Banking and financial services	**2 742 675**	**498 153**	**2 244 522**
Net income from mutual fund management (OPCVM)	358 237	19 738	338 498
Net income from payment services	1 519 225	392 318	1 126 907
Insurance products	10 198		10 198
Other services	855 015	86 097	768 918
Net fee Income	**4 991 813**	**573 539**	**4 418 274**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 December 2016

(thousand MAD)

	31/12/2016	31/12/2015
Fixed income securities	1 982 059	1 689 520
Variable income securities	267 891	127 958
Derivative financial instruments	650 970	990 650
Reassessment of over the counter foreign currency cash positions	162 090	136 450
Total	**3 063 010**	**2 944 577**

3.4 Net gains or losses on financial assets available for sale at 31 December 2016

(thousand MAD)

	31/12/2016	31/12/2015
Income from variable income securities	**372 197**	**284 663**
Income from transfers	**-109 295**	**47 074**
Value added	88 785	156 846
Loss in value	-198 080	-109 772
Gains and losses in value of variable income securities	**84 569**	**-148 176**
Total	**347 472**	**183 561**

3.5 Income and expenses from other activities at 31 December 2016

(thousand MAD)

	31/12/2016			31/12/2015		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	6 749 814	6 293 786	456 029	5 945 850	5 568 745	377 104
Net income from investment property	32 437		32 437	33 339		33 339
Net income from fixed assets rented outright	42 627	12	42 616	205		205
Other income	349 956	649 366	-299 409	503 434	486 420	17 014
Total of interest income and expenses or equivalent	**7 174 835**	**6 943 163**	**231 672**	**6 482 827**	**6 055 166**	**427 662**

3.6 Net income from insurance activity at 31 December 2016

(thousand MAD)

	31/12/2016	31/12/2015
Gross premiums acquired	7 283 661	6 455 695
Variation in technical provisions	-1 389 985	-1 480 352
Contract service expenses	-5 208 090	-4 380 010
Net expenses or income from reassurance transfers	-229 558	-218 228
Total	**456 029**	**377 104**

3.7 Cost of risk at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Additional provisions	**-2 588 392**	**-2 974 926**
Provisions for loan impairment	-2 174 118	-2 594 886
Provisions for signature loans	-13 509	-59 157
Other general provisions	-400 765	-320 882
Provision write-backs	**1 151 439**	**1 557 441**
Provision write-backs for loan impairment	959 322	1 099 667
Provisions write-backs for signature loans	24 917	40 696
Provision write-backs for other general provisions	167 200	417 078
Change in provisions	**-564 405**	**-799 560**
Losses on non-provisioned irrecoverable loans and advances	-58 443	-71 815
Losses on provisioned irrecoverable loans and advances	-556 636	-724 694
Amounts recovered on impaired loans and advances	64 614	85 183
Other losses	-13 939	-88 233
Cost of risk	**-2 001 359**	**-2 217 045**

3.8 Net gains or losses on other activities at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Operating tangible and intangible fixed assets		
Value added from transfers	84 874	122 735
Loss in value transfers	-30 279	-162
Net gains or losses on other activities	**54 596**	**122 573**

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 2016	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	TOTAL
Balance sheet	**267 089 320**	**31 985 181**	**34 082 766**	**95 608 800**	**428 766 067**
Including					
Assets					
Financial assets at fair value through income	42 320 817	194 996	7 199 731	739 187	**50 454 731**
Available-for-sale financial assets	4 317 440	276 010	19 520 402	13 653 652	**37 767 504**
Loans and advances to credit institutions and similar establishments	18 920 591	37 170	66 734	3 601 372	**22 625 866**
Loans and advances to customers	179 392 491	28 627 478	2 832 483	60 774 727	**271 627 179**
Property, plant and equipment	2 535 544	531 760	407 907	1 953 301	**5 428 512**
Liabilities					
Amounts owing to credit institutions and similar establishments	16 602 502	1 209 828		10 469 925	**28 282 255**
Customer deposits	212 649 972	3 762 856	2 039	69 849 659	**286 264 527**
Technical reserves for insurance contracts			25 960 939		**25 960 939**
Subordinated debt	12 770 020	201 299		593 925	**13 565 244**
Shareholders' equity	35 589 561	2 771 993	4 535 909	4 513 619	**47 411 083**

(thousand MAD)

Income statement December 2016	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	Eliminations	TOTAL
Net interest margin	6 798 619	1 057 688	413 670	3 476 460	-133 538	**11 612 899**
Net fee income	2 156 256	913 959	-26 618	1 844 590	-469 913	**4 418 274**
Net banking income	10 601 505	2 324 439	1 435 506	5 807 362	-495 486	**19 673 327**
Operating expenses	4 603 683	822 607	500 514	2 815 574	-495 486	**8 246 893**
Operating income	4 144 697	1 190 529	820 327	2 373 518		**8 529 070**
Net income	2 573 820	749 744	674 937	1 654 624		**5 653 125**
Net income group share	2 549 317	578 748	512 850	1 116 505		**4 757 421**

5. FINANCING COMMITMENTS AND GUARANTEES

5.1 Financing commitments at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Financing commitments given	**24 300 960**	**23 822 415**
To credit institutions and similar establishments	741 820	659 745
To customers	23 559 140	23 162 670
Financing commitments received	**2 333 990**	**3 369 783**
From credit institutions and similar establishments	2 333 990	3 369 783
From the State and other organisations		

5.2 Guarantee commitments at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
Guarantees given	**59 314 248**	**48 657 688**
To credit institutions and similar establishments	10 288 608	8 749 590
To customers	49 025 640	39 908 097
Guarantees received	**39 195 718**	**31 471 698**
From credit institutions and similar establishments	32 988 956	26 760 495
From the State and other organisations providing guarantees	6 206 762	4 711 203

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 2016

(thousand MAD)

	Entreprises consolidées par intégration gobale
Assets	
Loans, advances and securities	**36 133 052**
Ordinary accounts	4 474 545
Loans	31 658 507
Securities	-
Miscellaneous assets	
Other assets	**720 253**
Total	**36 853 305**
Liabilities	
Deposits	**36 253 015**
Ordinary accounts	4 571 251
Other loans	31 681 764
Debts represented by security	**70 552**
Miscellaneous liabilities	**529 737**
Total	**36 853 305**
Financing and guarantee commitments	
Commitments given	13 546 482
Commitments received	13 546 482

6.1.2 Income items regarding operations conducted with associated parties at 31 December 2016

(thousand MAD)

	Entities consolidated through global integration
Interest and equivalent income	859 175
Interest and equivalent expenses	725 637
Commissions (income)	580 118
Commissions (expenses)	110 205
Income from other activities	462 810
Expenses from other activities	619 647
Other expenses	495 486

Relationships with members of administrative and management bodies:

In 2016, 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 2016 came to MAD 100.85 million. Loans to these members came to MAD 152.2 million at the end of 2016.

6.2 Wafa Assurance at 31 December 2016

(thousand MAD)

Balance sheet	12/31/2016	12/31/2015
Assets		
Assets available for sale	19 520 402	16 986 981
Loans and debts to credit institutions and equivalent	65 617	18 717
Loans and debts to customers	2 832 483	2 791 280
Tangible fixed assets	393 543	267 941
Debts to credit institutions and equivalent		
Insurance contract technical provisions	25 960 939	23 873 972
Shareholders equity	4 210 814	4 007 466

(thousand MAD)

Income statement	12/31/2016	12/31/2015
Interest margin	507 206	521 208
Margin on commissions	-21 774	-17 453
Net income from other activities	445 048	455 776
Net banking income	1 184 395	1 110 980
Operating expenses	-659 054	-491 422
Operating income	411 981	484 337
Net income	265 102	349 747
Net income group share	201 438	277 309

7. OTHER COMPLEMENTARY INFORMATON

7.1 Certificates of deposit and finance company bonds issued during 2016:

The certificates of deposits outstanding amounted as of December 2016 to MAD 7.8 billion.

During 2016, MAD 4.2 billion has been issued with a maturity comprised between 26 weeks and 5 years and rates between 2.35% and 3.58%.

7.2 Subordinated debts issued during 2016:

• The first subordinated bond loan, issued on 28 June 2016 for an amount of MAD 1 billion, is split up into 10,000 bonds at par value of MAD 100,000 with a maturity comprised between 7 and 10 years. It is divided into six sections, three of which are listed on the Casablanca stock exchange (sections A, B and E), the remaining three being unlisted (sections C, D and F).

The nominal interest rate for A, C, E and F is fixed and stands at 3.34% for A and C including a risk premium of 75 basis points and at 3.74% for E and F including a risk premium of 90 basis points.

The nominal interest rate applied to B and D is revised annually and stands at 2.66% including a risk premium of 75 basis points.

The global income from subscription to the six sections is summarized in the below table :

(in thousand MAD)

	Section A	Section B	Section C	Section D	Section E	Section F
Montant retenu	-	-	1 200	240 800	100 000	658 000

• The second subordinated bond loan, issued on 23 December 2016 for an amount of MAD 1.5 billion, is split up into 15,000 bonds at par value of MAD 100,000 with a maturity of 7 and 10 years. It is divided into eight sections, four of which are listed on the Casablanca stock exchange (sections A, B, E and F), the remaining four being unlisted (sections C, D, G and H).

The nominal interest rate for A, C, E and G is fixed and stands at 3.44% for A and C including a risk premium of 65 basis points. The interest rate is comprised between 3.72% and 3.82% for E and G including a risk premium between 70 and 80 basis points.

The nominal interest rate applied to B, D, F and H is revised annually and stands at 2.81% for B and D including a risk premium of 55 basis points. The interest rate is comprised between 2.91% and 3.01% for F and H including a risk premium between 65 and 75 basis points.

The global income from subscription to the eight sections is summarized in the below table:

(in thousand MAD)

	Section A	Section B	Section C	Section D	Section E	Section F	Section G	Section H
Montant retenu	50 000		200 000	1 250 000	-	-	-	-

The third perpetual subordinated bond loan, issued on 23 December 2016 for an amount of MAD 500 million, is split up into 5,000 bonds at par value of MAD 100,000. It is divided into two unlisted sections.

The nominal interest rate for A is revised every 20 years and stands at 5.73% including a risk premium of 200 basis points.

The nominal interest rate applied to B is revised annually and stands at 3.96% including a risk premium of 170 basis points.

The global income from subscription is summarized in the table below:

(in thousand MAD)

	Section A	Section B
Amount withheld	50 000	450 000

The fourth subordinated bond loan, issued by Attijari bank Tunisie on 20 June 2016 for an amount of TND 60 million, is split up into 600,000 bonds at par value of TND 100 and divided into Section A with a maturity of 5 years and a fixed rate of 7.4%.

7.3 Capital and income per share

7.3.1 Number of shares and par values

As of 31 December 2016, 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 31 December 2016, Attijariwafa bank Group hold 13,456,468 shares representing a global amount of MAD 2,483 million deducted from the consolidated shareholders equity.

7.3.3 Par 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 2016	31 December 2015
Earnings per share	23.37	22.12
Diluted earnings per share	23.37	22.12

7.4 Business combination

Attijariwafa bank and its main shareholder, SNI, have formed an alliance in the insurance business and become co-shareholders holding equal shares of Wafa Assurance. This operation gave Attijariwafa bank the necessary capital for its international development.

In addition, this operation, which had a positive impact on Attijariwafa bank's additional Tier 1 ratio of 166 basis points, enables the Group to prepare for regulatory developments under the Basel 3 framework and to strengthen its capital adequaty ratios, taking into account the ongoing external growth projects.

The transaction is carried out by acquiring 50% of SNI's stake in the capital of the holding company OGM, which holds 79.29% of Wafa Assurance. The valuation of OGM was carried out on the basis of a price per share of Wafa Assurance of 3,250 dirhams, corresponding to a P/B ratio of 2,32x. This price was determined on the basis of a multi-criteria valuation carried out by a leading international bank.

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.

Retirement payments

These plans make provision for the payment of lump sums calculated on the basis of employee length of service in the Group plus final salary.

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary.

The retirement payment is equal to the sum of the following items:

- Number of months of salary to which the employee is entitled on the basis of his/her length of service at retirement age ;
- Gross monthly salary ;
- Probability of being alive at retirement age ;
- Probability of still working for the Company at retirement age ;
- A discounting of the liability over the N years remaining to retirement having regard also to the rate of salary increase

Ouissam Achoughl long-service award

It may be paid out a number of times during the period in which the employee works for the Company. The number of years spent in the Company give entitlement to a certain number of months of salary. The Ouissam Achoughl long-service award after 15 years of service is, for example, the sum of the following items :

- Number of months of salary to which the employee is entitled after 15 years of service ;
- Gross monthly salary ;
- Probability of being alive after 15 years of service ;
- Probability of still working for the Company ;
- A discounting of the liability over the N years remaining to complete the 15 years of service having regard also to the rate of salary increase.

ASSUMPTIONS FOR CALCULATION PURPOSES :

	31 December 2016	31 December 2015
Start of period	01 January 2016	01 January 2015
End of period	31 December 2016	31 December 2015
Discount rate	4,02%	4,61%
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 2016	31 December 2015
Actuarial liability N-1	**464 506**	**431 436**
Current service cost	97 121	132 037
Discounting effect	10 908	2 295
Employee contributions	-	
Change / curtailment / settlement of the plan	-	
Acquisition, disposal (change in consolidation scope)	-	
Termination benefits	-66 450	-82 646
Benefits paid (mandatory)	-	
Actuarial gains (losses)	-5 639	-18 616
Actuarial liability N	**500 446**	**464 506**

(thousand MAD)

Charge comptabilisée	31 December 2016	31 December 2015
Current service cost	-97 121	-132 037
Discounting effect	-10 908	-2 295
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	30 613	92 943
Net expense recognized in profit or loss	**-77 416**	**-41 390**

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	75.00%	75.00%
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	55.00%	55.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Leasing					Morocco	IG	97.83%	97.83%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	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	100.00%	100.00%
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%

	1 - Acquisition	7 - Change in method - Proportional integration to global integration
	2 - Creation, crossing threshold	8 - Change in method - Global integration to equity method
(A) Movements occurring in first half of 2015	3 - Entry into IFRS perimeter	9 - Change in method - Equity method to global integration
(B) Movements occurring in second half of 2015	4 - Disposal	10 - Change in method - Global integration to propotional integration
(C) Movements occurring in first half of of 2016	5 - Deconsolidation	11 - Change in method - Equity method to proportional integration
(D) Movements occurring in second half of 2016	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 2016

Fidaroc Grant Thornton
47, rue Allal Ben Abdellah
20 000 Casablanca - Maroc

EY
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

GENERAL REPORT OF THE STATUTORY AUDITORS
FOR FISCAL YEAR JANUARY 1–DECEMBER 31, 2016

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, 2016. The financial statements show shareholders' equity of MAD 48,090,920 thousand and net income of MAD 6,935,048 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, 2016, 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 2016, has:

- Created a subsidiary "ATTIJARI TCHAD" for a total amount of FCFA 10,000 million (equivalent to MAD 167 million), 100%-owned by the bank
- Created a subsidiary "ATTIJARI SECURITIES CENTRAL AFRICA (ASCA)" for a total amount of FCFA 1,312 million (equivalent to MAD 15 million), 70%-owned by the bank
- Created a subsidiary "ATTIJARI PAYMENT PROCESSING" for a total amount of MAD 1 million, 100%-owned by the bank.

Casablanca, April 19, 2017

The Statutory Auditors

FIDAROC GRANT THORNTON

Faïçal MEKOUAR
Partner

ERNST & YOUNG

Bachir TAZI
Partner

FINANCIAL STATEMENTS
Parent-company Financial statements at 31 December 2016

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 2016

(thousand MAD)

ASSETS	12/31/2016	12/31/2015
Cash and balances with central banks, the treasury and post office accounts	**7 303 483**	**5 576 214**
Loans and advances to credit institutions and similar establishments	**40 715 628**	**35 049 487**
. Sight	10 210 911	11 024 654
. Term	30 504 718	24 024 833
Loans and advances to customers	**174 926 696**	**164 250 424**
. Short-term loans and consumer loans	50 168 125	49 672 408
. Equipment loans	57 207 000	55 301 776
. Mortgage loans	56 254 850	54 570 629
. Other loans	11 296 721	4 705 611
Receivables acquired through factoring	**1**	**1**
Trading securities and available-for-sale securities	**46 121 087**	**53 428 916**
. Treasury bills and similar securities	25 251 542	37 038 022
. Other debt securities	2 204 321	1 294 142
. Fixed income Funds	18 665 224	15 096 752
Other assets	**5 453 551**	**3 785 551**
Investment securities	**5 969 166**	**6 089 132**
. Treasury bills and similar securities	5 969 166	6 089 132
. Other debt securities	-	-
Investments in affiliates and other long-term investments	**13 644 919**	**13 761 859**
Subordinated loans	**-**	**-**
Leased and rented assets	**238 965**	**1 262 341**
Intangible assets	**1 812 149**	**1 897 711**
Property, plant and equipment	**3 340 980**	**3 019 011**
Total Assets	**299 526 626**	**288 120 647**

LIABILITIES	12/31/2016	12/31/2015
Amounts owing to central banks, the treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**21 792 115**	**29 870 277**
. Sight	6 748 610	12 281 017
. Term	15 043 506	17 589 260
Customer deposits	**208 833 653**	**200 959 041**
. Current accounts in credit	130 692 299	122 356 505
. Savings accounts	27 020 923	26 010 094
. Term deposits	40 328 997	44 289 925
. Other accounts in credit	10 791 434	8 302 517
Debt securities issued	**7 592 398**	**7 048 901**
. Negociable debt securities	7 592 398	7 048 901
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	**10 052 514**	**6 096 756**
General provisions	**3 165 024**	**2 761 704**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**12 770 020**	**10 760 507**
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**26 350 000**	**24 916 000**
Share capital	**2 035 272**	**2 035 272**
Shareholders, unpaid share capital (-)	**-**	**-**
Retained earnings (+/-)	**160**	**6 351**
Net income to be allocated (+/-)	**-**	**-**
Net income for the financial year (+/-)	**6 935 048**	**3 665 418**
Total liabilities	**299 526 626**	**288 120 647**

OFF-BALANCE SHEET at 31 December 2016

(thousand MAD)

OFF-BALANCE	12/31/2016	12/31/2015
COMMITMENTS GIVEN	**74 223 173**	**61 862 760**
Financing commitments given to credit institutions and similar establishments	532	532
Financing commitments given to customers	18 287 612	16 670 275
Guarantees given to credit institutions and similar establishments	15 981 109	11 617 603
Guarantees given to customers	39 953 920	33 574 350
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	-	-
COMMITMENTS RECEIVED	**23 034 121**	**16 428 431**
Financing commitments received from credit institutions and similar establishments	1 491 560	-
Guarantees received from credit institutions and similar establishments	21 270 627	16 298 917
Guarantees received from the State and other organisations providing guarantees	271 934	129 214
Securities sold with repurchase agreement	-	-
Other securities to be received	-	300

INCOME STATEMENT at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
OPERATING INCOME FROM BANKING ACTIVITIES	**21 639 862**	**18 849 440**
Interest and similar income from transactions with credit institutions	966 137	1 093 373
Interest and similar income from transactions with customers	8 941 326	9 201 032
Interest and similar income from debt securities	347 179	482 483
Income from equity securities	4 587 637	1 419 320
Income from lease-financed fixed assets	301 048	394 119
Fee income	1 493 786	1 355 915
Other banking income	5 002 750	4 903 198
OPERATING EXPENSES ON BANKING ACTIVITIES	**7 404 260**	**8 008 670**
Interest and similar expenses on transactions with credit institutions	436 578	799 578
Interest and similar expenses on transactions with customers	2 718 007	2 936 838
Interest and similar expenses on debt securities issued	246 466	282 806
Expenses on lease-financed fixed assets	241 802	359 451
Other banking expenses	3 761 407	3 629 997
NET BANKING INCOME	**14 235 602**	**10 840 770**
Non-banking operating income	104 797	162 247
Non-banking operating expenses	-	-
OPERATING EXPENSES	**4 285 515**	**4 121 965**
Staff costs	1 929 338	1 854 299
Iaxes other than on income	119 829	119 315
External expenses	1 804 780	1 723 759
Other general operating expenses	15 649	21 229
Depreciation, amortisation and provisions	415 918	403 363
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 410 213**	**2 774 458**
Provisions for non-performing loans and signature loans	1 529 038	1 724 473
Losses on irrecoverable loans	351 404	563 457
Other provisions	529 771	486 528
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**1 053 971**	**1 101 136**
Provision write-backs for non-performing loans and signature loans	807 898	791 275
Amounts recovered on impaired loans	44 317	69 391
Other provision write-backs	201 756	240 470
INCOME FROM ORDINARY ACTIVITIES	**8 698 642**	**5 207 730**
Non-recurring income	11 999	5 442
Non-recurring expenses	191 171	94 764
PRE-TAX INCOME	**8 519 470**	**5 118 408**
Income tax	1 584 422	1 452 990
NET INCOME FOR THE FINANCIAL YEAR	**6 935 048**	**3 665 418**

MANAGEMENT ACCOUNTING STATEMENT at 31 December 2016

(thousand MAD)

I - RESULTS ANALYSIS	12/31/2016	12/31/2015
+ Interest and similar income	10 254 641	10 776 888
- Interest and similar expenses	3 401 051	4 019 222
NET INTEREST MARGIN	**6 853 590**	**6 757 666**
+ Income from lease-financed fixed assets	301 048	394 119
- Expenses on lease-financed fixed assets	241 802	359 451
NET INCOME FROM LEASING ACTIVITIES	59 246	34 668
+ Fees received	1 493 786	1 355 915
- Fees paid	18	4
NET FEE INCOME	**1 493 767**	**1 355 911**
+ Income from trading securities	1 778 977	1 444 068
+ Income from available-for-sale securities	35 518	- 10 600
+ Income from foreign exchange activities	448 742	483 642
+ Income from derivatives activities	- 60 652	277 710
INCOME FROM MARKET ACTIVITIES	**2 202 585**	**2 194 820**
+ Other banking income	4 587 670	1 419 320
- Other banking expenses	961 256	921 615
NET BANKING INCOME	**14 235 602**	**10 840 770**
+ Income from long-term investments	56 823	- 152 727
+ Other non-banking operating income	104 797	159 437
- Other non-banking operating expenses	-	-
- General operating expenses	4 285 515	4 121 966
GROSS OPERATING INCOME	**10 111 707**	**6 725 514**
+ Net provisions for non-performing loans and signature loans	- 1 028 226	- 1 427 264
+ Other net provisions	- 384 838	- 90 521
NET OPERATING INCOME	**8 698 642**	**5 207 730**
NON OPERATING INCOME	**- 179 172**	**- 89 322**
- Income tax	1 584 422	1 452 990
NET INCOME FOR THE FINANCIAL YEAR	**6 935 048**	**3 665 418**

II- TOTAL CASH FLOW	12/31/2016	12/31/2015
+ NET INCOME FOR THE FINANCIAL YEAR	**6 935 048**	**3 665 418**
+ Depreciation, amortisation and provisions for fixed asset impairment	415 918	403 363
+ Provisions for impairment of long-term investments	77 679	163 341
+ General provisions	100 000	42 500
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	134 502	144 804
- Capital gains on disposal of fixed assets	69 684	29 188
+ Losses on disposal of fixed assets	-	-
- Capital gains on disposal of long-term investments	-	2 810
+ Losses on disposal of long-term investments	-	-
- Write-backs of investment subsidies received	-	
+ TOTAL CASH FLOW	**7 324 459**	**4 097 820**
- Profits distributed	2 238 799	2 035 272
+ SELF-FINANCING	**5 085 660**	**2 062 548**

NON-PERFORMING CUSTOMER LOANS at 31 December 2016

(thousand MAD)

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Amount
12/31/2016	11 518 004	696 442	**12 214 446**	8 195 429	305 490	**8 500 920**

SALES at 31 December 2016

(thousand MAD)

year 2016	year 2015	year 2014
21 639 862	**18 849 440**	**19 115 288**

CASH FLOW STATEMENT at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
1. (+) Operating income from banking activities	16 791 247	17 120 135
2. (+) Amounts recovered on impaired loans	44 317	69 391
3. (+) Non-banking operating income	47 112	135 691
4. (-) Operating expenses on banking activities (*)	-8 159 296	-9 143 128
5. (-) Non-banking operating expenses	0	0
6. (-) General operating expenses	-3 869 597	-3 709 849
7. (-) Income tax	-1 584 422	-1 452 990
I. NET CASH FLOW FROM INCOME STATEMENT	**3 269 361**	**3 019 250**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	-5 666 141	-1 409 197
9. (±) Loans and advances to customers	-10 676 272	7 036 669
10. (±) Trading securities and available-for-sale securities	7 307 829	-4 061 408
11. (±) Other assets	-1 668 000	-1 359 904
12. (±) Lease-financed fixed assets	1 023 376	356 036
13. (±) Amounts owing to credit institutions and similar establishments	-8 078 162	-11 660 171
14. (±) Customer deposits	7 874 612	10 239 311
15. (±) Debt securities issued	543 497	-2 243 141
16. (±) Other liabilities	3 955 758	221 121
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-5 383 503**	**-2 880 684**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**-2 114 142**	**138 566**
17. (+) Income from the disposal of long-term investments	520 791	3 151 802
18. (+) Income from the disposal of fixed assets	283 403	179 712
19. (-) Acquisition of long-term investments	-227 062	-1 430 923
20. (-) Acquisition of fixed assets	-865 851	-728 654
21. (+) Interest received	260 978	309 985
22. (+) Dividends received	4 587 637	1 419 320
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**4 559 896**	**2 901 242**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	2 000 000	1 000 000
25. (+) Equity issuance		
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-479 686	-433 703
28. (-) Dividends paid	-2 238 799	-2 035 272
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-718 485**	**-1 468 975**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**1 727 269**	**1 570 833**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5 576 214**	**4 005 381**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**7 303 483**	**5 576 214**

(*) : including net provisions

STATEMENT OF DEPARTURES FROM STANDARD ACCOUNTING TREATMENT at 31 December 2016

(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 2016

(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 2016

(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 12/31/2016	Total 12/31/2015
CURRENT ACCOUNTS IN DEBIT	**4 040 613**		**772 390**	**3 838 659**	**8 651 662**	**11 766 483**
NOTES RECEIVED AS SECURITY		**2 601 964**			**2 601 964**	
- overnight		2 601 964			2 601 964	
- term						
CASH LOANS		**3 383 300**	**14 232 454**	**2 039 600**	**19 655 354**	**11 113 150**
- overnight		2 980 000			2 980 000	1 455 410
- term		403 300	14 232 454	2 039 600	16 675 354	9 657 740
FINANCIAL LOANS		**1 684 189**	**11 843 160**		**13 527 349**	**13 796 348**
OTHER LOANS		**53 140**	**20 791**	**25 562**	**99 493**	**413 377**
INTEREST ACCRUED AWAITING RECEIPT			**219 668**	**2 470**	**222 138**	**192 029**
NON-PERFORMING LOANS						
TOTAL	**4 040 613**	**7 722 593**	**27 088 463**	**5 906 291**	**44 757 960**	**37 281 387**

LOANS AND ADVANCES TO CUSTOMERS at 31 December 2016

(thousand MAD)

LOANS AND ADVANCES	public sector	private sector			Total 12/31/2016	Total 12/31/2015
		Financial companies	non-financial companies	other customers		
SHORT-TERM LOANS	**3 243 894**	**1 056 793**	**33 696 911**	**2 267 005**	**40 264 603**	**40 413 667**
- Current accounts in debit	413 985	1 056 793	16 990 804	1 683 168	20 144 750	21 441 872
- Commercial loans within Morocco			4 082 023		4 082 023	3 879 634
- Export loans			447 086		447 086	397 920
- Other cash loans	2 829 909		12 176 998	583 837	15 590 744	14 694 241
CONSUMER LOANS			**336 969**	**9 037 192**	**9 374 161**	**8 652 555**
EQUIPMENT LOANS	**30 764 025**		**24 980 591**	**590 991**	**56 335 607**	**54 606 691**
MORTGAGE LOANS			**10 697 296**	**45 555 211**	**56 252 507**	**54 570 189**
OTHER LOANS	**1 157**	**5 273 751**	**2 276 088**	**419 645**	**7 970 641**	**1 652 113**
RECEIVABLES ACQUIRED THROUGH FACTORING			**1**		**1**	**1**
INTEREST ACCRUED AWAITING RECEIPT			**1 333 450**	**73 151**	**1 406 601**	**1 304 386**
NON-PERFORMING LOANS		**74 965**	**2 566 032**	**681 578**	**3 322 575**	**3 050 823**
- Sub-standard loans			1 534	226	1 760	23
- Doubtful loans			333	262	595	834
- Impaired loans		74 965	2 564 165	681 090	3 320 220	3 049 966
TOTAL	**34 009 076**	**6 405 509**	**75 887 338**	**58 624 773**	**174 926 696**	**164 250 425**

BREAKDOWN OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES BY CATEGORY OF ISSUER at 31 December 2016

(thousand MAD)

SECURITIES	CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS	PUBLIC ISSUERS	PRIVATE ISSUERS		12/31/2016	12/31/2015
			FINANCIAL COMPANIES	NON-FINANCIAL COMPANIES		
LISTED SECURITIES	**6 323**	**-**	**18 559 278**	**82 687**	**18 648 288**	**15 550 077**
- Treasury bills and similar instruments					-	-
- Bonds					-	477 915
- Other debt securities					-	-
- Fixed income Funds	6 323		18 559 278	82 687	18 648 288	15 072 162
UNLISTED SECURITIES	**957 213**	**31 583 035**	**671 751**	**51 982**	**33 263 981**	**43 744 282**
- Treasury bills and similar instruments		31 048 496			31 048 496	42 918 134
- Bonds	578 311	188 658	581 597	46 185	1 394 751	617 240
- Other debt securities	378 245	342 916	82 638		803 799	184 318
- Fixed income Funds	657	2 965	7 516	5 797	16 935	24 590
TOTAL	**963 536**	**31 583 035**	**19 231 029**	**134 669**	**51 912 269**	**59 294 359**

VALUE OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES at 31 December 2016

(thousand MAD)

Securities	Value	Current value	Redemption Value	Unrealised Capital gains	Unrealised Losses	Provisions
TRADING SECURITIES	**44 345 122**	**44 345 122**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments	24 333 357	24 333 357		-	-	-
- Bonds	1 161	582 758		-	-	-
- Other debt securities	1 379 220	797 623		-	-	-
- Fixed income Funds	18 631 384	18 631 384		-	-	-
AVAILABLE-FOR-SALE SECURITIES	**1 777 096**	**1 744 383**	**-**	**35 360**	**32 713**	**32 713**
- Treasury bills and similar instruments	892 375	892 375	-	22 615	-	-
- Bonds	811 993	811 993	-	12 264	-	-
- Other debt securities	6 176	6 176	-	-	-	-
- Fixed income Funds	66 552	33 839	-	481	32 713	32 713
INVESTMENT SECURITIES	**5 822 764**	**5 822 764**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments	5 822 764	5 822 764		-	-	-
- Bonds						
- Other debt securities						

DETAILS OF OTHER ASSETS at 31 December 2016

(thousand MAD)

ASSETS	Amount At 12/31/2016	Amount At 12/31/2015
OPTIONS		
SUNDRY SECURITIES TRANSACTIONS		
SUNDRY DEBTORS	**561 304**	**1 044 103**
Amounts due from the State	215 433	594 710
Amounts due from mutual		
Sundry amounts due from		
Amounts due from customers for non-banking services	132	159
Other sundry debtors	345 739	449 234
OTHER SUNDRY ASSETS		**1 233**
ACCRUALS AND SIMILAR	**4 771 177**	**2 623 439**
Adjustment accounts for off-balance sheet transactions	159 465	217 817
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Deferred expenses	55 825	60 045
Inter-company accounts between head office, branch offices and branches in Morocco	897	32 941
Accounts receivable and prepaid expenses	1 013 893	1 541 055
Other accruals and similar	3 541 097	771 581
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**121 070**	**116 776**
TOTAL	**5 453 551**	**3 785 551**

SUBORDINATED LOANS at 31 December 2016

(thousand MAD)

LOANS	Amount				including affiliates and related companies	
	12/31/2016			12/31/2015	12/31/2016	12/31/2015
	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 2016

(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: Allocation during FY	Depreciation: Aggregate depreciate	Provisions: Allocation in the exercise	Provisions: Provision write downs	Provisions: Aggregate provisions	Net amount at end of FY
LEASED AND RENTED ASSETS	**2 340 960**		**1 691 694**	**649 266**	**241 790**	**410 301**				**238 965**
Leased intangible assets										
equipment leasing	**2 312 365**		**1 691 694**	**620 671**	**241 790**	**388 366**				**232 305**
- Movable assets under lease	3 465		3 079	386						386
- Leased movable assets	2 308 900		1 688 615	620 285	241 790	388 366				231 920
- 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			2 949						2 949
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**2 340 960**		**1 691 694**	**649 266**	**241 790**	**410 301**				**238 965**

GAINS AND LOSSES ON FIXED ASSET TRANSFERS OR WITHDRAWALS at 31 December 2016

(thousand MAD)

date of transfer or withdrawal	type	gross amount	Aggregate depreciation	net book value	transfer income	Value-added transfers	loss in value transfers
	SOFTWARE	**223 877**	**22 410**	**201 467**	**201 467**		
	REAL ESTATE	**14 467**	**2 216**	**12 252**	**81 936**	**69 684**	
	GROUNDS	4 231	-	4 231			
	BUILDINGS	9 005	1 345	7 660			
	FIXTURES, FITTING & INSTALLATIONS	238	231	7			
Dec-16	**REGISTRATION FEES**	994	640	354			
TOTAL		**238 345**	**24 626**	**213 718**	**283 403**	**69 684**	**-**

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT at 31 December 2016

(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	**3 175 479**	**277 305**	**223 877**	**3 228 907**	**1 277 768**	**161 401**	**22 410**	**1 416 759**	**1 812 149**
- Lease rights	314 067	5 303	-	319 371	-	-	-	-	319 371
- Research and development	-	-	-	-	-	-	-	-	-
- Intangible assets used in operations	2 861 412	272 002	223 877	2 909 536	1 277 768	161 401	22 410	1 416 759	1 492 778
- Non-operating intangible assets	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**7 073 183**	**588 545**	**13 474**	**7 648 254**	**4 054 171**	**254 518**	**1 415**	**4 307 274**	**3 340 980**
IMMOVABLE PROPERTY USED IN OPERATIONS	**1 937 355**	**150 986**	**1 265**	**2 087 075**	**829 682**	**57 979**	**867**	**886 794**	**1 200 281**
- Land	437 321	3 415	236	440 500	-	-	-	-	440 500
- Office buildings	1 438 225	147 188	-	1 585 414	775 429	55 451	-	830 880	754 533
- Staff accommodation	61 808	382	1 028	61 162	54 253	2 527	867	55 914	5 248
MOVABLE PROPERTY AND EQUIPMENT USED IN OPERATIONS	**1 923 889**	**146 611**	**-**	**2 070 500**	**1 698 858**	**55 019**	**-**	**1 753 877**	**316 623**
- Office property	410 705	16 786	-	427 491	375 731	6 821	-	382 551	44 940
- Office equipment	797 572	44 593	-	842 165	720 240	19 791	-	740 031	102 134
- IT equipment	707 364	85 232	-	792 596	594 703	28 371	-	623 074	169 522
- Vehicles	8 247		-	8 247	8 184	36	-	8 220	27
- Other equipment	-	-	-	-	-	-	-	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT USED IN OPERATIONS	**1 610 002**	**134 141**	**230**	**1 743 913**	**1 241 940**	**107 933**	**230**	**1 349 642**	**394 271**
PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATIONS	**1 601 938**	**156 808**	**11 979**	**1 746 767**	**283 692**	**33 587**	**318**	**316 961**	**1 429 805**
Land	597 597	147 174	3 994	740 776	-	-	-	-	740 776
Buildings	808 673	-	7 976	800 697	172 829	25 879	317	198 391	602 306
Movable property and equipment	67 980	60	-	68 040	46 651	918	-	47 569	20 471
Other property, plant and equipment not used in operations	127 687	9 575	8	137 254	64 212	6 790	1	71 001	66 253
TOTAL	**10 248 662**	**865 851**	**237 351**	**10 877 162**	**5 331 940**	**415 918**	**23 825**	**5 724 033**	**5 153 129**

INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2016

(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	
T043 A - investments in affiliate companies				**13 027 468**	**12 735 406**				**4 538 422**
ATTIJARI FINANCES CORPORATE	INVESTMENT BANKING	10 000	100.00%	10 000	10 000	12/31/2016	40 284	6 962	
OMNIUM DE GESTION MAROCAIN S.A."OGM"	HOLDING COMPANY	1 770 000	50.00%	2 047 900	2 047 900	12/31/2016	1 794 178	434 880	3 660 596
SOMACOVAM	ASSET MANAGEMENT	5 000	100.00%	30 000	1 651	12/31/2015	5 245	-2 287	
WAFA GESTION	ASSET MANAGEMENT	4 900	66.00%	236 369	236 369	12/31/2016	147 651	80 030	44 565
ATTIJARI INVEST.		5 000	100.00%	5 000	5 000	12/31/2015	67 672		20 000
WAFA BOURSE	SECURITIES BROKERAGE	20 000	100.00%	40 223	28 810				
BOURSE DE CASABLANCA	BROKERAGE			32 628	32 628				
ATTIJARI TITRISATION	SECURITIZATION	11 400	66.00%	11 700	8 479	12/31/2015	846	-34	
ATTIJARI OPERATIONS	SERVICE COMPANY	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	12/31/2015	18 041	457	
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	12/31/2015	6 186	1 349	
ATTIJARI PAYMENT PROCESSING	ELECTRONIC BANKING	1 000	100.00%	1 000	1 000				
ATTIJARIWAFA BANK MIDDLE EAST LIMITED		1 000	100.00%	8 194	8 194				
ATTIJARI SECURITISES CENTRAL AFRICA (ASCA)	ASSET MANAGEMENT	1 312 000 KFCFA	70.00%	15 351	15 351				
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	10 000	100.00%	10 320	320				
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	12/31/2016	267 437	53 665	40 000
CASA MADRID DEVELOPPEMENT	DEVELOPMENT CAPITAL	10 000	50.00%	5 000	5 000	12/31/2015	10 420	-37	
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	1 500	100.00%	1 675	850	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%	243	-	12/31/2016	-3 135	-286	
WAFA COURTAGE	BROKERAGE	1 000	100.00%	2 397	2 397	12/31/2016	48 217	32 406	13 000
ATTIJARI RECOUVREMENT	RECOVERY	3 350	86.67%	2 600	276	12/31/2016	4 502	-20	
WAFA FONCIERE	PROPERTY MANAGEMENT	2 000	100.00%	3 700	1 970	12/31/2016	2 061	-19	
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	55 000	100.00%	46	46	12/31/2015	13 907	-11 774	
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	1 500	12/31/2016	1 173	-334	
WAFA SYSTEMES FINANCES	IT SOLUTIONS	2 000	100.00%	2 066	2 066	12/31/2016	1 451	-494	
WAFA TRUST	FINANCIAL SERVICES		100.00%	1 500	1 322				
ATTIJARIA AL AAKARIA AL MAGHRIBIA	PROPERTY	10 000	100.00%	9 999	7 908	12/31/2015	7 908	201	
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	PROPERTY	50 000	100.00%	51 449	25 450	12/31/2015	25 450	-26 112	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	PROPERTY	300	50.00%	25	25	12/31/2015	1 110	-25	
SOCIETE IMMOBILIERE RANOUIL	PROPERTY	3 350	100.00%	11 863	4 548				
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	PROPERTY	15 000	100.00%	15 531	9 222	12/31/2016	7 851	-1 372	
SOCIETE IMMOBILIERE MAIMOUNA	PROPERTY	300	100.00%	5 266	3 059	12/31/2016	3 059	-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	460	12/31/2016	488	28	
AYK	PROPERTY	100	100.00%	100	-	12/31/2016	-954	6	
CAPRI	PROPERTY	124 000	99.76%	187 400	-	12/31/2015	-119 599	-16 982	
ATTIJARI IMMOBILIER	PROPERTY	50 000	100.00%	71 686	71 686	12/31/2016	62 968	1 514	
ATTIJARI INTERNATIONAL BANK "AIB"	OFFSHORE BANK	2 400 KEURO	100.00%	92 442	92 442	12/31/2016	23 924 KEURO	2 466 KEURO	28 572
WAFACASH	MONEY TRANSFERS	35 050	100.00%	324 074	324 074	12/31/2016	380 625	140 680	120 000
WAFA IMMOBILIER	PROPERTY	50 000	100.00%	164 364	164 364	12/31/2016	153 209	96 467	92 000
WAFASALAF	CONSUMER LOANS	113 180	50.91%	634 783	634 783	12/31/2016	1 727 727	341 397	162 909
WAFA LLD	LEASING	20 000	100.00%	20 000	20 000	12/31/2016	43 869	11 007	20 000
WAFABAIL	LEASE-FINANCING	150 000	57.83%	86 983	86 983	12/31/2016	899 546	118 972	38 169
DAR ASSAFAA LITAMWIL		50 000	100.00%	50 510	50 510				
ATTIJARI ASSET MANAGEMENT AAM SA (Sénégal)	HOLDING	1 200 000 KFCFA	70.00%	13 889	13 889				
ANDALUCARTAGE	HOLDING	126 390 KEURO	100.00%	1 964 504	1 964 504	12/31/2016	176 863 KEURO	13 060 KEURO	
ATTIJARIWAFA EURO FINANCES	HOLDING	48 600 KEURO	100.00%	502 622	502 622	12/31/2016	48 188 KEURO	-61 KEURO	
CAFIN	HOLDING COMPANY	1 122 000 KFCFA	100.00%	257 508	257 508	12/31/2016	7 791 959 KFCFA	1 334 815 KFCFA	
KASOVI	HOLDING COMPANY	50 KUSD	100.00%	1 519 737	1 519 737	12/31/2016	20 093 KUSD	-103 KUSD	
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	BANKING	11 450 000 KFCFA	4.90%	35 979	35 979	12/31/2016	85 531 876 KFCFA	14 005 337 KFCFA	6 766
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	BANKING	5 002 870 KFCFA	51.00%	689 599	689 599	12/31/2016	22 101 581 KFCFA	109 454 KFCFA	
SOCIETE IVOIRIENNE DE BANQUE " SIB "	BANKING	10 000 000 KFCFA	75.00%	648 084	648 084	12/31/2016	59 456 170 KFCFA	17 091 449 KFCFA	70 108
ATTIJARI IVOIRE	BANKING	32 450 KEURO	100.00%	355 319	355 319	12/31/2016	40 488 KEURO	4 999 KEURO	
CREDIT DU SENEGAL	BANKING	5 000 000 KFCFA	95.00%	292 488	292 488	12/31/2016	17 862 994 KFCFA	3 264 589 KFCFA	16 417
CREDIT DU CONGO	BANKING	7 743 670 KFCFA	91.00%	608 734	608 734	12/31/2016	22 519 740 KFCFA	6 509 618 KFCFA	81 483
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	10 000 000 KFCFA	58.71%	848 842	848 842	12/31/2016	33 303 966 KFCFA	10 949 147 KFCFA	54 981
ATTIJA AFRIQUE PARTICIPATION	BANKING	10 010 KEURO	100.00%	113 120	113 120	12/31/2016	9 884 KEURO	-9 KEURO	
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	BANKING	10 000 000 KFCFA	51.00%	379 110	379 110	12/31/2016	43 069 457 KFCFA	12 691 880 KFCFA	68 856
SOCIETE BIA TOGO	BANKING	8 821 551 KFCFA	55.00%	143 872	143 872	12/31/2016	11 544 634 KFCFA	1 279 709 KFCFA	
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 TCHAD	BANKING	10 000 000 KFCFA	100.00%	166 908	166 908				
WAFACAMBIO				963	963				
WAFABANK OFFSHORE DE TANGER			100.00%	5 842	5 842				

INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2016

(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	
T044 B - Other investments				**599 416**	**444 579**				**34 633**
NOUVELLES SIDERURGIES INDUSTRIELLES	METALS AND MINING	3 415 000	2,72%	92 809	53 223	06/30/2015	3 665 056	126 891	3 276
SONASID	METALS AND MINING			28 391	3 826				
ATTIJARIWAFA BANK	BANKING			623	623				
SINCOMAR		300	47,50%						
AGRAM INVEST		40 060	27,82%	10 938	8 866	12/31/2015	32 495	-1 519	
AM INVESTISSEMENT MOROCCO	INVESTMENT HOLDING COMPANY	400 000	3,25%	13 000	13 000				
BOUZNIKA MARINA	PROPERTY DEVELOPMENT			500	-				
EUROCHEQUES MAROC				363	364				
FONDS D'INVESTISSEMENT IGRANE		70 000	18,26%	9 970	6 739				
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%	64 342	64 343	12/31/216	284 669	10 612	10 855
SALIMA HOLDING	HOLDING COMPANY	150 000	13,33%	16 600	16 600				
S.E.D. FES		10 000	10,00%						
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	PROPERTY DEVELOPMENT	60 429	22,69%	13 714	13 714				
TANGER FREE ZONE	PROPERTY DEVELOPMENT SERVICES PROVIDER	105 000	25,71%	58 221	58 221				3 559
TECHNOLOPARK COMPANY "MITC"				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		1 400 010	7,14%	100 000	45 802	12/31/2015	937 686		
MOROCCAN FINANCIAL BOARD				20 000	20 000				
MAROC NUMERIQUE FUND		157 643	6,34%	15 000	7 470	12/31/2015	32 098		
FONCIERE EMERGENCE		120 017	8,06%	25 721	14 549	12/31/2015	180 581		
ALTERMED MAGHREB EUR				5 247	72	06/30/2016	909		
INTER MUTUELLES ASSISTANCE				894	894				
WAFA IMA ASSISTANCE				15 356	15 356				1 544
3 P FUND		80 020	5,00%	11 000	8 337	12/31/2015	96 762		
BANQUE D'AFFAIRE TUNISIENNE	BANKING	198 741		2 583	-				
CENTRE MONETIQUE INTERBANCAIRE	ELECTRONIC BANKING	98 200	22,40%	22 000	22 000				15 400
SOCIETE INTERBANK	MANAGEMENT OF BANK CARDS	11 500	16,00%	1 840	1 840				
SMAEX		37 450	11,42%	4 278	4 278				
BANQUE MAGHREBINE POUR L'INVESTISSEMENT ET LE COMMERCE EXTERIEUR "BMICE"	BANKING	500 000 KUSD	1,20%	49 583	49 583				
FONDS ATTIJARI AFRICA FUNDS MULTI ASSETS		31 KEURO		346	346				
SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE DES DEPÔTS BANCAIRE				59	59				
C - Similar investments				**605 654**	**464 934**				
C/C PARTNERS CURRENT ACCOUNT				589 819	449 098				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
Total				**14 232 538**	**13 644 919**				**4 573 055**

AMOUNTS OWING TO CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS at 31 December 2016

(thousand MAD)

AMOUNTS OWING	credit institutions and similar establishments in Morocco			credit institutions overseas	Total 12/31/2016	Total 12/31/2015
	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT			**940 675**	**3 561 417**	**4 502 092**	**3 227 570**
NOTES GIVEN AS SECURITY	**4 511 269**	**200 067**	**500 014**		**5 211 350**	**7 473 555**
- overnight		200 067	500 014		700 081	4 450 801
- term	4 511 269				4 511 269	3 022 754
CASH BORROWINGS	**500 000**	**499 000**	**4 875 607**	**6 100 244**	**11 974 851**	**18 930 160**
- overnight		499 000	895 949	151 235	1 546 184	4 602 016
- term	500 000		3 979 658	5 949 009	10 428 667	14 328 144
FINANCIAL BORROWINGS	**1 992**			**82**	**2 074**	**2 074**
OTHER DEBTS	**48 513**	**25 428**			**73 941**	**114 967**
INTEREST PAYABLE			**12 589**	**15 218**	**27 807**	**121 951**
TOTAL	**5 061 774**	**724 495**	**6 328 885**	**9 676 961**	**21 792 115**	**29 870 277**

CUSTOMER DEPOSITS at 31 December 2016

(thousand MAD)

DÉPÔTS	public sector	private sector			Total 12/31/2016	Total 12/31/2015
		Financial companies	non-financial companies	private sector		
CURRENT ACCOUNTS IN CREDIT	1 852 753	2 212 648	28 590 447	96 900 099	129 555 947	122 337 883
SAVINGS ACCOUNTS				26 911 023	26 911 023	25 874 751
TERM DEPOSITS	1 379 000	1 681 693	9 987 359	25 317 596	38 365 648	43 521 488
OTHER ACCOUNTS IN CREDIT	2 188 799	2 005 990	7 109 987	1 943 618	13 248 394	8 302 518
ACCRUED INTEREST PAYABLE			749 705	2 936	752 641	922 401
TOTAL	**5 420 552**	**5 900 331**	**46 437 498**	**151 075 272**	**208 833 653**	**200 959 041**

TITRES DE CRÉANCE ÉMIS at 31 December 2016

(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	12/24/2013	04/24/2017	100 000	4.28%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	12/24/2013	04/23/2019	100 000	4.60%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	12/24/2013	07/24/2017	100 000	3.09%	IN FINE	608 000			
CERTIFICATES OF DEPOSIT	12/24/2013	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	09/18/2015	09/18/2017	100 000	3.12%	IN FINE	519 000			
CERTIFICATES OF DEPOSIT	10/23/2015	10/23/2020	100 000	3.61%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	10/23/2015	01/12/2018	100 000	3.12%	IN FINE	690 000			
CERTIFICATES OF DEPOSIT	10/23/2015	01/14/2019	100 000	3.31%	IN FINE	404 000			
CERTIFICATES OF DEPOSIT	10/23/2015	01/21/2019	100 000	3.29%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	10/23/2015	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	22/25/2016	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	01/12/2016	01/12/2017	100 000	2.90%	IN FINE	470 000			
CERTIFICATES OF DEPOSIT	01/12/2016	01/18/2017	100 000	2.35%	IN FINE	470 000			
CERTIFICATES OF DEPOSIT	01/12/2016	07/17/2017	100 000	2.55%	IN FINE	1 052 500			
CERTIFICATES OF DEPOSIT	10/06/2010	10/06/2017	100 000	1.20%	IN FINE	50 000			
CERTIFICATES OF DEPOSIT	10/06/2010	10/06/2017	100 000	1.20%	IN FINE	50 000			
Total						**7 453 500**			

DETAILS OF OTHER LIABILITIES at 31 December 2016

(thousand MAD)

LIABILITIES	12/31/2016	12/31/2015
OPTIONS SOLD		
SUNDRY SECURITIES TRANSACTIONS	**2 855 703**	**2 060 264**
SUNDRY CREDITORS	**2 567 281**	**2 447 630**
Amounts due to the State	842 950	686 929
Amounts due to mutual societies	72 370	71 281
Sundry amounts due to staff	395 437	354 797
Sundry amounts due to shareholders and associates	4 432	4 683
Amounts due to suppliers of goods and services	1 226 988	1 306 868
Other sundry creditors	25 104	23 072
DEFERRED INCOME AND ACCRUED EXPENSES	**4 629 530**	**1 588 862**
Adjustment accounts for off-balance sheet transactions	233	1 721
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	1 066 893	892 883
Other deferred income	3 562 404	694 258
TOTAL	**10 052 514**	**6 096 756**

PROVISIONS at 31 December 2016

(thousand MAD)

PROVISIONS	outstanding 12/31/2015	Additional provisions	Write-backs	other changes	outstanding 12/31/2016
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**8 186 758**	**1 552 504**	**907 122**	**-**	**8 832 140**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	7 495 119	1 472 366	772 055		8 195 429
Available-for-sale securities	30 819	2 459	565		32 713
Investments in affiliates and other long-term investments	644 443	77 679	134 502		587 620
Leased and rented assets	-				-
Other assets	16 377	-			16 377
PROVISIONS RECORDED UNDER LIABILITIES	**2 761 704**	**508 764**	**103 097**	**-2 348**	**3 165 024**
Provisions for risks in executing signature loans	284 661	56 672	35 843		305 490
Provisions for foreign exchange risks	5 037		4 130		907
General provisions	1 798 849	100 000			1 898 849
Provisions for pension fund and similar obligations	124 349	48 267	36 819		135 798
Other provisions	548 808	303 825	26 305	-2 348	823 980
Regulated provisions					
TOTAL GENERAL	**10 948 462**	**2 061 268**	**1 010 219**	**-2 348**	**11 997 163**

SUBSIDIES, PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS at 31 December 2016

(thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT DECEMBER 2015	UTILISATION 2016	VALUE AT DECEMBER 2016
SUBSIDIES					
PUBLIC FUNDS			NOT APPLICABLE		
SPECIAL GUARANTEE FUNDS					
TOTAL					

SUBORDINATED DEBTS at 31 December 2016

(thousand MAD)

currency of issue	Value of loan of issue	price (1)	Rate	Maturity (2)	terms for early redemption. subordination and convertibility (3)	Value of loan in thousand MAD	including related businesses: Value in thousand MAD 2015	including related businesses: Value in thousand MAD 2016	including other related businesses: Value in thousand MAD 2015	including other related businesses: Value in thousand MAD 2016
MAD			3.39%	10 years		879 600				
MAD			2.92%	10 years		290 000				
MAD			2.67%	7 years		1 275 100				
MAD			2.69%	5 years		710 000				
MAD			3.34%	10 years		320 000				
MAD			3.13%	7 years		154 300				
MAD			5.60%	10 years		2 120 400				
MAD			5.00%	10 years		710 000				
MAD			4.78%	7 years		723 200				
MAD			4.77%	6 years		201 700				
MAD			5.60%	5 years		540 000				
MAD			4.75%	10 years		880 000				
MAD			4.13%	8 years		257 500				
MAD			4.52%	11 years		588 200				
MAD			2.66%	9 years		242 000				
MAD			3.74%	12 years		758 000				
MAD			3.44%	9 years		250 000				
MAD			2.81%	9 years		1 250 000				
MAD			5.73%			50 000				
MAD			3.96%			450 000				
TOTAL						**12 650 000**				

(1) BAM price at 12/31/2016 - (2) Possibly for an unspecified period – (3) Refer to the subordinated debt contract note

SHAREHOLDERS EQUITY at 31 December 2016

(thousand MAD)

SHAREHOLDERS'	outstanding 12/31/2015	Appropriation of income	other changes	outstanding 12/31/2016
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**24 916 000**	**1 434 000**	**-**	**26 350 000**
Legal reserve	203 527	-		203 527
Other reserves	16 595 980	1 434 000		18 029 980
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 (+/-)	**6 351**	**-6 191**		**160**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**3 665 418**	**-3 666 608**	**1 190**	**6 935 048**
TOTAL	**30 623 461**	**-2 238 799**	**1 190**	**35 320 900**

FINANCING COMMITMENTS AND GUARANTEES at 31 December 2016

(thousand MAD)

COMMITMENTS	12/31/2016	12/31/2015
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**74 919 835**	**62 511 397**
Financing commitments given to credit institutions and similar establishments	532	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		
Financing commitments given to customers	**18 287 612**	**16 670 275**
Import documentary credits	15 148 137	13 410 507
Acceptances or commitments to be paid	3 139 475	3 259 768
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**15 981 109**	**11 617 603**
Confirmed export documentary credits	158 310	
Acceptances or commitments to be paid		
Credit guarantees given	2 058 580	
Other guarantees and pledges given	13 764 219	11 617 603
Non-performing commitments		
Guarantees given to customers	**40 650 582**	**34 222 987**
Credit guarantees given	985 258	908 306
Guarantees given to government bodies	19 531 342	17 462 458
Other guarantees and pledges given	19 437 319	15 203 586
Non-performing commitments	696 663	648 637
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**23 034 121**	**16 428 131**
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	**21 270 627**	**16 298 917**
Credit guarantees received		
Other guarantees received	21 270 627	16 298 917
Guarantees received from the State and other organisations providing guarantees	**271 934**	**129 214**
Credit guarantees received		
Other guarantees received	271 934	129 214

COMMITMENTS ON SECURITIES at 31 December 2016

(thousand MAD)

	Amount
Commitments given	
Securities purchased with redemption rights Other securities to be provided	
Commitments received	
Securities sold with redemption rights Other securities receivable	
Securities sold with redemption rights	
Other securities receivable	

FORWARD FOREIGN EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVE PRODUCTS at 31 December 2016

(thousand MAD)

	hedging activities		other activities	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Forward foreign exchange transactions	**48 152 264**	**47 425 974**		
Foreign currencies to be received	20 756 134	19 479 777		
Dirhams to be delivered	10 268 448	6 569 421		
Foreign currencies to be delivered	13 605 264	16 973 571		
Dirhams to be received	3 522 418	4 403 205		
Commitments on derivative products	**40 892 549**	**52 875 895**		
Commitments on regulated fixed income markets				
Commitments on OTC fixed income markets	10 377 597	7 607 167		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	21 580 582	16 004 617		
Commitments on regulated markets in other instruments		7 389		
Commitments on OTC markets in other instruments	8 934 370	29 256 722		

SECURITIES RECEIVED AND GIVEN AS GUARANTEE at 31 December 2016

(thousand MAD)

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets		N/D	
Other securities			
Mortgages			
Other physical assets			
TOTAL			

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	4 161 268		
Other securities			
Mortgages			
Other physical assets		Other assets received and pledged	
TOTAL	**4 161 268**		

BREAKDOWN OF ASSETS AND LIABILITIES BY RESIDUAL MATURITY at 31 December 2016

(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	8 062 225	4 540 688	14 092 029	12 440 355	5 617 694	44 752 991
Loans and advances to customers	13 952 524	17 312 339	33 517 132	60 716 616	49 428 085	174 926 696
Debt securities	5 915	18 005	1 435 561	264 690	20 214	1 744 385
Subordinated loans			2 037 790	2 053 328	1 731 645	5 822 763
TOTAL	**22 020 664**	**21 871 032**	**51 082 512**	**75 474 989**	**56 797 638**	**227 246 835**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	11 748 739	4 596 994	4 752 062	658 323		21 756 118
Amounts owing to customers	13 415 802	14 872 029	42 711 422	76 466 947	61 367 452	208 833 652
Debt securities issued	940 000		2 579 500	3 934 000		7 453 500
Subordinated debt			2 200 000	5 250 000	5 200 000	12 650 000
TOTAL	**26 104 541**	**19 469 023**	**52 242 984**	**86 309 270**	**66 567 452**	**250 693 270**

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 2016

(thousand MAD)

BALANCE SHEET	12/31/2016	12/31/2015
ASSETS:	**32 143 003**	**29 160 609**
Cash and balances with central banks, the Treasury and post office accounts	86 111	113 186
Loans and advances to credit institutions and similar establishments	10 453 917	13 037 874
Loans and advances to customers	5 067 306	3 770 730
Trading securities and available-for-sale securities	4 566 675	2 962 690
Other assets	3 202 753	484 418
Investments in affiliates and other long-term investments	8 753 823	8 778 216
Subordinated		
Leased and rented		
Intangible assets and property, plant and equipment	12 418	13 495
LIABILITIES:	**22 240 870**	**16 982 824**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	13 619 000	9 043 269
Customer deposits	8 393 002	7 826 557
Debt securities		
Other liabilities	229 955	114 188
Subsidies, public funds and special guarantee		
Subordinated		
Share capital and reserves		
Provisions		
Retained earnings		
Net income	-1 087	-1 190
OFF-BALANCE SHEET ITEMS:	**62 115 518**	**48 216 198**
Commitments given	41 589 237	34 365 546
Commitments received	20 526 281	13 850 652

RISK CONCENTRATION WITH THE SAME COUNTERPARTY at 31 December 2016

(thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
12	64 613 940

NET INTEREST MARGIN at 31 December 2016

(thousand MAD)

	12/31/2016	12/31/2015
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CUSTOMERS	**8 941 326**	**9 201 032**
of which interest and similar income	8 684 083	8 971 357
of which fee income on commitments	257 243	229 675
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CREDIT INSTITUTIONS	**966 137**	**1 093 373**
of which interest and similar income	925 775	1 049 545
of which fee income on commitments	40 362	43 828
INTEREST AND SIMILAR INCOME FROM DEBT SECURITIES	**347 179**	**482 483**
TOTAL INTEREST AND SIMILAR INCOME	**10 254 641**	**10 776 888**
Interest and similar expenses on activities with customers	2 718 007	2 936 838
Interest and similar expenses on activities with credit institutions	436 578	799 578
Interest and similar expenses on debt securities issued	246 466	282 806
TOTAL INTEREST AND SIMILAR EXPENSES	**3 401 051**	**4 019 222**
NET INTEREST MARGIN	**6 853 590**	**6 757 666**

FEE INCOME PROVIDED FROM SERVICES at 31 December 2016

(thousand MAD)

FEES	12/31/2016	12/31/2015
Account management	213 692	201 169
Payment services	588 327	537 387
Securities transactions	41 266	42 091
Asset management and custody	76 390	66 541
Credit services	156 833	117 298
Corporate finance	-	-
Sale of insurance products	100 666	93 482
Other services provided	316 611	297 947
TOTAL	**1 493 786**	**1 355 915**

GENERAL OPERATING EXPENSES at 31 December 2016

(thousand MAD)

EXPENSES	12/31/2016	12/31/2015
Staff costs	1 929 338	1 854 299
Taxes	119 829	119 315
External expenses	1 804 780	1 723 759
Other general operating expenses	15 649	21 229
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	415 918	403 363
TOTAL	**4 285 515**	**4 121 965**

INCOME FROM MARKET ACTIVITIES at 31 December 2016

(thousand MAD)

INCOME AND EXPENDITURES	12/31/2016	12/31/2015
+ Gains on trading securities	2 094 865	2 077 300
- Losses on trading securities	315 888	633 232
Income from activities in trading securities	**1 778 977**	**1 444 068**
+ Capital gains on disposal of available-for-sale securities	42 716	1 496
+ Write-back of provisions for impairment of available-for-sale securities	565	73
- Losses on disposal of available-for-sale securities	5 303	83
- Provisions for impairment of available-for-sale securities	2 459	12 087
Income from activities in available-for-sale securities	**35 518**	**-10 600**
+ Gains on foreign exchange transactions - transfers	2 343 053	2 167 939
+ Gains on foreign exchange transactions - notes	91 204	96 899
- Losses on foreign exchange transactions - transfers	1 981 678	1 776 257
- Losses on foreign exchange transactions - notes	3 836	4 938
Income from foreign exchange activities	**448 742**	**483 642**
+ Gains on fixed income derivative products	101 899	62 996
+ Gains on foreign exchange derivative products	81 413	164 504
+ Gains on other derivative products	247 003	331 991
- Losses on fixed income derivative products	80 138	99 378
- Losses on foreign exchange derivative products	66 507	73 586
- Losses on other derivative products	344 322	108 817
Income from activities in derivatives products	**-60 652**	**277 710**

INCOME FROM EQUITY SECURITIES at 31 December 2016

(thousand MAD)

CATEGORY	12/31/2016	12/31/2015
Available-for-sale securities	-	-
Investments in affiliates and other long-term investments	4 587 637	1 419 320
TOTAL	**4 587 637**	**1 419 320**

OTHER INCOME AND EXPENSES at 31 December 2016

(thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2016	12/31/2015
Other banking income	5 002 750	4 903 198
Other banking expenses	3 761 407	3 629 997
TOTAL	**1 241 343**	**1 273 201**

OTHER NON-BANKING INCOME AND EXPENSES	12/31/2016	12/31/2015
Non-banking operating income	104 797	162 247
Non-banking operating expenses	-	-
TOTAL	**104 797**	**162 247**
Provisions and losses on irrecoverable loans	2 410 213	2 774 458
Provision write-backs and amounts recovered on impaired loans	1 053 971	1 101 136

NON-CURRENT INCOME AND EXPENSES	12/31/2016	12/31/2015
Non-recurring income	11 999	5 442
Non-recurring expenses	191 171	94 764

DETERMINING INCOME AFTER TAX FROM ORDINARY ACTIVITIES at 31 December 2016

(thousand MAD)

I- DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	8 698 642
Tax write-backs on ordinary activities (+)	372 873
Tax deductions on ordinary activities (-)	4 611 208
Theoretical taxable income from ordinary activities (=)	4 460 308
Theoretical tax on income from ordinary activities (-)	1 650 314
Income after tax from ordinary activities (=)	7 048 328
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

DETAILED INFORMATION ON VALUE ADDED TAX at 31 December 2016

(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	**152 724**	**1 646 542**	**1 632 327**	**166 938**
B. Recoverable VAT	**219 503**	**538 985**	**552 634**	**205 854**
On expenses	111 623	454 485	467 421	98 687
On fixed assets	107 880	84 500	85 212	107 168
c. VAT payable or VAt credit = (A-B)	**-66 780**	**1 107 557**	**1 079 694**	**-38 916**

RECONCILIATION OF NET INCOME FOR ACCOUNTING AND TAX PURPOSES at 31 December 2016

(thousand MAD)

Reconciliation statement	Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES	**6 935 048**	
. Net profit	6 935 048	
. Net loss		
II- TAX WRITE-BACKS	**1 957 295**	
1- Current	1 957 295	
- Income tax	1 584 422	
- Losses related to tax control		
- Losses on irrecoverable loans not provisioned	38 291	
- General provisions	280 000	
- Provisions for pension funds and similar obligation	48 267	
- Non-deductible exceptional expenses	4 382	
- Contribution for the social cohesion support		
- Personal gifts	1 933	
2- Non-current		
III- TAX		**4 611 208**
1- Current		4 611 208
- 100% allowance on income from investments in affiliates		4 574 378
- Write-back of investment		36 829
- Write-back of provisions used		
- Write-back of general contingency reserve		-
2- Non-current		
TOTAL	**8 892 343**	**4 611 208**
IV- GROSS INCOME FOR TAX PURPOSES		**4 281 136**
. Gross profit for tax purposes if T1 > T2 (A)		4 281 136
. 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		**4 281 136**
. Net profit for tax purposes (A - C)		4 281 136
. 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 2016

(thousand MAD)

	Value		Value
A- origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	6 351	to legal reserve	-
Net income awaiting appropriation		Dividends	2 238 799
Net income for the financial year	3 665 418	Other items for appropriation	1 432 810
Deduction from income		Earnings carried forward	160
Other deductions			
TOTAL A	**3 671 769**	**TOTAL B**	**3 671 769**

SHAREHOLDING STRUCTURE at 31 December 2016

(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	16 708 318	15 597 202	7.66%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 456 468	13 456 468	6.61%
* 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	5 675 608	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	**************************	5 346 597	2 819 401	1.39%
* AL WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1.32%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	2 036 558	1 551 495	0.76%
* UCITS AND OTHER SHAREHOLDERS	**************************	31 071 268	33 009 471	16.22%
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**	**100.0%**

BRANCH NETWORK at 31 December 2016

(thousand MAD)

BRANCH NETWORK	12/31/2016	12/31/2015
Permanent counters	1171	1154
Occasional counters		
Cash dispensers and ATMs	1245	1189
Branches in Europe	68	70
Representative offices in Europe and Middle-East	8	4

STAFF at 31 December 2016

(thousand MAD)

StAFF	12/31/2016	12/31/2015
Salaried staff	8 236	7 917
Staff in employment	8 236	7 917
Full-time staff	8 236	7 917
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	4 385	4 151
Other staff (full-time)	3 851	3 766
Including Overseas staff	61	58

SUMMARY OF KEY ITEMS OVER THE LAST THREE PERIODS at 31 December 2016

(thousand MAD)

ITEM	December 2016	December 2015	December 2014
SHAREHOLDERS' EQUITY AND EQUIVALENT	**35 320 900**	**30 623 461**	**28 988 001**
OPERATIONS AND INCOME IN FY			
Net banking income	14 235 602	10 840 770	11 448 552
Pre-tax income	8 519 470	5 118 408	5 368 254
Income tax	1 584 422	1 452 990	1 824 140
Dividend distribution	2 238 799	2 035 272	1 933 508
PER SHARE INFORMATION IN MAD			
Earning per share			
Dividend per share	11,00	10,00	9,50
STAFF			
Total staff costs	**1 929 338**	**1 854 299**	**1 773 329**
Average number of employees during the period			

KEY DATES AND POST-BALANCE SHEET EVENTS at 31 December 2016

(thousand MAD)

I. KEY DATES	
. Balance sheet date (1)	**31 December 2016**
. Date for drawing up the financial statements (2)	**March-17**

(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 2016

(thousand MAD)

	12/31/2016	12/31/2015
Current accounts	175 692	160 614
Current accounts of Moroccans living abroad	788 355	783 047
Other current accounts	2 013 690	1 811 383
Factoring liabilities	7	0
Savings accounts	877 619	827 807
Term accounts	17 757	17 424
Certificates of deposit	2 711	4 156
Other deposit accounts	1 086 464	1 062 686
TOTAL	**4 962 295**	**4 667 117**

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Attijariwafa bank, a limited company with a capital of MAD 2,035,272,260. Head office: 2, boulevard Moulay Youssef, Casablanca. Approved as a credit institution by order of the Minister of Finance and Privatization n° 2269-03 of the 22 December 2003 as amended and supplemented. Trade Register n° 333.