MANAGEMENT REPORT 2014

التجاري وفا بنك
Attijariwafa bank

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110 YEARS

Contents

Economic Environment

World: moderate economic growth in 2014

In 2014, global economic activity continued at a moderate pace. According to the International Monetary Fund (IMF), the global economy grew by 3.3% in 2014^{E}, a level unchanged from that of 2013, and is expected to grow by 3.5% in 2015^{P}.

This growth remains fragile, reflecting persistent risk in the financial sector and the eurozone economy, uncertainty surrounding the US deficit and debt ceiling, high unemployment in numerous countries, and geopolitical instability in Europe and the Middle East.

In addition, recovery in the global economy varies significantly from one region to another. Developed countries, especially the United States, are the driving force behind global growth. GDP growth of developed countries came to 1.8% in 2014^{E} and is expected to reach 2.4% in 2015^{P}. In contrast, emerging countries experienced a slowdown in GDP growth, compared with 2013. GDP growth of emerging countries came to 4.4% in 2014^{E} and is expected to reach 4.3% in 2015^{P}.

Quarterly GDP growth in main OECD member countries (change year on year)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2013*	2014*	2015*
World	-	-	-	-	-	-	-	-	3.3	3.3	3.5
Eurozone	-1.2	-0.6	-0.3	0.4	1.1	0.8	0.8	0.9	-0.5	0.8	1.2
France	-0.3	0.7	0.3	0.8	0.8	0.0	0.4	0.2	0.3	0.4	0.9
Germany	-0.6	0.1	0.3	1.1	2.3	1.4	1.2	1.5	0.2	1.5	1.3
Spain	-2.2	-1.7	-1.0	0.0	0.6	1.2	1.6	2.0	-1.2	1.4	2.0
United Kingdom	0.9	1.7	1.6	2.4	2.5	2.6	2.5	2.7	1.7	2.6	2.7
United States	1.7	1.8	2.3	3.1	1.9	2.6	2.7	2.4	2.2	2.4	3.6
Japan	0.3	1.5	2.4	2.3	2.1	-0.4	-1.4	-0.7	1.6	0.1	0.6

Source: OECD (December 2014) *: IMF – January 2015

Growth in the American economy is expected to rise steadily, from 2.4% in 2014^{E} to 3.6% in 2015^{P}. This growth is attributable mainly to an accommodative monetary policy, to favorable financial conditions, and to a growing housing market. The ISM[1] manufacturing index, which stood at 55.5 points in December 2014, confirms the robustness of the American economy.

After a decline of –0.5% in 2013, the eurozone economy expanded by 0.8% in 2014^{E}, with growth of 1.2% forecast for 2015. However, these figures are well under previous forecasts. The risk of deflation, as well as geopolitical tensions related to the Ukranian crisis and the embargo imposed on Russia, have further weakened the eurozone. Nevertheless, economic recovery should benefit from budget cuts and an easing of credit conditions, raising GDP growth in Germany from 0.2% in 2013 to 1.5% in 2014^{E}, and GDP growth in Spain from –1.2% in 2013 to 1.4% in 2014^{E}. In France, economic growth is expected to reach 0.4% in 2014^{E} and 0.9% in 2015^{P}, compared with 0.3% in 2013.

With regard to ECB monetary policy, as of December 2014 the refinancing rate remained unchanged at 0.05%, a record low, after being cut by 10 bp in June 2014 and again by 10 bp in September 2014. In addition, in January 2015, the ECB announced its first-ever quantitative easing program, in the amount of €1.1 trillion over an 18-month period starting in March 2015.

Japan ended the year 2014 with annual economic growth estimated at 0.1%, compared with 1.6% in 2013. GDP in the United Kingdom rose from 1.7% in 2013 to 2.6% in 2014^{E}.

Emerging countries, meanwhile, experienced slower growth, as seen in China (7.4% in 2014^{E}, compared with 7.8% in 2013) and Russia (0.6% in 2014^{E}, compared with 1.3% in 2013). Economic activity in the MENA region, North Africa, Afghanistan, and Pakistan ended the year with annual GDP growth up by 2.8% (2.2% in 2013). Growth of 3.3% is forecast for 2015^{P}.

International trade in goods and services in 2014

International trade growth slowed from 3.4% in 2013 to 3.1% in 2014^{E}. Rising demand for imports from developed countries, an upturn in the American economy, and improvement in Europe should lead to international trade growth of 3.8% in 2015^{P}.

Source: IMF, DPEG/BAM

1- Institute for Supply Management

Inflation and oil prices

- In 2014, inflation in developed countries was lower than estimates by central banks and stable in emerging countries. The downward trend of raw-materials prices on the international market limited inflation.
- Consumer prices rose in developed economies by 1.4% in 2014[E], with a 1.0% rise forecast for 2015[P], and in emerging countries by 5.4% in 2014[E], with a 5.7% rise forecast for 2015[P].
- In 2014, the average oil price was $96.30 per barrel, compared with $104.10 in 2013. In August 2014, prices declined sharply, reaching $55.00 per barrel at the end of December 2014.

Euro/dollar exchange rate

- On foreign exchange markets, the euro weakened in 2014, to $1.21 (−12.2% year on year) at December 31, 2014.

African economies: review and outlook

As the global economy continued its gradual recovery, African economies also expanded. According to the African Development Bank, average annual GDP growth came to 4.8% in 2014, compared with 3.9% in 2013.

North Africa continues to recover from political upheaval in Egypt, Libya, and Tunisia, and from the crisis in Europe, a key trading partner. GDP growth totaled 3.1% in 2014[E], up from 1.9% a year earlier.

West Africa remains the fastest growing region on the African continent. In 2014, GDP growth in West Africa came to 7.2%, compared with 6.7% in 2013, proof again of the region's adaptability in the face of international and regional unrest.

In **Central Africa**, the economic outlook remains favorable. GDP grew 6.2% in 2014[E], an improvement over growth of 3.7% in 2013. This acceleration is underpinned by solid growth in Chad (+9.6%), where new oil fields are entering into production. Key growth drivers are found outside the oil sector in Cameroon (5.1%), the Republic of the Congo (6.0%), and Gabon (5.1%), while mining, agriculture, and infrastructure investment played an important role in the Democratic Republic of the Congo (DRC), where GDP growth came to 8.6% (all figures 2014[E]).

East Africa enjoyed GDP growth of 6.0% in 2014, driven mainly by improved performances in agriculture, mining, tourism, and industry. The outlook for the region remains generally positive, with growth of approximately 7% forecast for Ethiopia, Uganda, Rwanda, and Tanzania, and of 5–7% for Burundi and Djibouti.

In Southern Africa, GDP growth of 4.0% is forecast for 2014, compared with 3.0% in 2013. This change can be attributed mainly to performances from Botswana (4.4%), Malawi (5.7%), Mozambique (8.3%), Zambia (6.5%), and Angola (3.9%), all of which benefited from extractive industries and from rising investment in infrastructure. By contrast, Lesotho, Madagascar, Mauritius, Namibia, Swaziland, and Zimbabwe experienced weak growth of between 2.1% and 4.3%. The growth rate for South Africa is expected to decline to 1.4% in 2014, compared with 1.9% in 2013. However, global economic recovery, rising exports, and favorable exchange rates should boost growth in South Africa and the entire region.

GDP growth in Africa by region (%)

	2013	2014[E]
Africa	3.9%	4.8%
Central Africa	3.7%	6.2%
CAEMC	2.8%	4.9%
East Africa	6.2%	6.0%
North Africa	1.9%	3.1%
Southern Africa	3.0%	4.0%
West Africa	6.7%	7.2%
WAEMU	5.7%	6.6%

Source: AfDB

Inflation of 7.2% in 2014[E]

After reaching 6.7% in 2013, the average inflation rate exceeded 7% in 2014. The inflationary pressure felt by many countries in 2011 and 2012 subsided in 2013, mainly because of relatively stable energy prices, lower food prices, and conservative macroeconomic policies. In Central Africa, the inflation rate came to 3.3% in 2014[E], up from 1.9% a year earlier.

Forecasts for East Africa are based on inflation of 9.8% in 2014[E], compared with 12.0% in 2013. North Africa experienced a rise in inflation, to 7.6%, compared with 5.0% in 2013, while inflation in Southern Africa was stable, at 6.2%. Finally, the inflation rate in West Africa came to 7.0% in 2014[E], down from 7.5% in 2013.

Inflation in Africa by region (%)

	2013	2014[E]
Africa	6.7%	7.2%
Central Africa	1.9%	3.3%
CAEMC	2.1%	3.4%
East Africa	12.0%	9.8%
North Africa	5.0%	7.6%
Southern Africa	6.5%	6.2%
West Africa	7.5%	7.0%
WAEMU	1.3%	0.6%

Source: AfDB

North Africa (excluding Egypt)

Surface area: 6 million km^2

Population growth rate: 1.6%

Population: 93.3 million

- -Morocco: 33.0 million
- -Tunisia: 11.0 million
- -Libya: 6.2 million
- -Mauritania: 3.9 million
- -Algeria: 39.2 million

Currencies: dirham, dinar, and ouguiya

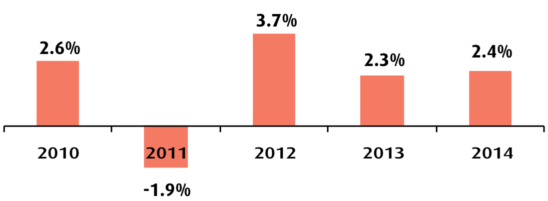
Source: AfDB

Tunisia

Growth in 2014 came to 2.4%, nearly unchanged from a year earlier

According to the latest forecasts, the Tunisian Ministry of Finance forecasts growth of 2.4% in 2014[E], down from a previous forecast of 2.8%. This downward revision can be attributed to the slowdown in economic activity in the second quarter of 2014, particularly in the non-manufacturing sector.

Annual GDP growth (%)



Source: IMF

An analysis of the Tunisian economy shows that the primary sector benefited from good weather conditions in 2014. The cereal harvest totaled 23.2 million quintals, compared with 13 million quintals in 2013. Production also improved (+2.5%) for fisheries and aquaculture, totaling 81.6 thousand tons at the end of August 2014.

With regard to industrial activity, the production index had fallen by 0.2% as at the end of July 2014, after an increase of 2.2% during the same period a year earlier. This decline was due to lower production in both non-manufacturing (−2.1%) and manufacturing (−0.2%) industries.

In the service sector, which accounts for nearly 60% of GDP, tourism slowed from levels seen in 2013. In September 2014, the numbers of foreign tourists and total overnight stays had declined 11.2% and 5.2% respectively, compared with figures from September 2013. However, tourist spending in foreign currencies had risen by 8.8% in September 2014, compared with 2.3% in September 2013.

In the trade balance of the first nine months of the year, imports rose 6.2%, to TND 31.4 billion, with exports virtually unchanged, at TND 20.8 billion. The trade deficit widened by TND 1.8 billion, resulting in a ratio of exports to imports of 66.4% (−4 pts).

According to the latest FIPA (Foreign Investment Promotion Agency) statistics, foreign investment in Tunisia at the end of November 2014 was down 8.8%, to TND 1,643.7 million, comprising TND 1,491.8 million in foreign direct investment (−10.9%) and TND 151.9 million in portfolio investments (+22.5%).

Inflation of 5.7% in 2014, compared with 6.1% in 2013

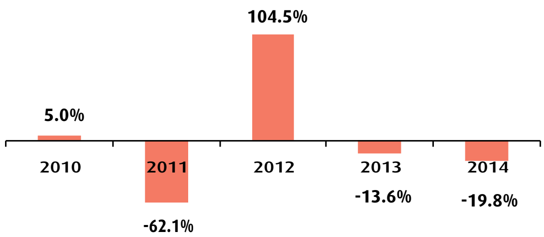
The IMF forecasts a rise in the consumer price index of 5.7% in 2014, compared with 6.1% in 2013.

Libya

Economic growth fell 19.8% in 2014[E], after a decline of 13.6% in 2013

After rapid economic recovery in 2012, the Libyan economy slowed in 2013 and 2014, with declines in GDP of −13.6% and −19.8% respectively (source: IMF). The political turmoil and conflict gripping the country have disrupted hydrocarbon production, thereby indirectly slowing Libyan economic growth. The hydrocarbon sector accounts for more than 95% of total government revenue and 98% of all exports.

Annual GDP growth (%)



Source: IMF

Inflation up to 4.8% in 2014[E], compared with 2.6% in 2013

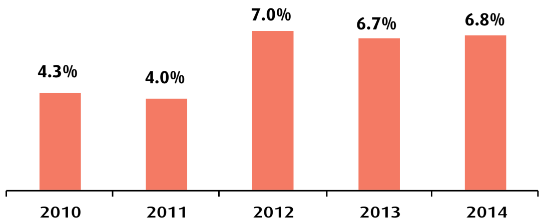
The consumer price index in Libya rose 4.8% in 2014[E], compared with 2.6% in 2013.

Mauritania

Economic growth estimated at 6.8% in 2014, compared with 6.7% in 2013

The IMF forecasts growth in the Mauritanian economy of 6.8% in 2014, compared with 6.7% in 2013 and continuing a positive trend begun in 2012. This performance is attributable mainly to new iron deposits in the extraction sector, to good weather conditions, and to the positive effects from the new fisheries agreement signed in October 2013 with the European Union (EU).

Annual GDP growth (%)

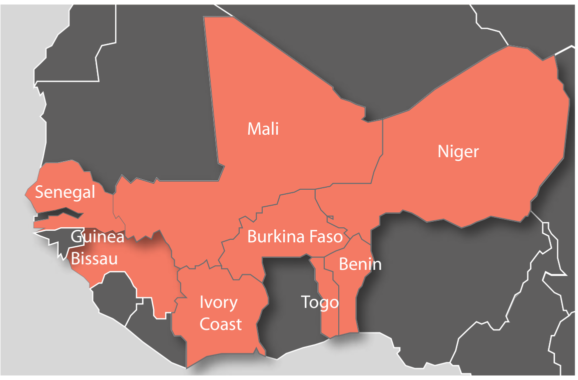


Source: IMF

Inflation down, from 4.1% in 2013 to 3.5% in 2014

The inflation rate stood at 3.5% at the end of 2014, mainly because of higher food prices (source: National Bureau of Statistics).

WAEMU: West African Economic and Monetary Union



Surface area: 3.5 million Km²
Population growth rate: 2.9%
Population: 103.4 million
- Senegal: 14.1million
- Ivory Coast: 20.3 million
- Mali: 15.3 million
- Burkina Faso: 16.9 million
- Benin: 10.3 million
- Niger: 17.8 million
- Guinea-Bissau: 1.7 million
- Togo: 6.8 million

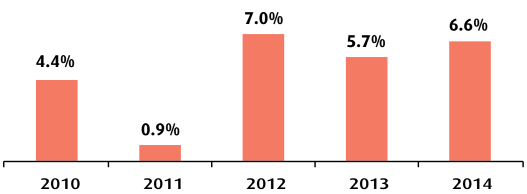
Currency: CFA franc

Source: AfDB

Steady economic growth of 6.6% in 2014ᴱ, compared with 5.7% in 2013

Despite a persistently fragile international economy, the West African Economic and Monetary Union (WAEMU) performed well in 2014 with regard to economic growth and inflation, thanks to renewed vigor in the region's main sectors. According to the latest IMF forecasts, GDP should grow 6.6% in 2014, compared with 5.7% in 2013.

Annual GDP growth (%)



Source: IMF

Inflation down, from 1.3% in 2013 to 0.6% in 2014ᴱ

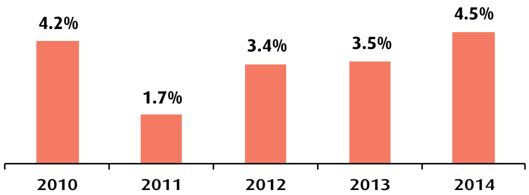
The Central Bank of West African States estimates inflation of 0.4% year on year as at the end of November 2014. Higher water and electricity prices in some countries were compensated by lower food and fuel prices in other member states.

Senegal

Growth estimated at 4.5% in 2014ᴱ, compared with 3.5% in 2013

GDP growth in Senegal came to 4.5% in 2014, compared with 3.5% in 2013. This performance was attributable to the inauguration of the Emerging Senegal Plan (ESP) and to increased trade with Mali.

Annual GDP growth (%)



Source: IMF

The primary sector grew slightly in 2014, by 0.8%, compared with growth of 3.3% in 2013. In the secondary sector, GDP growth of 4.9% is expected for 2014, after a contraction of −1.5% in 2013. GDP growth in the tertiary sector came to 5.6% in 2014, compared with 6.4% in 2013.

The Emerging Senegal Plan aims to enhance the transformation of the Senegalese economic structure and to support strong and sustainable growth by means of infrastructure projects in various business segments.

Inflation down, from 0.7% in 2013 to −1.1% in 2014

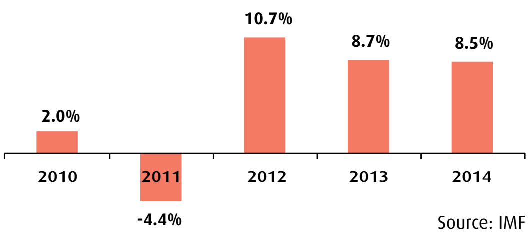
The National Statistics Agency reported that the harmonized index of consumer prices recorded a year-on-year decline of 0.8% at the end of 2014. The annual inflation rate was −1.1% in 2014.

Ivory Coast

Growth estimated at 8.5% in 2014ᴱ, compared with 8.7% in 2013

Ivory Coast's economic growth in 2014 is expected to be 8.5%, compared with 8.7% the previous year (source: IMF). These performances arose mainly from the robustness of mining and farming, from favorable outlooks for the construction and public works sectors, and from the vibrant transportation, telecommunications, and retail sectors.

Annual GDP growth (%)



Source: IMF

Inflation down, from 2.6% in 2013 to 0.6% in 2014[E]

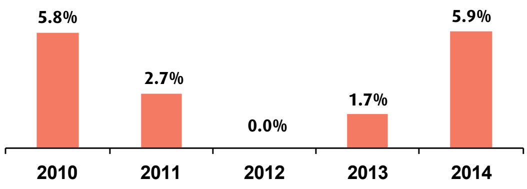
Inflation was 0.6% in 2014[E], a decline of 2.0 points from inflation in 2013.

Mali

Malian recovery continues, with growth of 5.9% in 2014[E]

Economic recovery continued in 2014, with estimated GDP growth of 5.9% in 2014 building on the mild improvement of 1.7% in 2013. Agricultural and mining activities and a revived tertiary sector are driving the momentum.

Annual GDP growth (%)



Source: IMF

A rise in inflation of 1.1% in 2014, compared with −0.6% in 2013

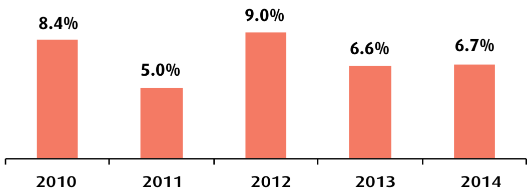
The consumer price index rose 1.1% in 2014, on an annual basis (source: National Statistics Agency of Mali). The WAEMU price index rose 0.9% in 2014, compared with −0.6% in 2013.

Burkina Faso

Growth estimated at 6.7% in 2014, compared with 6.6% in 2013

The IMF expects economic activity in Burkina Faso to remain vigorous in 2014, with growth of 6.7% in 2014, compared with 6.6% in 2013. This performance is attributable mainly to activity in the primary and tertiary sectors, which grew by 7.3% and 7.2% respectively.

Annual GDP growth (%)



Source: IMF

Inflation of 1.5% in 2014[E], compared with 0.5% in 2013

The IMF's latest estimates show inflation of 1.5% in 2014, compared with 0.5% a year earlier.

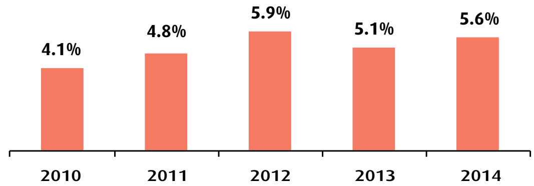
During the first 10 months of 2014, the harmonized index of consumer prices rose by 0.8% year on year. The WAEMU's price index stood at −0.3%, compared with 1.1% for the first 10 months of 2013.

Togo

Economic growth estimated at 5.6% in 2014, compared with 5.1% in 2013

In 2014, the economic outlook remained positive for Togo. GDP growth in 2014 is estimated at 5.6%, compared with 5.1% in a year earlier. This upward trend is driven by port and airport traffic, growth in cement and phosphate production, and vigorous public investment programs.

Annual GDP growth (%)



Source: IMF

An inflation rate of 1.5% in 2014[E], compared with 1.8% in 2013

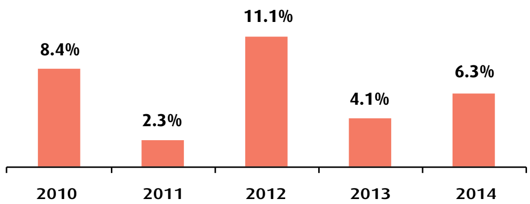
The IMF forecasts inflation in Togo of 1.5% in 2014, compared with 1.8% in 2013. According to the National Statistics Bureau of Togo, the consumer price index had risen 0.5% year on year as at the end of November 2014. The inflation rate, calculated on an annual basis, remained virtually unchanged during the first 11 months of the year.

Niger

Economic growth estimated at 6.3% in 2014, compared with 4.1% in 2013

The IMF forecasts economic growth of 6.3% for 2014. The latest estimates from the Macroeconomic and Budget Committee of Niger call for GDP growth of 7.1%, after 4.1% in 2013. These performances are due mainly to the oil, mining, and agricultural sectors.

Annual GDP growth (%)

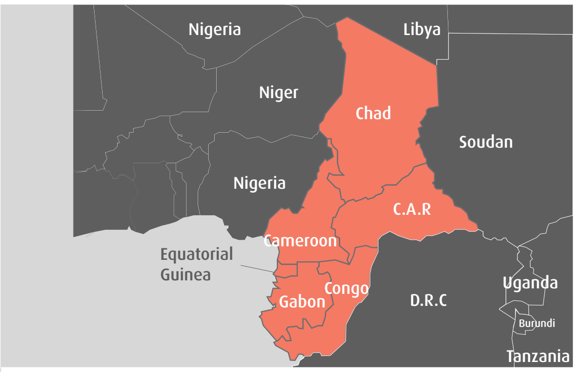


Source: IMF

Deflation of −1.1% in 2014[E]

In Niger, average annual inflation in 2014 declined by 1.1%, after rising 2.3% the previous year. Most categories of goods and services constituting the index experienced a decrease in prices.

CAEMC: Central Africa Economic and Monetary Community



Surface area : 3 million Km²
Population growth rate : 2.6%
Population : 46.6 million
- Cameroon : 22.3 million
- Gabon : 1.7 million
- Congo : 4.4 million
- CAR : 4.6 million
- Chad : 12.8 million
- Equatorial Guinea : 0.8 million

Currency: CFA franc

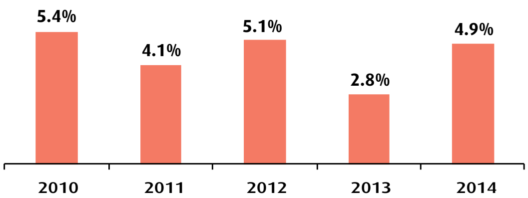
Source: AfDB

Annual GDP growth estimated at 4.9% in 2014E, up 2.1 points

The Central Africa Economic and Monetary Community (CAEMC) forecasts higher real growth in 2014 as a result of solid economic performances in the franc zone. Key growth drivers are the agricultural sector, services, and strong domestic demand.

The IMF forecasts GDP growth of approximately 4.9% in 2014, compared with 2.8% in 2013.

Annual GDP growth (%)



Source: IMF

Inflation expected to reach 3.4% in 2014, compared with 2.1% in 2013

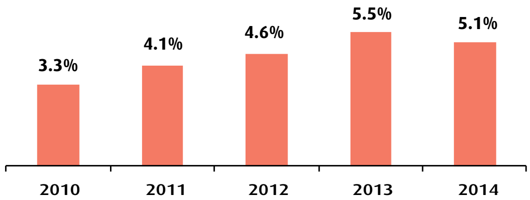
Several factors explain why inflationary pressure was higher in 2014 (+3.4%) than in 2013 (+2.1%). The most important factor was the crisis in the Central African Republic, but others were a salary hike for civil servants in the Republic of the Congo, the hiring of more civil servants in Equatorial Guinea, and higher prices of petroleum products in Cameroon.

Cameroon

Growth estimated at 5.1% in 2014E

The IMF's most recent forecast for Cameroon calls for GDP growth of 5.1% in 2014. Certain segments of the secondary sector have contributed to this growth, notably construction and public works, infrastructure investments, and mining activities.

Annual GDP growth (%)



Source: IMF

Inflation up 3.2% in 2014E

The IMF forecasts inflation of 3.2% in 2014, an increase of 1.1 points from the previous year.

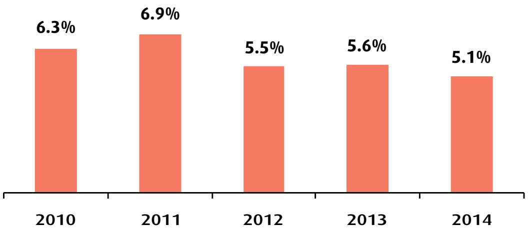
The Department of Demographic and Social Statistics of Cameroon estimates that the consumer price index had risen 1.7% at September 30, 2014, compared with 2.1% for the same nine-month period in 2013.

Gabon

Growth of 5.1% in 2014E, compared with 5.6% in 2013

Growth of Gabon's economy in 2014 is estimated at 5.1%, compared with 5.6% in 2013. This growth is due mainly to agriculture, construction and public works, and the mining sector.

Annual GDP growth (%)



Source: IMF

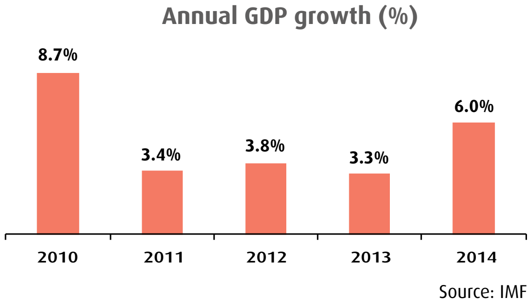
Inflation up, from 0.5% in 2013 to 4.7% in 2014E

The IMF forecasts inflation of 4.7% for 2014, a rise of 4.2 from the previous year.

Republic of the Congo

Economic growth of 6.0% in 2014E, compared with 3.3% in 2013

After averaging 3.5% over the past three years, GDP in the Republic of the Congo is expected to have risen in 2014 by as much as 6%. Ongoing government investment programs, the launch of mining production, and a robust oil sector underpin GDP growth.



Inflation declines to 2.2% in 2014E, compared with 4.6% in 2013

Inflation is lower than the CAEMC minimum requirement of 3.0% and was 2.2% in 2014E, compared with 4.6% in 2013.

MOROCCO: economic growth in 2014E boosted mainly by the nonagricultural sector

In a context of struggling global economic recovery, Moroccan GDP growth declined in 2014, mainly because of a slowdown in agricultural activities, construction and public works, and tourism. By contrast, nonagricultural activities showed improvement year on year.

According to the latest economic data from the Haut Commissariat au Plan, the Moroccan economy achieved GDP growth of 2.6% in 2014, compared with 4.4% in 2013.

Sector analysis shows that, in 2014, primary activity lost 1.7% of value-added, thereby reducing GDP by 0.2 point. The slowdown in primary activity is the result of a weak 2013–2014 harvest, with cereal production of only 68 million quintals, compared with 97 million quintals in 2013.

Nonagricultural activities grew by 3.4% in 2014E, up from 2.2% in 2013. This growth is attributable mainly to steady expansion in tertiary activities and to the strong recovery of secondary activities overall.

Economic growth in secondary-sector activities is estimated at 3.0% in 2014, up 2.7 points from 2013, as shown by the following developments:

- the production and consumption of energy had grown 4.7% and 3.8% respectively as at the end of December 2014;
- electricity sales increased in 2014 by 3.8%, to 27,769 GWh;
- export sales of OCP Group were nearly unchanged from the previous year, totaling MAD 37.1 billion at December 31, 2014;
- however, cement sales fell in 2014 by 5.4%, to 14.1 million tons.

The tertiary sector's solid performance was due mainly to communications, transport, and trade, which contributed 1.7 points to total GDP. Inversely, the hotel and restaurant sectors lost 1.3% of value-added because of a decline in overnight stays and stagnant spending by tourists.

Nonetheless domestic demand, which has played a vital role in the Moroccan economy in recent years, continues to expand even as household spending declines. Final consumption expenditure in 2014 accounted for 2.4 points of GDP, compared with 2.9 points in 2013.

Investments levels were maintained in 2014 and benefited from:

- a steady stream of sovereign debt issues (+9.0%), amounting to MAD 52.5 billion at December 31, 2014;
- a 7.8% increase in 2014 in foreign direct investment, to MAD 29.9 billion; and
- a 2.9% rise in outstanding investment loans, to MAD 144.5 billion at December 31, 2014.

Approval of 33 investment projects for 2015

Last December, the Interministerial Investment Committee approved 33 investment projects with a total budget of MAD 15.5 billion, thereby creating 4,057 direct jobs.

These investments are for the industry, energy, manufacturing, water-distribution, and tourism sectors.

Quarterly Moroccan GDP growth (year on year)

Volume	Q1-13	Q2-13	Q3-13	Q4-13	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014*	2015*
GDP (MAD billions) (%)	173.9 3.8%	178.7 5.0%	179.7 4.1%	182.2 4.6%	4.4%	177.4 2.0%	183.1 2.4%	184.0 2.4%	185.4 1.8%	2.6%	4.8%
Agricultural value-added (MAD billions) (%)	28.1 15.8%	29.2 20.2%	29.3 18.7%	29.6 21.2%	18.7%	27.6 -1.8%	28.7 -2.0%	28.8 -1.6%	29.2 -1.4%	-1.7%	9.3%
Nonagricultural value-added (MAD billions) (%)	124.0 1.8%	126.7 2.6%	128.3 1.5%	130.7 2.0%	2.2%	127.2 2.6%	130.6 3.1%	132.2 3.1%	133.7 2.3%	3.4%	4.1%

* Estimates

Source: HCP, BAM

Quarterly GDP growth remained positive during the first nine months, mainly because of a strong performance from the nonagricultural sector.

Contribution to GDP growth by primary, secondary, and tertiary sectors

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14
Primary sector	2.1	2.6	2.4	2.7	-0.5	-0.2	-0.2	-0.1
Secondary sector	-0.3	0.1	0.0	0.4	0.4	0.4	0.6	0.2
Tertiary sector	1.4	1.6	0.9	0.9	1.8	1.8	1.6	1.3

Source: BAM - HCP

The Haut Commissariat au Plan forecasts domestic economic growth of 4.4% in 2015, with agricultural GDP of 9.3% and nonagricultural GDP of 4.1%.

Contribution in full discharge of liabilities: a successful operation

The operation for contribution in full discharge of liabilities with regard to foreign-exchange reserves and liquidities held abroad resulted in the declaration of MAD 27.9 billion. A total of MAD 2.3 billion was collected for allocation to the Social Unity Support Fund.

Royal visit to sub-Saharan Africa in February and March of 2014:

During the royal tour of Africa in 2014, more than 90 agreements were concluded between Morocco and Mali, Ivory Coast, Gabon, and Guinea. These partnerships are for several socioeconomic development projects in the areas of health care, education, agriculture, livestock, fisheries, and welfare housing. This initiative strengthens south-south cooperation and expands opportunities for Moroccan businesses in various sectors of emerging economies.

Slowdown in 2014 in construction and public works

Cement sales, the key performance indicator of the construction and public works sector, declined in 2014 by 5.4%, to 14.1 million tons. This downward trend began to slow in the fourth quarter of 2014, at the same time that demand in the property sector began to recover.

By geographic areas, greater Casablanca, traditionally among the top regions in terms of consumption (13.4%, or 1,879 thousand tons) experienced a 4.6% decline, compared with 8.9% in 2013. Tangier-Tetouan (11.9%, or 1,669 thousand tons) increased its cement consumption by 1.5% in 2014, compared with an 8.8% decline a year earlier. Cement consumption in Marrakech-Tensift-Haouz (9.9%, or 1,387 thousand tons) contracted by 12.4%, an even greater decline than in 2013 (–6.9%).

Outstanding mortgage loans increased in 2014 by 2.9%, totaling MAD 236.8 billion at the end of December 2014. This change combines a 6.4% rise in mortgage volume and a 5.3% decline in loans to real-estate developers. At the end of December 2014, the FOGARIM guarantee fund increased by 27.3% to 16,885 households, whereas the FOGALOGE guarantee fund increased by 15.4% to 5,762 households.

Good outlook for the construction and public works sector from 2015 onwards:

In order to address the shortage of housing in Morocco, the government has set a goal of reducing the housing deficit to 400,000 units by 2016, at a rate of 170,000 per year.

In April 2014, a framework agreement was signed by the Ministry of Housing and Urban Planning and by the National Federation of Real Estate Developers. The parties to the agreement aim to build 20,000 homes for the middle class by 2016. Furthermore, the government intends to accelerate its “Cities without Shantytowns and Refurbishment of Precarious Buildings” program.

Positive trend in energy sector

The energy sector continued to perform well in 2014. Net electricity generation grew by 4.7% in 2014, totaling 33.4 million GWh. This change is the result of a rise in production in concession activities (+32%) and a decrease in ONEE's net production (-23.4%).

Electricity consumption rose 3.8% in 2014, to 28.8 million GWh. Household consumption of low-tension electricity grew 5.9%, while use by industrial firms and distribution authorities of medium- and high-tension electricity rose 3.2%.

As at the end of November 2014, refinery volume had contracted by 1.7%, to 5.9 million tons. Declines in the production of fuel oils (–22.9%) and gasoline (–7.8%) were partially offset by a rise in diesel fuel (+7.6%).

Accounting for 24.0% of total imports in 2014, energy imports fell 10.1%, to MAD 91.9 billion, in comparison with MAD 102.3 billion in 2013. The change results from decreases in imports of crude oil (–22.9%), to MAD 28.1 billion, and of diesel and fuel oil (–10.1%), to MAD 32.0 billion.

Renewable energies: significant progress

By giving priority to the development of renewable energies and aiming to raise their share of total energy capacity to 42% by 2020, Morocco is working to establish a sustainable and efficient energy model that creates new sources of green growth. In order to achieve these goals, two large-scale solar- and wind-power projects are being launched:

- Overseen by the ONEE (Moroccan National Electricity and Potable Water Utility), the first project has already been launched and is expected to reach a capacity of 2,000 MW by 2020. So far 380 MW are operational, including 100 MW generated by private firms operating within the framework of law 13-09 (Moroccan renewable energy law). Approximately 550 MW are currently being implemented, and further capacity of 250 MW is under development.
- The second project was launched last year by the ONEE and aims to attain new capacity of 850 MW by means of five wind farms built in Midelt, Tarfaya, Tangier, Essaouira, and Boujdour, for a total investment of MAD 15.3 billion.

Improved business activity in mining sector

After two consecutive years of decline, the Moroccan mining sector is showing signs of recovery, as seen in the excellent performances of OCP Group.

As at the end of December 2014, phosphate production had grown by 3.6%, to 27.4 million tons, boosted by favorable market trends observed since the beginning of the year. Global demand also improved. Phosphoric acid production rose by 1.4%, to 4.5 million tons. Driven by strong market demand, the production of phosphate fertilizers rose 8.2%, totaling 5.2 million tons.

Exports of phosphates and derivatives, totaling MAD 38.1 billion, were largely unchanged from volumes in 2013.

OCP Group: large-scale projects

In order to consolidate its leadership position on the global market for phosphates and phosphate-based products, OCP Group continues to:

- add value to phosphate through significant investment, especially at the Jorf Lasfar (MAD 40 billion) and Safi Phosphate Hub (MAD 30 billion) sites, over at least the next decade;
- add extraction capacity of approximately 20 million tons, for a total of 50 million tons per year by 2025;
- enhance logistics and transport infrastructure as part of a major cost-cutting program (e.g., the commission in 2014 of the 235 km Khouribga–Jorf Lasfar pipeline);
- strengthen the Group's commercial policy by means of strategic agreements signed with high-quality partners worldwide.

Primary sector: slowdown of agricultural activity in 2014

Hurt by poor weather conditions in 2014, the primary sector's agricultural value-added fell by 1.7%, compared with growth of 18.7% in 2013.

According to the latest data from the Ministry of Agriculture and Maritime Fisheries, the cereal harvest for 2013–2014 amounted to 68 million quintals comprising 37 million quintals of soft wheat, 17 million quintals of barley, and 14 million quintals of hard wheat.

Food imports rose 14.8% in 2014, to MAD 41.2 billion, mainly because of the 51.2% increase (MAD 12.4 billion) in wheat imports.

Agricultural and agri-food exports, meanwhile, rose 4.0%, to MAD 37.7 billion, buoyed by solid sales in the food industry (+9.1%, to MAD 21.9 billion).

Green Morocco Plan: significant progress

Since implementation of the Green Morocco Plan in 2008, the agricultural sector has grown continuously. Investment has also grown, from MAD 7.4 billion in 2008 to MAD 13.8 billion in 2013.

Several reforms have been implemented, such as the overhaul and enhancement of the agricultural incentive system, the application of contracts for public and private commitments as part of programs and agreements of subsidiaries, and the adoption of the aggregate approach to the sector's value chain.

Launch of large-scale hydro-agricultural projects in the Sefrou province

With a total budget of MAD 5.5 billion, several hydro-agricultural projects were launched at the beginning of the year in the Sefrou province. The projects entail construction of the M'dez dam on the Sebou river, protection of irrigated zones on the Saiss plain, and development of the upstream basin that feeds the Allal Fassi and Zelloul dams as well as the M'dez Aïn Timedrine site.

Fisheries: high potential value

Performance of the inshore and traditional fishery sector improved in 2014.

According to the latest data published by the National Fishery Office, inshore and traditional fishery landings were up 8.9% at the end of December 2014, to 1,287,179 tons. The change was attributable mainly to the 11.5% rise, to 1,153,015 tons, in pelagic-fish volumes, which reflected good landings of sardines (+20.8%, to 848,352 tons) and mackerel (+18.6%, to 178,158 tons).

These landings increased 10.0% in value, to MAD 6.0 billion, because of the rise in value of pelagic-fish landings (+6.9%, to MAD 2.6 billion), especially sardines (+13.0%) and mackerel (+24.8%).

Cephalopod landings, by contrast, declined 18.5%, to 37,544 tons, although their value rose by 20.9%.

Catches dispatched for freezing and consumption declined by 7.2% (to 406,595 tons) and 18.4% (to 325,124 tons) respectively. Their market share in frozen products declined to 31.6%, while that for consumption declined to 25.3%. In 2014, products destined for the fish-meal and fish-oil industry accounted for 26.6% of total capture, a sharp rise of 88.5%, to 341,807 tons. Volume allocated to conserves increased 34.2%, to 205,960 tons, accounting for 16.0% of total catches in 2014, compared with 13.0% a year earlier.

Exports of fishery products in 2014 increased by 2.8%, to MAD 3.4 billion.

As part of efforts to improve international cooperation in the fishery industry, the new fisheries partnership agreement signed in November 2013 between Morocco and the European Union (EU) entered into force on July 15, 2014. This agreement aims to reduce the number of fishing vessals from 137 to 126 and to raise the quota of pelagic fish to 80,000 ton from 60,000 tons. In exchange, the EU will provide financial assistance of €40 million per year, of which €14 million will be earmarked for the implementation of the Halieutis Plan.

Tourism 2014: a good vintage

Tourism sector has registered a favourable growth during 2014. In 2014, tourist arrivals increased by 2.4%, to 10.3 million, of which 4.8 million Moroccans living abroad (+2.6%). The number of foreign tourists increased 2.1%, to 5.4 million.

Arrivals from the two main source markets, France (34%) and Spain (21%), increased by 1.7% and 1.8% respectively. Numbers of tourists from Germany, the United Kingdom, and Italy rose by 4.6%, 14.0%, and 5.9% respectively.

Overnight stays in classified tourism lodgings continued to rise, increasing 2.7% (to 19.6 million overnight stays) in 2014. This was in line with the 2.8% rise (to 14.3 million overnight stays) registered by nonresidents and, to a lesser degree, with the 2.4% rise (to 5.3 million overnight stays) registered by resident tourists.

There were gains in overnight stays at almost all Moroccan destinations: Marrakech set a record, at 6.7 million overnight stays (+3.3%); Agadir recorded 5.1 million overnight stays (+2%); and Casablanca totaled 1.9 million overnight stays (+2.8%).

Foreign trade: deficit reduced to MAD 17.2 billion

Foreign trade improved in 2014, as the increase in exports in goods and services exceeded the increase in imports. The result is an improvement of 13.2% (MAD 17.2 billion), to MAD 113.4 billion, in the foreign trade deficit for goods and services.

Exports: favorable trend in exports (excluding phosphates and derivatives)

In 2014, exports of goods increased 7.5%, to MAD 165.2 billion. This growth is attributable mainly to growth in Morocco's global industries, which were particularly dynamic, accounting for 28.3% of total Moroccan exports.

The automotive industry is now the largest export sector, accounting for 20.2% of total exports. In 2014, exports from the automotive sector rose 26.5%, to MAD 40.0 billion. Growth was driven mainly by manufacturing (+52.2%, to MAD 19.5 billion) and wiring (+9.7%, to MAD 17.2 billion). Electronics sales were also up (+26.2%, to MAD 8.8 billion) and now account for 4.4% of total exports, compared with 3.7% in 2013.

Exports of traditional sectors grew as well, though at a slower pace. In 2014, textiles and leather as well as agriculture and food grew 3.9% (MAD 33.3 billion) and 4.0% (MAD 37.7 billion) respectively. Exports of phosphates and phosphate derivatives rose 2.1%, to MAD 38.1 billion.

Service exports (including travel) amounted to MAD 131.7 billion, down 4.1% from the previous year.

Overall exports of goods and services rose by 5.9% in 2014, to MAD 296.9 billion.

Imports: consistently robust activity in food products and finished consumer goods

In 2014, imports of goods amounted to MAD 337.3 billion, a slight decline (−0.3%) from levels a year earlier. This change is attributable mainly to the 15.1% rise, to MAD 41.3 billion, in food imports; to the 8.3% increase, to MAD 70.4 billion, in purchases of finished consumer goods; and to the 10.2% decline, to MAD 91.9 billion, in billings for energy-related products.

Imports of services rose by 0.3%, to MAD 73.0 billion, in 2014.

Consequently the trade deficit for goods and services declined by MAD 17.2 billion (−13.2%), to MAD 113.4 billion. The resulting ratio of imports to exports was 72.4% at the end of December 2014.

Revenue from travel and remittances from Moroccans living abroad

According to the latest estimates of the Exchange Bureau, travel receipts amounted to approximately MAD 57.4 billion at the end of 2014. Expenses rose 9.2%, to MAD 12.1 billion. The resulting net travel balance came to MAD 45.3 billion, down 2.7% year on year.

In 2014, remittances from Moroccans living abroad totaled MAD 59.1 billion (+2.2%), compared with MAD 57.9 billion (−1.5%) in 2013.

Foreign investments and private loans

In 2014, revenue from foreign investments and private loans decreased by 12.3%, to MAD 34.3 billion, while outflows for foreign investment and private loans declined by 48.7%, to MAD 5,8 billion.

As a result, FDI amounted to MAD 28.5 billion, an increase of 2.6% from MAD 27.7 billion a year earlier.

Public finances

At December 31, 2014, the funding gap for the budget stood at MAD 16.0 billion, down from MAD 16.9 billion in 2013.

The budget deficit amounted to MAD 49.0 billion, in comparison with MAD 50.0 billion in 2013. This slight improvement is due mainly to transfers received from the Gulf Cooperation Council, totaling nearly MAD 11 billion in 2014, up from MAD 4 billion the previous year; to income from privatizations for nearly MAD 2 billion; and to receipts of nearly MAD 2.3 billion for contributions in full discharge of liabilities. This extraordinary income totaled nearly MAD 15 billion, or 1.7% of GDP.

Revenue

Treasury revenue and expenditure at December 31, 2014, came to MAD 202.5 billion, a 0.7% increase in ordinary revenue. This change was due to a 1.9% rise in tax revenue, to MAD 177.5 billion.

Tax revenue

The rise in tax revenue resulted chiefly from (i) a 0.3% rise in direct taxes, to MAD 77.6 billion; (ii) a 1.0% increase in indirect taxes, to MAD 76.3 billion; and (iii) 16.3% growth in registration fees and stamp duties, to MAD 15.8 billion.

Moreover, the rise in direct taxes, which account for nearly 44% of total tax revenue, was due mainly to a 2.1% increase (to MAD 41.3 billion) in corporate tax revenue. This increase benefited largely from withholding tax from the MAD 1 billion partial disposal of the state's stake in Maroc Telecom.

Non-tax revenue

Non-tax revenue fell 7.1% in 2014, to MAD 22.1 billion. This decline was due chiefly to a 26.7% decrease, to MAD 9.8 billion, in revenue from monopolies and shareholdings, mitigated partly by income of MAD 2.0 billion from privatizations-mainly the disposal of the state's holdings in the Banque Centrale Populaire-and by fishery income of MAD 332 million.

Expenditure

Ordinary expenditure came to MAD 218.5 billion in 2014, up 0.3%. This figure represents a rise of 7.1% (to MAD 157.0 billion) in expenditure for goods and services, a rise of 10.7% (to MAD 24.3 billion) in interest paid on debt, and a decline of 24.7% (to MAD 37.2 billion) in gasoline and fuel-oil subsidies.

Public investment, meanwhile, amounted to MAD 51.6 billion, up 14.0% from 2013.

At December 31, 2014, the ratio of ordinary expenditure to ordinary revenue amounted to 92.7%, compared with 92.2% in 2013.

Financing the economy: money supply growth in 2014

Monetary aggregates

In 2014, the M3 money supply grew by 6.6%, to MAD 1,090.9 billion. This change was due to (i) a 5.2% increase, to MAD 481.2 billion, in bank money; (ii) a 4.7% rise, to MAD 179.4 billion, in currency in circulation; (iii) growth of 8.1%, to MAD 130.0 billion, in demand deposits; and (iv) a rise of 9.6%, to MAD 300.3 billion, in other monetary assets.

Growth in the money supply is attributable mainly to higher claims on the economy, up 4.3%, to MAD 896.0 billion. This growth derives mainly from real estate loans (+2.7%, to MAD 236.8 billion), debtor accounts and overdraft facilities (+3.1%, to MAD 180.7 billion), and equipment loans (+3.7%, to MAD 144.5 billion).

With regard to M3 counterparts, net claims on the central government declined 3.9%, to MAD 143.4 billion in December 2014, whereas net international reserves grew by 20.3%, to MAD 180.8 billion.

Official reserve assets increased 17.6%, to MAD 184.5 billion. This decline is due mainly to a 17.4% decrease, to MAD 137.7 billion, in net foreign assets of the Central Bank.

Changes in the categories of money supply included, as at December 31, 2014, a 5.0% rise in the M1 aggregate, to MAD 660.6 billion; a 5.5% increase in the M2 aggregate, to MAD 790.6 billion; and 6.6% growth in the M3 aggregate, to MAD 1,090.9 billion.

Liquid investments

At December 31, 2014, liquid assets amounted to MAD 486.2 billion. This rise of 17.8% year on year was due notably to an increase of 10.9%, to MAD 285.5 billion, in negociable treasury bonds, and to a rise of 32.5%, to MAD 152.2 billion, in securities issued by bond funds.

Securities issued by equity and diversified funds rose 11.5% in 2014, to MAD 29.3 billion.

Low inflation in 2014

Despite a decline in government spending related to the implementation of a partial price-indexing system for gasoline and fuel-oil products in an effort to reduce fuel subsidies, Morocco has managed to contain inflation to levels lower than in 2013.

At December 31, 2014, the consumer price index (CPI) stood at 113.4 points. The 0.4% year-on-year rise was a combined effect of a 1.6% increase (to 108.7 points) in nonfood prices and a 1.1% decrease (to 120.0 points) in food prices. Education costs posted the steepest rise (+3.4%), followed by transport costs (+2.6%).

Analysis by geographic zone of changes in the consumer price index reveals rises in all cities, most importantly in Fez (+1.1%), Rabat (+0.9%), Marrakech (+0.8%), Dakhla (+0.7%), and Safi (+0.6%).

Banking and financial environment

Banking sector

Morocco: developments and main trends

Despite a largely unfavorable global economic environment, the outlook for the banking sector remains positive. Networks continue to grow, and banking facilities are increasingly accessible.

At June 30, 2014, Morocco's banking sector comprised 83 financial institutions, including 19 banks, 34 finance companies, 6 offshore banks, 13 microcredit associations, 9 money-transfer companies, the Caisse Centrale de Garantie, and the Caisse de Dépôt et de Gestion.

In addition, the main banking groups continue to expand beyond Morocco, mainly into sub-Saharan Africa. At December 31, 2013, these groups had 25 subsidiaries, 10 branches, and 59 representative offices overseas.

The Moroccan banking system counts a wide variety of shareholders. At December 31, 2013, seven banks and nine finance companies were majority controlled by foreign investors, mainly French. At the same time, the public continues to hold majority shares in five banks and four finance companies.

The banking sector comprises 12 listed credit institutions, including 6 banks, and at December 31, 2014, was still the largest sector of the Casablanca Stock Exchange in terms of market capitalization (35.2%).

Growth in banking facilities and branch networks

Moroccan banks continue to expand their branch networks. Two hundred and fifty-seven new branches were opened between June 2013 and June 2014, bringing the total number of branches to 5,811 (+4.6%). There were 6,234 ATMs (+341 units year on year) in Morocco at December 31, 2014.

However, bank branches are largely concentrated in the country's main cities, and are rarer in rural areas.

At June 30, 2014, 62% of the population had access to banking facilities.

At December 31, 2014, the number of Moroccan bank cards in circulation totaled 10.9 million cards, an 11.7% increase from a year earlier.

E-commerce transactions rose 16.0% in 2014, from 1.7 million at December 31, 2013, to 1.9 million a year later.

Sector rules and regulations

Prudential requirements reinforced

As part of its proactive prudential oversight, Bank Al–Maghrib (BAM) continued to strengthen regulatory requirements for credit institutions, in preparation for the new framework of Basel III, effective since January 2014.

To ensure convergence of these standards with the Moroccan prudential framework, Morocco's central bank emphasized two major reforms of Basel III with regard to capital requirements and the liquidity coverage ratio.

Capital requirements

The reform has amended the definition of capital requirements. Bank capital must now comprise not only Tier 1 capital (i.e., shareholders' equity and disclosed reserves), but also Tier 2 capital (i.e., supplementary capital).

On both an individual and a consolidated basis, credit institutions must now dispose of core capital equal to at least 8% of risk-adjusted assets, Tier 1 capital of at least 9% of risk-adjusted assets, and Tier 1 and Tier 2 capital of at least 12% of risk-adjusted assets.

Liquidity coverage ratio

The reform provides for a liquidity coverage ratio of no less than 100%. The entry into force of this ratio, which replaces the prevailing liquidity coverage ratio, is scheduled for July 1, 2015, when the minimum ratio required of banks shall be set at 60%. This figure shall be then raised by 10 points each year until a ratio of 100% has been attained on July 1, 2019. The ratio requires that high-quality liquid assets be held and be readily available to cover needs for short-term liquidity during a stress period.

Results of banking-sector activity in 2014

Despite moderate economic recovery, banking activity rose in 2014.

Customer deposits rose by 6.7%, to MAD 725,764 million at December 31, 2014, compared with MAD 680,140 million a year earlier.

An analysis of bank deposits reveals the predominance of non-interest-bearing deposits, which comprised 62.0% of total deposits at the end of 2014. The share of interest-bearing deposits rose by 0.3 points year on year, to 38.0%.

Deposits of Moroccans living abroad rose by 4.4%, from MAD 147,925 million in 2013 to MAD 154,470 million in 2014. These deposits accounted for 21.3% of total bank deposits.

Outstanding loans rose by 2.3% in 2014, to MAD 747,767 million, compared with MAD 731,163 million in 2013.

The increase was due to a 2.9% rise in mortgage loans, to MAD 236,832 million; a 2.8% increase in investment loans, to MAD 174,913 million; and 7.3% growth in consumer loans, to MAD 48,631 million. Performing loans accounted for 93.0% of the total.

The loan-to-deposit ratio-the sector's benchmark—stood at 103.0% at the end of 2014, down 4.5 points from 107.5% a year earlier.

Commitments by signature declined 1.5%, to MAD 182,290 million, of which 63.0% was for commitment guarantees.

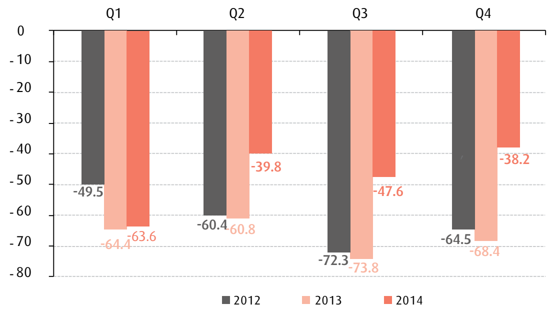
In terms of credit risk, nonperforming loans rose by 18.9% year on year, to MAD 52,451 million at December 31, 2013. Provisions and bank charges increased by 20.9%, to MAD 33,686 million, resulting in a nonperforming-loan ratio of 7.01% and a coverage rate of 64.2%.

Money market

Liquidity shortfall improved considerably in 2014, to MAD 38.2 billion at December 31, 2014, from MAD 68.4 billion a year earlier. This improvement was due mainly to 2 percentage points cut in March 2014 of the required reserve ratio, bringing it to 2%. Net international reserves have increased and now cover five months and nine days of import needs for goods and services.

Consequently Bank Al-Maghrib lowered the average volume of its operations, particularly seven-day loans, which declined from MAD 50.3 billion in 2013 to MAD 35.7 billion in 2014.

Liquidity shortfall in 2014



In 2014, the Central Bank cut its benchmark interest rate by 25 basis points in March and again by 25 basis points in December, bringing interest rates to 2.5%, an all-time low. According to Bank Al-Maghrib, the successive cuts were made to maintain the budget deficit at a sustainable level, to improve foreign-exchange reserves, and to boost the economy

Bond market

In 2014, the budget deficit is expected to reach 5.0%, compared with 5.5% in 2013 and 7.3% in 2012. However, indebtedness has risen from 59.7% at the end of 2012 to an estimated 64.3% at the end of 2014. This strong rise in sovereign issues is due to the following:

- the strong decline in subsidized fuels—the main component in the budget deficit—especially towards the end of 2014;
- the favorable conditions of domestic and international debt markets that determine the timing of sovereign issues and help control cost, duration, and currency risk;
- the Treasury's aim to build a security reserve as a cushion against future needs.

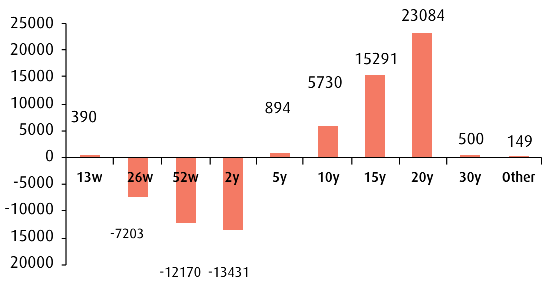
Financing needs in 2014 amounted to MAD 46.7 billion, a decline of MAD 4.3 billion from MAD 52 billion in 2013. Cash flow from international issues came to MAD 8.3 billion, compared with MAD 14.1 billion a year earlier. Domestic issues amounted to MAD 38.4 billion, down slightly from MAD 37.9 billion in 2013.

In 2014, international borrowing of MAD 8.3 billion comprised sovereign issues of MAD 11.2 billion (€1 billion) and funds supplied by IBRD (MAD 3.4 billion) and AfDB (MAD 1.6 billion), while reimbursements were estimated at MAD 9.1 billion.

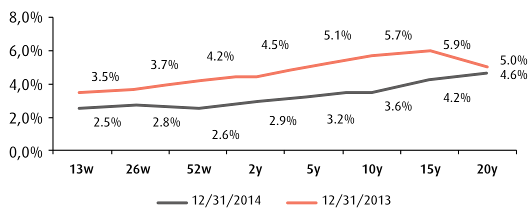
Funds raised from the auction market amounted to MAD 13.1 billion in 2014, compared with MAD 56.2 billion in 2013. In 2014, there were numerous redemptions and exchanges of Treasury bills, totaling MAD 32 billion. Short-term maturities (two years and less) were exchanged for medium and long-term maturities (five years and more); Treasury deposits increased from MAD 7.3 billion to MAD 50 billion, compared with a MAD 6.5 billion decline in 2013; and cash was tapped from Bank Al-Maghrib for MAD 95 millions (leaving available cash at MAD 2.1 billion), compared with MAD 659 million at December 31, 2013.

In addition, outstanding domestic debt rose 3.2% in 2014, totaling MAD 427.6 billion. This increase is due to the Treasury's use of the auction market for a net amount of MAD 13.1 billion, which is the net balance of issues (MAD 110.2 billion) and reimbursements (MAD 97.1 billion), compared with funds raised of MAD 56.3 billion in 2013, comprising issues of MAD 175.2 billion and reimbursements of MAD 118.9 billion.

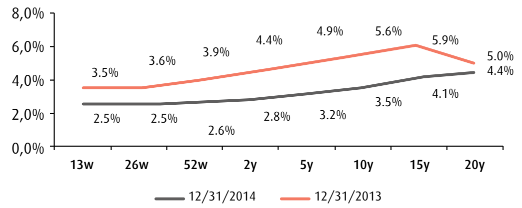
Treasury securities in 2014



Primary market yield curve for treasury securities in 2014



BAM secondary market yield curve in 2014



The yield curve trended downward in the second half of 2014 and accelerated towards the end of the year. This trend affected all maturities, lowering 30-year yields by 40 bp. Ten-year yields fell by 210 bp, to 3.6%, at the end of 2014, compared with 5.7% a year earlier.

Stock market

In 2014, after three consecutives years of decline, the MASI (Moroccan All Shares Index) rose 5.6%, to 9,620.1 points, while the MADEX (Moroccan Most Active Shares Index) advanced 5.7%. The Casablanca Stock Exchange outperformed averages of both emerging markets (–5%) and frontier markets (+3%).

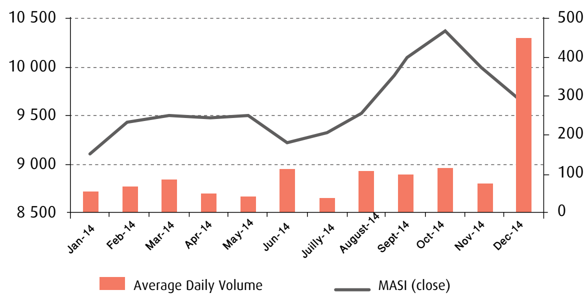
Market capitalization rose 7.4%, to MAD 484.45 billion. The four largest stocks accounted for half of market volume: IAM (20.6%), AWB (14.4%), BMCE (8.1%), and BCP (7.6%).

There were two operations on the primary market in 2014. The agri-food company Lesieur sold part of its capital via an SPO (secondary public offer), and Résidences Dar Saada carried out an IPO worth MAD 1,126 million.

In 2014, the central market had average daily trading volume of MAD 111 million, up slightly from MAD 108 million in 2013. By contrast, block trading fell by half, with average daily trading volume down to MAD 48 million from MAD 90 million a year earlier.

Two-thirds of the central market's volume consisted of only seven stocks, which individually accounted for more than MAD 1 billion in trading volume. Attijariwafa bank was the most actively traded of these stocks, with volume of MAD 5.6 billion (20.4% of total volume), followed by Addoha (11.2%), BMCE Bank (8.85%), IAM (8.46%), BCP (6.49%), Alliances (6.14%), and BMCI (4.14%).

Casablanca stock exchange monthly performance



The year 2014 began on a positive trend. Investors had already priced in the uneven earnings of listed companies in 2013 and were forecasting a brighter future. At March 31, 2014, the MASI had risen 4.5% since the beginning of the year. During the period April–July, the market consolidated in line with dividend payouts for 2013.

In August 2014, the MASI accelerated once again, driven by cement companies and by investors' pricing in the synergies from the Holcim-Lafarge merger. At October 31, 2014, the MASI had risen 13.58% since the beginning of the year.

November and December brought a downturn that was exacerbated by the stock performances of listed property companies. Although the market lost two-thirds of its annual gains during the last two months of the year, it nonetheless turned in an annual performance of 5.6%, to 9,620.1 pts.

Analysis of business activity and results of Attijariwafa bank

Business activity in Morocco

Customer deposits

Attijariwafa bank's customer deposits rose by 9.6% in 2014, to MAD 189.9 billion. This trend was due to an 8.5% rise in non-interest-bearing deposits, to MAD 122.0 billion, and to the 11.7% rise in interest-bearing deposits, to MAD 67.9 billion. The bank's share of the customer-deposit market came to 26.2%.

Attijariwafa bank's customer deposits are primarily non-interest bearing. Such deposits accounted for 64.3% of total deposits and include a 7.9% rise (to MAD 83.4 billion) in checking accounts and 9.5% growth (to MAD 30.0 billion) in current accounts in credit. The bank's non-internet-bearing deposits accounted for market share of 27.1%, up 0.6 points from 2013.

Interest-bearing deposits accounted for 35.7% of total customer deposits, compared with 35.1% in 2013. Underlying this change was a 3.9% rise (to MAD 38.7 billion) in short-term deposits and 6.8% growth (to MAD 25.0 billion) in savings accounts. The bank's market share for interest-bearing deposits stood at 24.6% at the end of 2014.

Loan disbursals

In 2014, Attijariwafa bank's customer loans rose by 2.8%, to MAD 197.6 billion. This growth was due mainly to a 5.3% rise in equipment loans, to MAD 57.6 billion, and to a 5.0% increase (to MAD 42.0 billion) in short-term loans. By contrast, mortgage loans declined by 2.8%, to MAD 54.5 billion.

In 2014 Attijariwafa bank continued to dominate the lending market, with market share of 26.4%.

Nonperforming loans rose by 20.6% in 2014, to MAD 9.9 billion, in an economic environment of increasing risk that is entering its third year for the banking sector. Provisions for nonperforming loans rose by 17.8%, to MAD 6.7 billion, bringing the coverage rate to 67.2%. The nonperforming-loan ratio was 5.0%, and the cost of risk amounted to 0.59%.

Performing loans amounted to MAD 187.7 billion, up 2.0% from a year earlier. The bank's market share in performing loans came to 27.0% in 2014.

Commitments by signature

Commitments by signature grew by 12.2% in 2014, to MAD 54.5 billion. The bank's market share for commitments by signature came to 28.8%, compared with 25.3% a year earlier.

Source: GPBM

Parent-company results at december 31, 2014

Net banking income

In 2014, net banking income rose by MAD 1.3 billion (+13.0%), to MAD 11.4 billion, compared with MAD 10.1 billion a year earlier. This increase was due mainly to a 69.2% rise in market activities, to MAD 3.1 billion, and to an increase of 1.1% in interest margin, to MAD 6.6 billion.

Net banking income breaks down as follows:

In MAD millions	2014	Share of NBI	2013	Share of NBI	Change MAD millions	Change %
Net interest margin	6,559	57.3%	6,487	64.0%	71.5	1.1%
Income from lease financing and related agreements	100	0.9%	60	0.6%	40.2	67.2%
Fee income	1,270	11.1%	1,265	12.5%	4.7	0.4%
Income from market activities	3,132	27.4%	1,851	18.3%	1,281.3	69.2%
(+) Other banking income	1,272	11.1%	1,324	13.1%	-52.2	-3.9%
(–) Other banking expenses	884	7.7%	852	8.4%	32.3	3.8%
Net banking income	**11,449**	**100.0%**	**10,135**	**100.0%**	**1,313.1**	**13.0%**

Net interest margin

Net interest margin rose by 1.1%, to MAD 6.6 billion, or 57.3% of net banking income. Net interest margin breaks down as follows:

- Interest and related income rose by 0.7%, to MAD 11.3 billion, after an increase of 13.7%, to MAD 646.6 million in interest and income from debt securities. Interest and related income from customer activities rose slightly (0.3%), to MAD 9.5 billion, while interest and related income from credit institutions increased 2.9%, to MAD 1.1 billion.
- Interest and related expenses rose by 0.2%, to MAD 4.7 billion, This change resulted from a 2.5% rise (to MAD 1.3 billion) in interest and related expenses from credit institutions, and a stagnation (to MAD 3.0 billion) in interest and related expenses from customer activities.

Income from lease financing and similar agreements

Income from lease financing and similar agreements grew by 67.2%, rising from MAD 59.8 million in 2013 to MAD 100.0 million in 2014.

Fee income

Fee income at December 31, 2014, totaled MAD 1.3 billion, a modest 0.4% higher than a year earlier.

Income from market activities

Income from market activities rose by MAD 3.1 billion (+69.2%) in 2014, the result of a 134.3% increase in trading activities, to MAD 3.4 billion. The sharp decline in yields in 2014 explains this performance.

Other banking income

In 2014, other banking income totaled MAD 1.3 billion, a 3.9% decline year on year. This change was attributable mainly to a 4.3% decline, to MAD 1,250 million, in dividends received by Group subsidiaries.

Other banking expenses

Other banking expenses increased 3.8%, to MAD 884.4 million, largely because of a 5.6% rise, to MAD 343.3 million, in the guarantee fund.

General operating expenses

General operating expenses in 2014 totaled MAD 3.9 billion, a rise of 5.1% year on year. This change was due largely to higher staff costs (+5.4%, to MAD 1.8 billion)—mainly because of a GPBM (Moroccan Banking Association) general pay rise effective July 1, 2014—and to an increase in operating expenses (+5.4%, to MAD 1.6 billion). These two items account for 45.2% and 40.6% respectively of general operating costs. The cost-to-income ratio was 34.3% in 2014, compared with 36.9% in 2013.

in MAD millions	December 2014	December 2013	December	
			MAD millions	%
General expenses	**3,368**	**3,197**	**171**	**5.4%**
Staff costs	1,773	1,683	90	5.4%
Operating expenses	1,594	1,513	81	5.4%
Real-estate lease payments	137	132	5	3.7%
Deprecation and amortization expenses*	**423**	**407**	**16**	**3.8%**
Expenses from prior periods	-	0.95		
General operating expenses	**3,927**	**3,736**	**190**	**5.1%**

* property, plant, and equipment, and intangible assets

Gross operating income

Gross operating income rose by 16.5%, from MAD 6.4 billion in 2013 to MAD 7.4 billion in 2014. This improvement is attributable to a 13.0% increase in net banking income, to MAD 11.4 billion, despite a 5.1% rise (to MAD 3.9 billion) in general operating expenses.

Income from ordinary activities

Income from ordinary activities totaled MAD 5.4 billion at December 31, 2014, a decline of 12.6% from MAD 4.8 billion a year earlier.

Net provisions increased by 26.2%, to MAD 2.1 billion, because of:

- gross provisions in 2014 of MAD 2.96 billion, compared with MAD 2.31 billion in 2013;
- gross provision write-backs of MAD 813.4 million in 2014, compared with MAD 607.2 million in 2013.

The coverage ratio for nonperforming loans was 68.7% in 2014

Net income

Net income rose by 7.7% in 2014, to MAD 3.5 billion.

Shareholders' equity

Shareholders' equity excluding net income rose by 5.6% in 2014, to MAD 25.4 billion, compared with MAD 24.1 billion in 2013.

Total assets

At December 31, 2014, total assets stood at MAD 288.8 billion, compared with MAD 292.3 billion at the end of 2013.

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	3,544,113,989.36
Retained earnings from prior years	6,509,709.04
Distributable income	**3,550,623,698.40**
Allocation	
Statutory dividend (6%)	122,116,335.60
Amount required to bring the dividend per share to MAD 10	1,913,155,924.40
Total payout	**2,035,272,260.00**
To extraordinary reserves	1,509,000,000.00
Retained earnings	6,351,438.40

Business activity and results for main subsidiaries

Subsidiaries in Morocco

Wafasalaf

Despite difficult economic conditions, Wafasalaf managed to achieve satisfactory performances.

Total production in 2014 for the consumer-credit subsidiary improved 4.0%, to MAD 10.8 billion. This trend resulted from 7.3% growth, to MAD 3.9 billion, in in-house production combined with a 2.2% improvement, to MAD 6.9 billion, in managed production. Total outstandings rose by 4.1%, to MAD 24.8 billion. This result followed on the 8.7% rise, to MAD 13.5 billion, in managed outstandings, which offset the 0.9% decline, to MAD 11.4 billion, in in-house outstandings.

In a highly competitive, mature market, Wafasalaf consolidated its leadership position with market share in net production of 32.6% at December 31, 2014.

The Wafasalaf network comprised 44 branches at December 31, 2014.

Net banking income declined by 2.2%, to MAD 990.4 million. Gross operating income decreased by 4.5%, to MAD 675.0 million. Nevertheless, net income improved 5.5%, to MAD 348.5 million, because of lower cost of risk.

Wafabail

Despite an unfavourable economic context, Wafabail reported good achievements.

Indeed, Wafabail posted a rise in production in 2014 of 2.0%, to MAD 3.9 billion, while the number of leases stood at 4,105 (+6.0%) at December 31, 2014.

Total outstandings came to MAD 12.0 billion (+4.4%), with a market share at December 2014 of 27.5%, up 80 basis points since the end of 2013.

In profitability terms, net banking income rose slightly (+0.6%) year on year, to MAD 296.3 million.

Wafa Immobilier

Thanks to synergies with Attijariwafa bank Group, Wafa Immobilier improved performance in production and outstandings in 2014.

Total production came to MAD 8.8 billion in 2014, an annual increase of 0.9%. This change resulted from a 59.6% rise, to MAD 2.6 billion, in real-estate development, and a 12.4% decline, to MAD 6.2 billion, in housing loans.

Outstandings in real-estate development grew 5.4%, to MAD 7.2 billion, while outstanding mortgages rose 5.3%, to MAD 43.4 billion.

Wafa Immobilier's net banking income totaled MAD 273.0 million in 2014, an annual rise of 5.5%. Net income amounted to MAD 87.6 million, 5.0% more than the MAD 83.5 million in 2013.

The subsidiary consolidated its footprint by opening two new agencies, bringing the total number of agencies to 51 at the end of 2014.

Wafa Immobilier manages all mortgage loans for Attijariwafa bank Group and Al Barid bank in Morocco, as well as some of the outstanding real-estate-development loans of Attijariwafa bank (Attijariwafa bank outstanding loans are recorded on the bank's balance sheet).

In addition, Wafa Immobilier is the first real-estate financing company to be certified ISO 9001 V 2008.

Wafa Immobilier was awarded the "International Quality Summit" in the "Platinum" category at the International Convention of Quality held in New York.

Wafacash

In 2014 there were signs of revival in the eurozone, Morocco's principal trading partner. This measured recovery, combined with an overall positive trend in the domestic economy, improved all key economic indicators.

These conditions also benefited Wafacash, which has continued to perform well in a sluggish market. The number of transactions carried out in 2014 rose 20%, to 19.9 million transactions. Total volume in 2014 increased 16%, to MAD 49.6 billion.

Key events in 2014 for Wafacash included:

- the opening of 85 new branches;
- the launch of Pay Cash, in collaboration with RCI Finance Maroc;
- the launch of the Al Amana micro-loan service in the Wafacash network;
- the marketing of the Hissab Bikhir offer on the Al Amana network;
- the signing of a partnership with Royal Air Maroc for payment collection via Binga for online sales of airline tickets;
- recruitment of a new representative.

With regard to financial aggregates, Wafacash's net banking income amounted to MAD 319.1 million, up 19.9% from 2013. Thanks to this increase and to controlled growth in general expenses, net income rose by 21.9% in 2014, to MAD 111.5 million.

Attijari Factoring Maroc

Despite the strong presence of new operators into the market, Attijari Factoring remains the leader thanks to the development of its products range (Domestic Full Factoring, Export and Import) and the successful introduction of confirming.

Attijari Factoring reported a considerable increase in its activity (+48%), mainly driven by the good performance of domestic factoring business (+47%) including transactions with the corporate and the excellent evolution of the confirming activity (+49%).

These achievements contrast with a decline of export operations (-6%), affected by the sluggish European demand.

Net banking income rose by 13.0%, to MAD 85.0 million, and net income grew by 13%, to MAD 38.13 million.

Wafa LLD

Because of the challenging economic environment, the long-term-lease market grew only slightly in 2014. New-vehicle sales rose 1.1%, to 122,081 vehicles, compared with 120,767 in 2013.

Wafa LLD ended the year with a fleet of 4,437 vehicles, after the addition of 1,270 new vehicles and the disposal of 1,221 vehicles. In addition, the subsidiary for long-term leasing enjoys a clientele comprising the largest companies and government agencies in Morocco. Wafa LLD's market share amounts to more than 18%.

At December 31, 2014, Wafa LLD's revenues totaled MAD 185.3 million (+12.2%), while net income stood at MAD 24.1 million.

Wafa Courtage

The banking-insurance sector remains highly consolidated. The sector's three largest groups receive 80% of all premiums and 70% of commissions.

In 2014, Wafa Courtage posted a 20% rise in new policies, to nearly 700,000 managed contracts. Premiums exceeded MAD 200 million, despite the downward trend in loans throughout the sector. Wafa Courtage recorded 10% growth in commissions in 2014.

Corporate and investment-banking subsidiaries

Corporate Finance: Attijari Finances Corp

In 2014, Attijari Finances Corp. maintained its leadership position in M&A advisory, thanks to its role in the following successful strategic operations:

- advisor to AKWA Group for the placement of an investment firm focused on the African market for oil/GPL storage and distribution;
- advisor to Lafarge Ciments for the merger of Lafarge Bétons and Lafarge Granulats with Lafarge Ciments;
- advisor to CDCI in a private placement for Retail Holding and Amethis Finance.

With regard to market activities, the investment bank maintained its presence on the equity and debt capital markets, largely because of its successful completion of the following operations:

- advisor to a consortium comprising Wilmar, AXA Assurance Maroc, CMR, CNIA Saada Assurance, MAMDA, RCAR, RMA Asset Management, and Wafa Assurance in its compulsory takeover bid for Cosumar shares worth up to MAD 2.9 billion;
- advisor to SNI in its public offering of Lesieur Cristal shares (22.8% of share capital) held by SNI worth MAD 581 million;
- advisor to Résidences Dar Saada in its IPO by share capital increase of MAD 1.1 billion;
- advisor to Tanger Med Port Authority (TMPA) for the issuance of a State-backed bond for MAD 300 million;
- advisor to Wafasalaf for the issuance of a subordinated bond for MAD 200 million;
- advisory to Attijariwafa bank for the issuance of a subordinated bond for MAD 1.2 billion.

Revenues for Attijari Finances Corp. amounted to MAD 49 million at December 31, 2014, compared with MAD 40.3 million a year earlier.

Restructuring and Private Equity: Attijari invest

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

The company is organized around three business lines: real estate, private equity, and infrastructure. Attijai Invest's main areas of activity are:

- structuring (origination and syndication) and fundraising from domestic and international institutional investors and qualified individuals;
- management of investment vehicles.

With more than MAD 4 billion of assets under management, and with numerous funds under direct or indirect management, Attijari Invest is one of Morocco's key private-equity firms.

Funds managed by Attijari Invest provide companies with specific solutions as well as assistance with organizational plans and transparent, efficient management. The diversity of sizes and investment strategies fulfills the financing needs of a large number of companies in search of a growth catalyst.

In 2014, Attijari Invest continued to inspire growth and development through the investment vehicles under its management. Its main achievements were:

- the completion of a divestment operation for Newrest Maroc Services, Morocco's leading caterer;
- investment in Eramedic, a company that distributes, installs, and maintains medical equipment;
- the structuring of two new private equity funds, operational in early 2015, in close synergy with the bank's business units. These funds figure prominently in Attijariwafa bank Group's policy of regional development

Investment-banking subsidiaries

Asset management: Wafa Gestion

With MAD 85.5 billion (+29.1% year on year) in assets under management at the end of 2014, Wafa Gestion consolidated its rank as Morocco's number-one asset-management firm, with market share of 28.6%.

Wafa Gestion received 35% of new assets under management (i.e., MAD 19.3 billion, including deposits of MAD 14.3 billion).

Highlights of 2014 were:

- the awarding to Wafa Gestion of ISAE 3402 Type I international certification, for compliance of its internal control procedures; ISAE 3402 (International Standard on Assurance Engagements) is a standard published by the IAASB (International Auditing and Assurance Standards Board). The standard's purpose is for the establishment of reports evaluating internal-control procedures. These reports are for clients and auditors.
- affirmation by Fitch Ratings of Wafa Gestion's national 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 fund Attijari Monétaire Jour, managed by Wafa Gestion. This rating, the highest assigned by Fitch Ratings, indicates the mutual fund's extremely strong capacity to preserve principal and provide shareholder liquidity by minimizing the credit, market, and liquidity risks on the Moroccan market.

As a result of these achievements, Wafa Gestion's revenues in 2014 increased to MAD 246.8 million (+4%).

Securities brokerage: Attijari Intermédiation

In a context of lower trading volume on the Casablanca Stock Exchange, Attijari Intermédiation has proven its adaptability by stabilizing its own business. Although total market volume fell by 19.3%, to MAD 99.4 billion, trading volume at Attijari Intermédiation actually grew by 1.2%, to MAD 30.7 billion. On the central market, the securities-brokerage subsidiary grew market share from 29.7% at the end of 2013 to 31.2% a year later.

With regard to profitability, Attijari Intermédiation enjoyed revenues of MAD 32.1 million, compared with MAD 34.8 million in 2013. Net income totaled MAD 14.4 million

Research and analysis

In a market context of low visibility, the department of research and analysis endeavors to provide reliable and pertinent reports that investors can rely on. These publications meet the needs of individual investors as well as of domestic and international institutions. The research and analysis teams work closely with clients, and organize road shows in Morocco and abroad.

Securities brokerage: Wafa Bourse

In 2014, Wafa Bourse pursued its strategy to expand and improve service by adjusting its pricing to meet client needs and demands, and by expanding the range of services available online at Wafabourse.com.

This strategy allowed Wafa Bourse to position itself as the leading online broker for public offers carried out in 2014.

In 2014, Wafa Bourse captured 26% of total online market volume, with revenues of MAD 5 million.

Wafa Assurance

Insurance sector

The insurance sector underwent several regulatory developments in 2014:

- the publication of a new decree creating the Insurance and Social Welfare Authority (Autorité de Contrôle des Assurances et de la Prévoyance Sociale), in replacement of the Insurance and Social Welfare department under the authority of the Ministry of Finance;

- approval by the regulatory authorities of a new reinsurance company and a new life insurance company whose purpose is to develop banking and insurance business.

Taxes

New provisions relating to life insurance have been adopted as part of the 2015 budget:

- income tax deductions are now limited to 50% of net salary, while the limit for total revenues has been raised from 6% to 10% for contracts subscribed in or after 2015;
- advances on life insurance contracts will be taxed as redemptions if made before contract maturity and/or the age of 50.

Wafa Assurance business activity

Wafa Assurance's network comprised 223 direct agents and sales offices at the end of 2014. Wafa Assurance now works with 180 brokers.

To sustain business growth, Wafa Assurance continued its recruitment plan in 2014. Seventy new posts were filled, bringing total company headcount to 522.

The company also continued to invest in staff training. Nearly 60% of the staff participated in at least one training activity in 2014.

International development

Wafa Assurance created two subsidiaries in Senegal, Wafa Assurance Vie S.A. and Wafa Assurance S.A., which were licensed in September 2014 to exercise as life and P&C companies.

The licensing of Wafa Assurance Vie S.A. and Wafa Assurance S.A. in Senegal finalizes the first stage of the Wafa Assurance development strategy in sub-Saharan Africa.

Results

Premiums in 2014 rose by 5.9%, to MAD 6,078 million.

Savings-product revenues grew 7.1% in 2014, to MAD 3,020 million. Of the total premiums, 75% were from savings, where revenues rose by 9.1%, to MAD 2,259 million.

Premiums from life insurance slowed significantly, growing only 1.6%, to MAD 761 million. The slowdown is attributable to tighter lending conditions.

By contrast, P&C activity grew by 4.8%, with premiums of MAD 3,059 million in 2014, despite slower business in the motor and property-damage lines.

P&C results declined by 19.7%, to MAD 639 million, mainly because of lower financial results.

By contrast, Life results increased by 34.6%, to MAD 408 million, boosted by an improved financial and technical margin.

Non-technical results were unchanged over the year, at MAD -13 million.

Because of corporate tax expenses of MAD 195 million, the company had net income in 2014 of MAD 839 million (+7.6%), compared with MAD 780 million in 2013.

Subsidiaries in Africa

Attijariwafa bank has become a true pan-African bank, with a strong presence in North Africa and in two African economic unions: 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 continued to expand its African footprint, thereby consolidating its status as a leading regional player and bolstering south-south cooperation.

The international retail-banking subsidiaries had positive results in 2014.

North Africa

Attijariwafa bank Group maintains a presence in North Africa through subsidiaries Attijari bank Tunisie (ABT) and Attijari bank Mauritanie (ABM).

Attijari bank Tunisie deposits amounted to MAD 21.9 billion in 2014, compared with MAD 19.7 billion the previous year, an increase of 11.3%. Loan outstandings rose by 5.7%, from MAD 18.1 billion in 2013 to MAD 19.1 billion in 2014.

The Tunisian subsidiary achieved net banking income of MAD 1.3 billion, up 6.4% from 2013. Net income totaled MAD 394.6 million.

The Tunisian subsidiary opened 10 new branches in 2014, further expanding its network and bringing the total to 200.

Attijari bank Mauritanie's deposits grew by 29.2%, from MAD 773.2 million at the end of 2013 to MAD 999.1 million a year later. This performance is consistent with the 27.4% rise, to MAD 888.7 million, in non-interest-bearing deposits. ABM disbursed loans of MAD 791.3 million in 2014, 43.1% more than the MAD 552.9 million disbursed in 2013. Net banking income rose by 15.7%, to MAD 102.1 million, and net income amounted to MAD 31.0 million.

WAEMU zone

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

CBAO deposits rose by 5.8% in 2014, to MAD 9.3 billion. Loan disbursals amounted to MAD 8.5 billion, up 8.7% year on year. CBAO ended the year with net banking income of MAD 960.3 million and net income of MAD 13.0 million.

Deposits at CDS increased by 4.9% in 2014, to MAD 1.9 billion, while loan disbursals declined by 5.0%, to MAD 1.7 billion. Net banking income declined by 3.4%, to MAD 160.0 million, whereas net income improved 14.5%, to MAD 51.0 million.

At December 31, 2014, SIB deposits had grown year on year by 6.5%, to MAD 6.7 billion. Loan disbursals increased by 13.3% in 2014, totaling MAD 6.2 billion. Net banking income rose by 14.5% in 2014, to MAD 673.0 million, while net income came to MAD 143.6 million.

At BIM, deposits amounted to MAD 4.8 billion at the end of 2014, a 10.0% rise. Loan disbursals were steady in 2014, at MAD 2.8 billion. Net banking income came to MAD 270.8 million, and net income stood at MAD 28.7 million at the end of 2014.

Finally, BIAT deposits declined slightly in 2014, to MAD 903.0 million (–0.5%). BIAT disbursed loans of MAD 1.1 billion in 2014 (+8.8%). Net banking income fell 21% year on year, to MAD 65.6 million, while net income soared by 42.9%, to MAD 14.2 million.

CAEMC zone

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

At December 31, 2014, SCB's deposits had risen 1.0% year on year, to MAD 5.9 billion. Loans were also up, by 1.7% year on year, from MAD 4.2 billion in 2013 to MAD 4.3 billion in 2014. Net banking income increased 14.4%, to MAD 648.1 million, and net income grew 21.5%, to MAD 175.3 million.

UGB deposits and loans rose by 6.5% and 6.7% respectively, amounting to MAD 4.9 billion and MAD 4.1 billion. Net banking income at UGB came to MAD 538.9 million (+11.3%) and net income grew 20.2%, to MAD 155.5 million.

In 2014, deposits at CDC declined by 1.2%, to MAD 4.4 billion, while lending activities rose by 59.7%, to MAD 2.2 billion. Net banking income and net income amounted to MAD 366.7 million (+13.2%) and MAD 131.2 million (+12.4%) respectively.

Consolidated results

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

In December 2009, the Group expanded with 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's scope of consolidation was unchanged. The four subsidiaries were consolidated on a full-year basis, whereas in 2009 they had been consolidated only in the second half.

In 2011, the bank finalized its acquisition of SCB Cameroun and took a 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% stake.

Analysis of consolidated business activity

Total assets

At December 31, 2014, Attijariwafa bank Group's assets totaled MAD 401.8 billion, up 4.2% year on year.

Broken down by geographic area, 80% of total assets were in Morocco, with the balance in Tunisia, sub-Saharan Africa, and Europe.

Total assets comprised loans and advances to customers (63.5%), financial assets at fair value through profit or loss (13.0%), and available-for-sale financial assets (7.7%). These three items accounted for 84.2% of total assets.

The MAD 16.3 billion (+4.2%) rise in assets was attributable mainly to:

- a 28.8% rise, to MAD 52.4 billion, in financial assets at fair value through profit or loss;
- a 1.7% increase, to MAD 255.1 billion, in loans and advances to customers;
- a 5.6% increase, to MAD 30.8 billion, in available-for-sale financial assets.

The rise in liabilities was due mainly to:

- a 8.5% increase, to MAD 257.9 billion, in customer deposits;
- a 9.9% rise, to MAD 22.2 billion, in underwriting reserves for insurance policies.

Deposits

At December 31, 2014, customer deposits of MAD 257.9 billion accounted for 64.2% of total liabilities, 8.5% more than the MAD 237.6 billion a year earlier. This trend was attributable to:

- a 9.9% rise in deposits from banking in Morocco, Europe, and offshore, to MAD 193.6 billion;
- a 5.4% rise in specialized financial subsidiaries, to MAD 2.3 billion;
- a 4.6% rise in international retail-banking deposits, totaling MAD 61.9 billion

Loans

Loans and advances to customers, which account for 63.5% of total assets, totaled MAD 255.1 billion (+1.7% year on year) at December 31, 2014. This performance was due largely to the 4.6% rise in international retail-banking loans, totaling MAD 48.3 billion.

The loan-to-deposit ratio came to 98.9% in 2014, compared with 105.5% in 2013.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 6.5% in 2014, to MAD 40.4 billion.

Group solvency

Attijariwafa bank Group ended the year 2014 with a Tier 1 ratio of 10.05% and a capital-adequacy ratio of 12.63%, higher than the minimum regulatory requirements of 9% and 12% respectively and effective since June 30, 2013.

Consolidated results of Attijariwafa bank Group

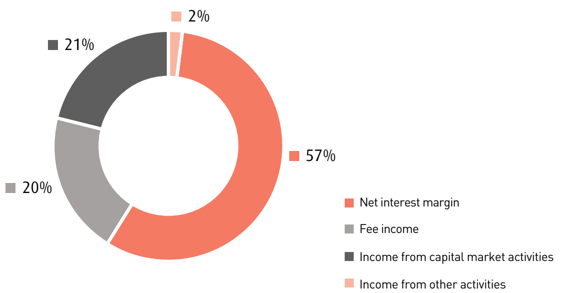
Consolidated net banking income

In 2014, consolidated net banking income increased by 8.8%, to MAD 19.4 billion. This change was due to:

- a 4.2% rise in interest margin, to MAD 11.0 billion;
- a 3.9% increase in fee income, to MAD 3.9 billion;
- a 40.8% increase in income from market activities, to MAD 4.1 billion.

At December 31, 2014, net banking income broke down as follows:

Net banking income at December 31, 2014



This result is attributable to strong performances by all bank divisions and to significant contributions from various subsidiaries in 2014.

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

- Banking in Morocco, Europe and offshore zone: +13.4%, to MAD 11.1 billion;
- Specialized financial subsidiaries: +2.7%, to MAD 2.2 billion;
- Insurance: +12.1%, to MAD 1.4 billion;
- International retail banking: +8.3%, to MAD 5.2 billion.

Gross operating income

Gross operating income rose 10.2% in 2014, totaling MAD 10.9 billion. General operating expenses including amortization, depreciation, and impairment rose by 7.1%, to MAD 8.5 billion. The cost-to-income ratio stood at 43.7% at the end of 2014, up 0.7 points from the previous year.

Cost of risk

The cost of risk rose by 62.6%, to MAD 3.0 billion. As a share of total loan outstandings, the cost of risk increased by 0.42 points, to 1.13%. Nonperforming loans totaled MAD 18.1 billion, against total loan outstandings of MAD 267.4 billion. The nonperforming-loan ratio rose by 0.5 points, to 6.8%.

Consolidated net income

Group consolidated net income rose by 1.5% in 2014, to MAD 5.1 billion.

Net income group share

Net income group share increased by 5.2% in 2014, to MAD 4.4 billion.

Return on equity (RoE) came to 14.6% in 2014, while return on assets (RoA) was 1.3%.

Contributors to net income group share at December 31, 2014

Banking in Morocco, Europe, and offshore zone	+11.8%
Specialized financial subsidiaries	+5.4%
Insurance	+21.4%
International retail banking	-21.5%

Global Risk Management

Contents

Mission and Organisation of Global Risk Management

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

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

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

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

There are three main categories of risk:

- Credit and counterparty risk: the risk of total or partial default by a counterparty with which the bank has entered into on- or off-balance sheet commitments;
- Market risk: the risk of loss from adverse fluctuations in market conditions (interest rates, foreign exchange rates, share prices and commodity prices etc.);
- Operational risk: includes IT-related risk, legal risk, the risk of human error, tax-related risk, commercial risk etc.

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

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

Upstream

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

Downstream

- Review all loan commitments regularly in order to compartmentalise the portfolio by risk category;
- Examine weekly authorisation and utilisation statements;
- Identify limit overruns and take appropriate corrective measures;
- Check for early signs of difficulty and identify loan repayment-related incidents;
- Work closely with the branch network to recover these loans;
- Make provisions for non-performing loans.

b) The Market risk unit whose role is to detect, analyse and monitor the bank's various interest rate and foreign currency positions, rationalise these positions by formal authorisations and remain alert to any departure from these positions;

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

General measures

1- Governance and organisation

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

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

These entities include:

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

Board of Directors' role:

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

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

General Management's role:

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

- Implement the strategy and policies approved by the Board of Directors;
- Implement the processes and resources required to identify, measure, monitor and control risks related to the bank's commercial activities;

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

Role of Committees:

Major Risks Committee (made up of members of the Board of Directors)

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

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

Group Credit Risk Committee:

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

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

Market Risks Committee:

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

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

Global Risk Management's role:

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

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

2- Risk Management Process

The risk management process comprises four main stages:

- Risk identification;
- Risk measurement;
- Risk monitoring;
- Risk control.

Risk identification:

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

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

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

Risk measurement:

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

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

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

Risk Monitoring:

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

Risk Control:

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

I- CREDIT RISK

A- Credit policy

I- General principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Counterparty risk:

General principles underlying risk-taking:

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

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

These strategies are also adapted as a function of:

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

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

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

II.1 Customer selection:

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

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

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

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

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

II.2 Loan transaction structure:

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

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

III. Measures governing credit activity:

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

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

III.1 Prudential rules:

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

Before:

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

During:

This phase is governed by the following regulatory provisions:

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

After:

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

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

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

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

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

III.2 Concentration risk:

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

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

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

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

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

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

1. The bank's penetration rate in each industry sector;
2. Its asset quality (loss experience and rating);
3. Sector prospects based on business conditions (economic intelligence, industry-based advisory committees, trade federations, Budget provisions etc.) in order to ascertain what commercial approach is required and to ensure that the bank's loan portfolio retains an optimal risk profile in terms of sector concentration.

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

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

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

III.2.1- Diversification by counterparty:

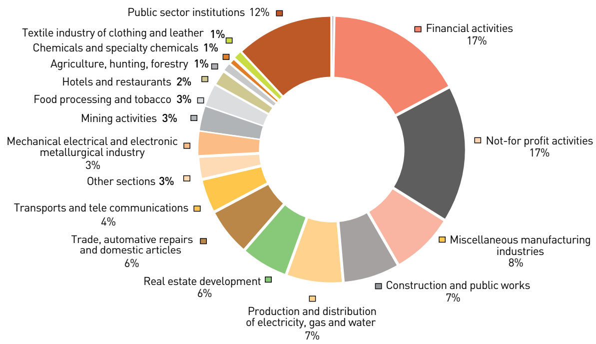
Diversification is an essential component of the bank's risk management policy and is measured by taking into consideration the total exposure to any one customer. The scope and diversity of the Group's activities play a role in this process. Any situation in which there is concentration is examined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

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 2014 was as follows:

- Financial institutions and insurance companies accounted for 17%, in stagnation compared to 2013. Commitments to this sector carry a very low level of risk.
- Construction and public works together with building materials accounted for 7%, and real estate development accounted for 6%, down from 2013.



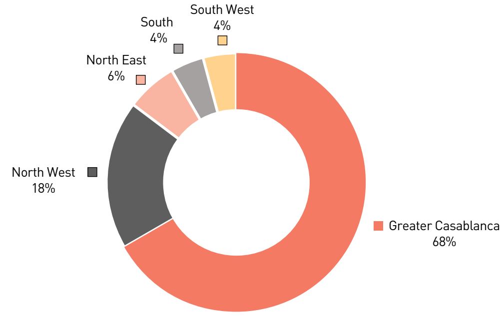
III.2.3 - Geographical distribution:

The geographical distribution of the Group's commitments reveals a very high exposure to Morocco, accounting for 80% of total loans, followed by Tunisia .The remaining balance accounted for by sub-Sahara African countries.

In Morocco, the Greater Casablanca region accounted for 68% of the bank's commitments followed by North-West region (18%), Meknes-Fes, Souss-Sahara and Rif-Oriental regions with 3% of the commitments each.

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- Processes:

Applications and proposals:

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

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

Analysis and decision-making:

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

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

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

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

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

Notification of the decision:

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

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

Revision:

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

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

Related legal entities:

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

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 indicator based on a set of underlying rules for detecting anomalies which comply with current legislation:

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

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

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

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

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

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

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

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

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

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

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

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 30.036 billion at 31 December 2014, the breakdown of which was as follows:

MAD millions	< 3 months	3-6 months	> 6 months
Hedging	22.986	2.962	4.088

At 31 December 2014, the bank's foreign exchange options position amounted to MAD 23.844 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- 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.

4- System for managing market risks

To satisfy regulatory reporting requirements, Attijariwafa bank has installed an IT application known as Fermat which meets internal and regulatory requirements for calculating capital adequacy in respect of market risks and counterparty risk on capital market transactions.

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 – Methodology for measuring market risks (internal model)

1- Value at Risk measurement

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

The Value at Risk model was developed by Attijariwafa bank's Global Risk Management 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 MAD)	Position (MAD)	VaR (1 day)	Regulatory VaR (10 days)
Foreign exchange	232 947 389	848 301	2 682 564
Equities	49 240 824	860 764	2 721 974
Fixed income and mutual funds	42 337 235 640	20 792 849	65 752 763

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

Regulatory stress tests are conducted on a half-yearly basis:

- Internal and regulatory stress tests are conducted in accordance with Bank Al-Maghrib's technical notice no. 01/DSB/2012.

III – Country Risk

A- Risk management

In 2014, the Risk Management & Reporting unit experienced two major events: consolidation of the IRB risk activity, and enhancement of the framework for cross-border risks and regulations. In addition, consolidation efforts with regard to policies for country-risk management were supported in order to encourage international banking business.

1– 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.

A communication campaign has also been created for the heads of territorial risks. The aim of the campaign is to raise awareness of what is at stake for the new organization. Seminars on changes in country risk are held every six months.

2– 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.

3– 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:

- 1- 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.
- 2- 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 No. 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:

a- Country risk general policy:

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

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

Global Risk Management

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.

b- Methodology for identifying and appraising international risks

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

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

2. Exposure in relation to trade finance activity:

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

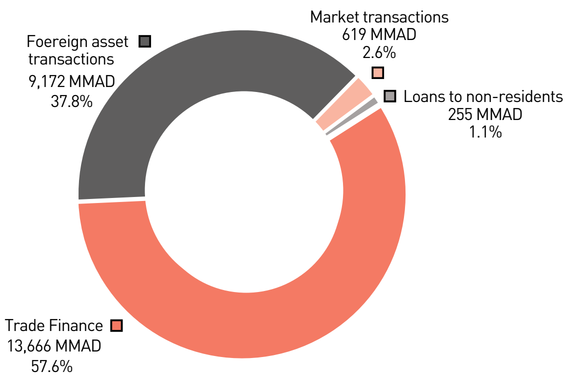
3. Foreign asset transactions:

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

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

A breakdown of country risk exposure by activity at 31 December 2014 reveals the predominance of trade finance, accounting for 58% of the bank's total cross-border risk exposure. This was followed by foreign assets transaction with a 38% share, reflecting the bank's international growth in line with the opening up of Morocco's economy in global terms.

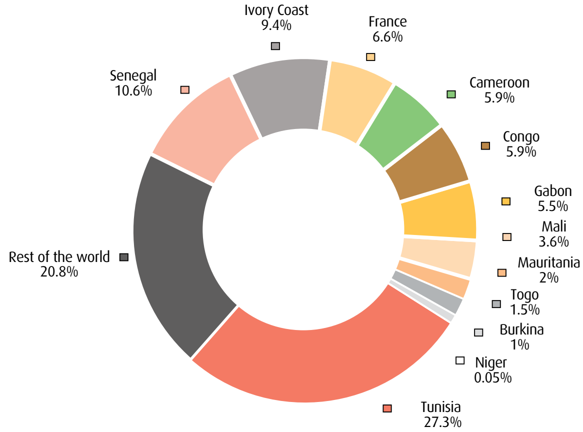
Cross-border risks at December 2014



c- Methodology for calculating and restating country risk exposure based on the risk transfer principle

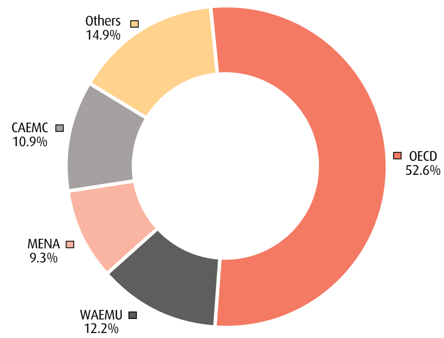
which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks.

Breakdown of consolidated cross-border risks by country at December 2014



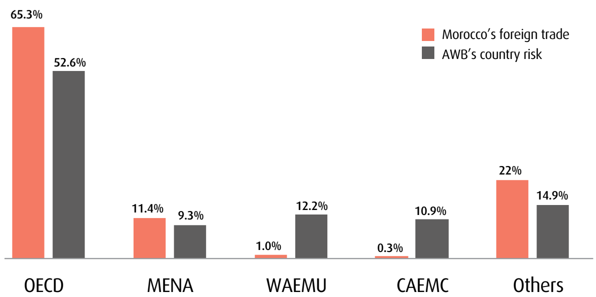
International loans to OECD countries account for more than half of the bank's total exposure which is consistent with these countries' share of Morocco's foreign trade.

Concentration of country exposure by region at December 2014



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

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



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

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

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

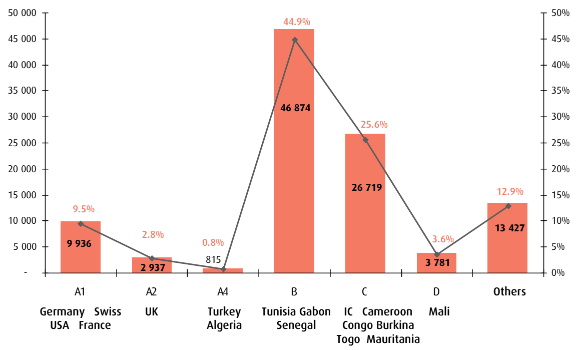
2. A financial risk sub-score based on macroeconomic indicators such as external debt, debt service obligations, foreign exchange reserves and current account balance, providing an overview of a country's liquidity situation;

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

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

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

Breakdown of country risk exposure using the Coface scale

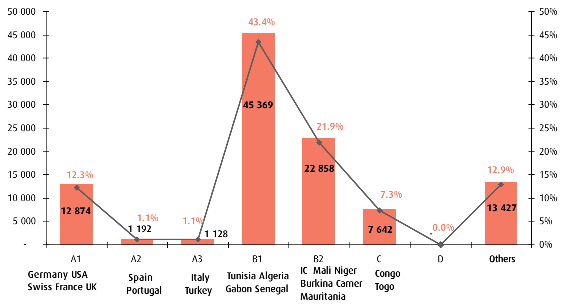


The internal country-rating model, currently based on sovereign risk, is being widened to include other criteria for country risk, such as transfer risk, the risk of a weakening banking system, and generalized shocks. This model will be enhanced by an "alert" module that provides information on major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

Note that 45% of Attijariwafa bank's international debt securities are concentrated at a level of risk equal to or better than that of Morocco. This figure is confirmed by Coface, whose evaluation assigns a rate of 40.7% for risk equal to that of Morocco (A4) or better.

Breakdown of country risk exposure according to internal rating model



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

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

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

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

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

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

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

Country risk charter

IV- Operational risk and Business Continuity Plan (BCP)

A- Operational risks

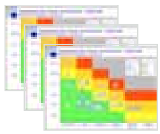
Background and methodology

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

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

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

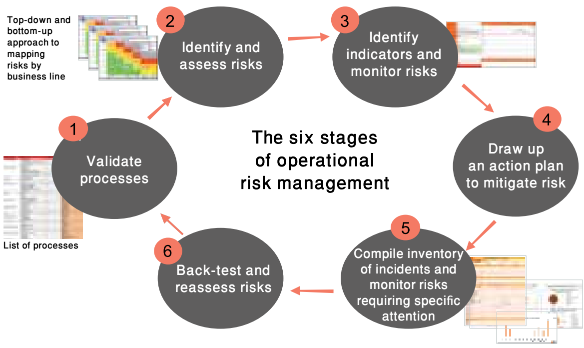
The ROJIH unit has established a risk map for each business line based on the bank's standard processes. Each risk is mapped based on frequency of occurrence and the resulting impact.



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.

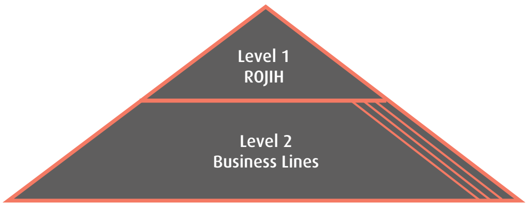
The diagram below explains Attijariwafa bank's 6-step risk-mapping method:



B- Reminder of how operational risk management is organised

Organisational process

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



Level 1 (ROJIH): responsible for measuring and controlling operational risks. It is also responsible for informing business lines of their current operational risk levels and helping them to take appropriate action.

- Level 2 (Business lines): responsible for identifying and compiling an inventory of incidents and implementing measures to hedge against risk.
- Within each business line, the main officers responsible for implementing the bank's operational risk management policy are known by the following acronyms:

RRO : Operational risk coordinators (business line)

CRO : Operational risk correspondents (business line)

RM : Business line head

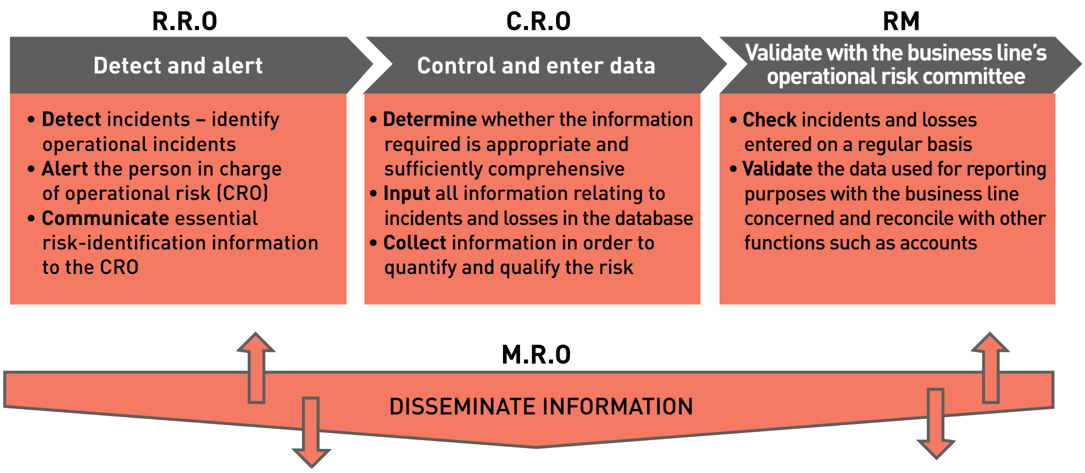
MRO : Operational risk managers (ROJIH unit) also known as **GRO (Operational risk administrators)**

Main committees

A number of committees are involved in operational risk management:

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

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



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

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

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.

C- 2014 Achievements

In 2014, the risk map was updated in accordance with the operational risk management charter on the basis of incidents collected during 2013, the updated catalogue of bank products and services and discussions with business line specialists.

The risk mapping process resulted in 656 risks being identified (versus 660 risks the previous year) including 161 risks to manage (versus 166 the previous year) and 27 « unacceptable or critical »risks. The latter require a specific attention.

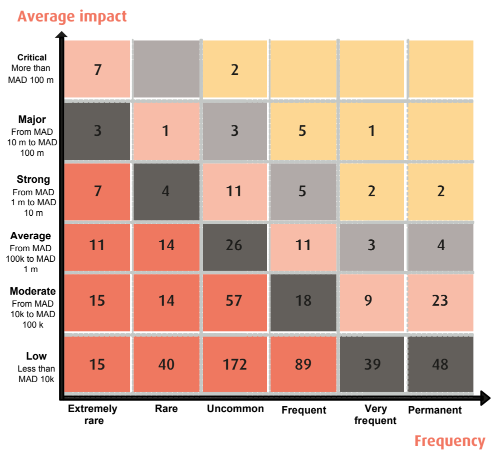
As a result of this review,8 new risks were identified and 12 cancelled.

It must be noted that 4 BCP risks have been added to the bank risk map among the risks newly identified.

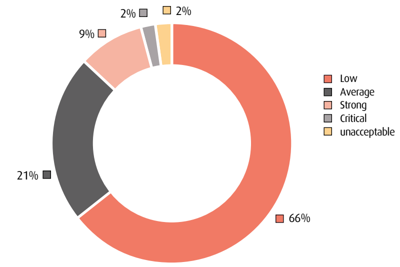
The following factors are important in updating risk maps:

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

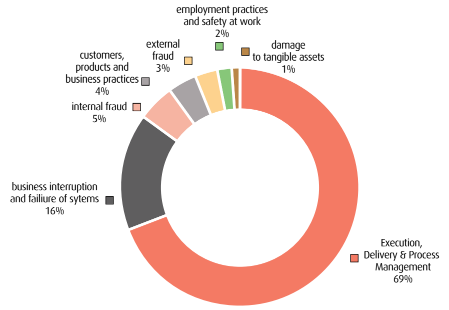
Risk mapping



Breakdown of the bank's risk scores

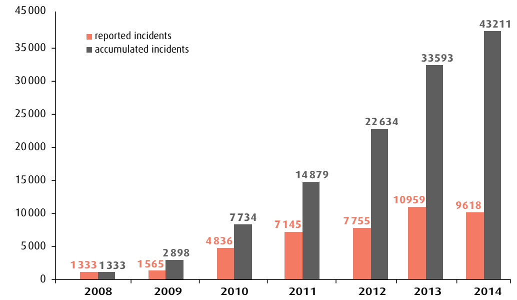


Breakdown according to Basel



Incident collection at parent level (Attijariwafa bank)

Implementation of the bank's operational risk management policy resulted in **9,618 incidents** being collected in **2014**, taking the total to more than **43,211 incidents** since the policy was first implemented.



Implementation of eFront for information on operational risks:

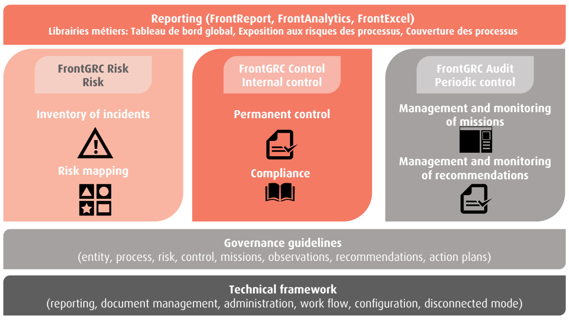
- Goals of the project:

Type of goals	Goals
Improvement of organization, methods, and procedures	• Provide an efficient, long-term tool for risk management. This tool is intended to compensate for the weaknesses of existing IT ORM tools designed for office applications. • Minimize manual procedures and reporting time. • Provide a powerful tool for storing and preserving data
Adherence to regulations	• Regulatory goals governed by Directives BAM 26G and 29G concern operating risk and the Group decision to employ "Standard Method" and "AMA" for ORM that requires a more robust qualitative framework. • Renewed demands by the regulatory authority for the implementation of software that perpetuates ORM procedures
Optimal allocation of capital reserves	• Reduction of the allocation of capital reserves required with regard to the desired capital-adequacy ratio for a given business line.
Improved control of the Group profile risk	• Limit the probability of incidents occurring. • Identify occurrences as early as possible in order to limit resulting losses. • Develop a risk-aware business culture. • Create a permanent system of risk control.

Global Risk Management

- Modules acquired for the Front CRM software package:

The GRO-CI project aims to detail, deploy, and integrate solutions (FrontOp Risk, FrontCRM Control, FrontReport) related to operational-risk management and to Attijariwafa bank internal control.



- Project breakdown:

Lot 0: Technical lot

- IT-architecture workshops, installation of environments, implementation of servers, etc.

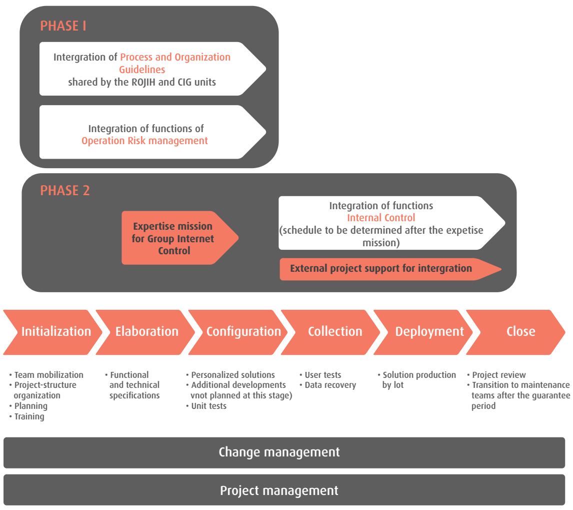
Lot 1: Organizational and procedural systems

- Management of systems for units and business-line procedures for two departments: Operational Risks and Group Internal Control.

Lot 2 : Functions of Operational Risk Management

- Administration of ORM solution
- Risk mapping: management of risk map by business line, allowing risks to be mapped on the basis of frequency and impact
- Action plans: creation and monitoring of action plans (description, progress)
- Indicators: creation and monitoring of indicators
- Incidents: reporting of incidents
- Reports: drawing-up of report to meet ORM needs

Lot 3 : Internal Control Functions



- Project stages:

- System implemented for ORM on the basis of the FrontRisk solution

Operational-risk management is overseen by several entities (see diagram below) that use the operational-risk system (FrontRisk). Each entity has a distinct user profile based on its role within the system. The various user profiles are described in the diagram below:

Preparations for advanced methods

- Attijariwafa bank has committed to the adoption of advanced methods for the measurement of capital (standard and advanced calculations). The precise transition date and calendar have yet to be determined. For the very short term, specific deliverables and preliminary stages have been defined and are being finalized in view of testing and deployment.

D– Business Continuity Plan (BCP)

Background:

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

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

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

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

The BCP is a regulatory requirement:

BAM circular no. 47/G/2007 stipulates that the BCP is a regulatory requirement for the implementation and management of a business-continuity plan.

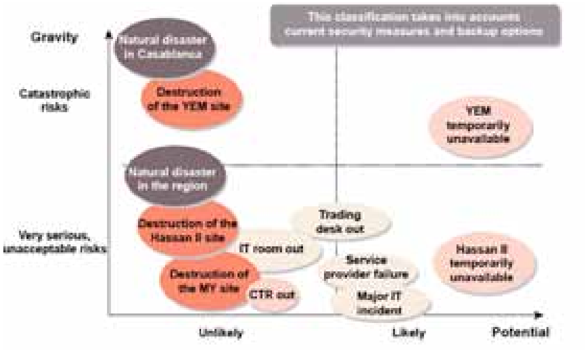
A Business Continuity Plan ensures that the bank continues to operate and respect its obligations in the event of:

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

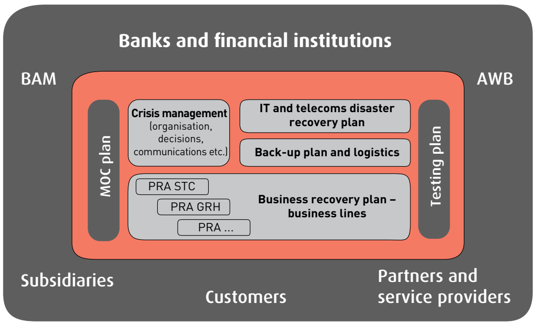
Why has Attijariwafa bank established a BCP?

The BCP must ensure that Attijariwafa bank withstands major risks

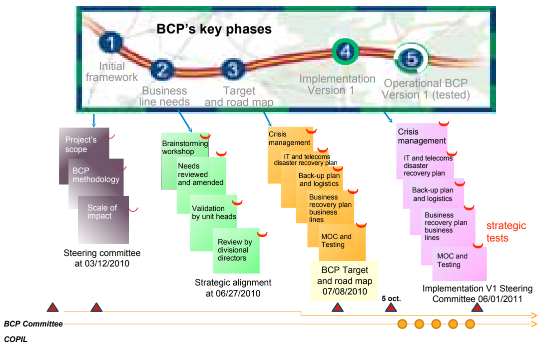
These risks are unlikely to materialise but their consequences would be catastrophic for the bank.



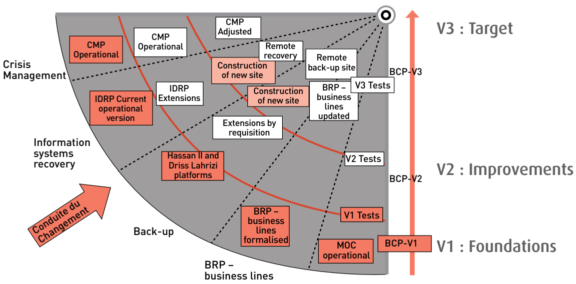
The 6 components of the Business Continuity Plan:



Reminder of the BCP's key phases:



Reminder of the BCP roadmap:



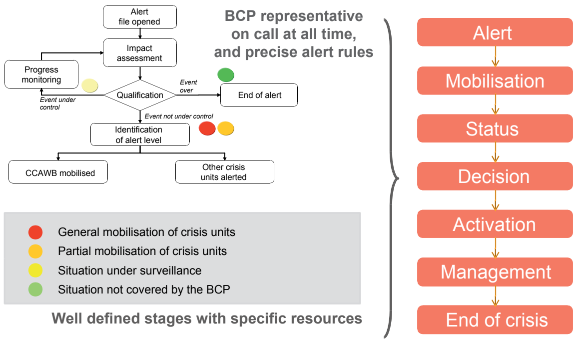
Main achievements of the BCP V1 project:

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

Crisis management procedures and tools

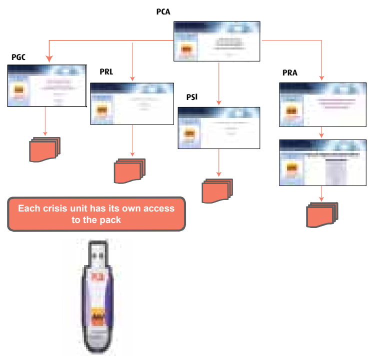
- Alert and mobilisation procedure;
- Crisis unit implementation procedures (from mobilisation to the end of the crisis).
- Crisis packs
- Information systems disaster recovery, Back-up plan and logistics
- HR policies and crisis communication measures

Crisis management procedures:



Crisis packs

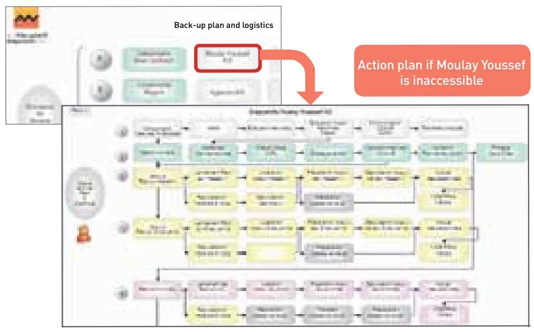
All necessary information is contained in a USB key. A browser system gives fast access to useful information.



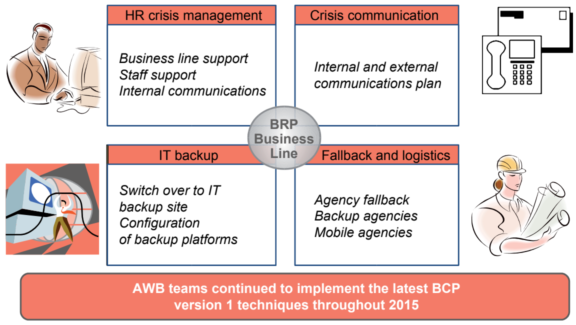
Business recovery plans – business lines:

A recovery strategy has been established for each risk scenario.

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

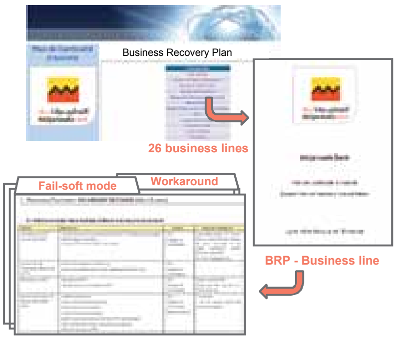


- La reprise des activités métier s'appuie sur des dispositifs techniques et organisationnels dont la mise en œuvre dépend du type de sinistre.



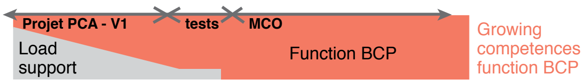
Each business has established:

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



Key figures of BCP implementation:

- Total cost of approximately 1,800 man-days and 630 days of external assistance over 16 months (2010–2011)
- Almost 300 employees involved in the "Study" phase:
- 50 BCP correspondants
- business-line specialists (fail-soft mode)
- technicians (recovery solutions)
- More than 2,000 documents produced, including 400 for the operational implementation of the BCP
- One hundred employees trained in two areas:
- crisis management (general credit policy, or GCP)
- maintenance under operational condition (MOC)
- Regular communication through internal media



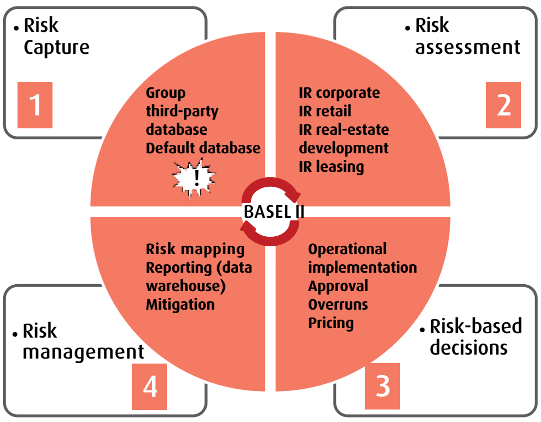
V. Risk Management

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



IR: internal rating

A- 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 new internal ratings model

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:

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

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

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

- The financial rating is based on several financial factors related to the company's size, growth rate, level of debt, profitability and financial structure;
- The qualitative rating is based on information regarding the market, the environment, the company's shareholder structure and management. This information is provided by the branch network.
- The behavioural rating is based on the specific character of the account

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

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

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

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

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

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

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

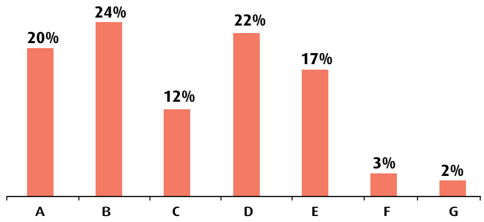
The ratings system is intended to be flexible and is back-tested on an annual basis in order to:

- Test the predictive powers of the ratings model;
- Ensure that the probabilities of default are correctly calibrated

With respect to risk quality surveillance, the Risk Management Systems unit produces a regular risk mapping report analysed from different viewpoints e.g. commitment, business sector, pricing, networks, amounts due, etc. with the aim of improving the portfolio's coverage ratio.

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

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



(*) Excluding public administration, finance companies, real estate development companies and non-performing loans

B- Improvements in Basel II compliance in 2014

- A new corporate ratings model, currently under review and intended to improve Group compliance with Basel II. Once validated in 2015, it will be deployed gradually.
- A ratings system by expert appraisal of real estate development projects, on the basis of qualitative and quantitative variables, was deployed in 2014. Efforts in 2015 will be focused on validation of the ratings model, which is based on client data (results, performance, experience) and on the ratings of prior projects.
- The year 2014, initial phase for application of the scoring system (very small enterprises) and decision support based on quantitative and qualitative data and on client performance, allowing decision implementation and risk control. Several actions designed to perpetuate the system—adjustments of rules for decision making with regard to conduct, change, and monitoring—were carried out during the year. At the end of the year, approximately 50,000 requests had been processed by the new scoring system. The convergence rate between automated and human decisions reached an acceptable level, confirming the Group's active commitment to the segment of very small enterprises.
- Over the course of 2011, the default database was brought into compliance with Basel II provisions. Measures are being taken to eliminate data-entry constraints on the database, which is intended for backtesting/maintenance of internal ratings models, model oversight, and risk management.

  Work on data-warehouse risk (corporate segment) has been finalized. This completes Basel II, which also comprises a default database, a Group third-party database designed to consolidate risk, and a share-capital calculator (currently being upgraded for advanced approaches under Basel II).
- A charter for the operating implementation of ratings systems is currently under review. The charter aims to gradually introduce a ratings system at the operating level, particularly with regard to lending, guarantees, and price structure.
- Implementation in 2014 of a financial-information system that produces benchmark ratios according to operating segment and measures changes in indicators of corporate financial health.
- A knowledge-capitalization approach based on risk management was implemented in 2014 through the publication of a detailed report by Watch List. The report provided a wide range of information.

- Ratings systems for international subsidiaries are currently being deployed. A ratings system was deployed at the ATB (Tunisia) site in 2014, and a new ratings system at SIB (Ivory Coast) is currently under review. Other ratings systems are planned for CBAO (Senegal) and SCB (Cameroon) in 2015–2016. In 2014, in the spirit of collaboration, the methodology underlying the internal rating models was distributed to risk managers of subsidiaries.
- In collaboration with the WafaBail subsidiary, the Risk Management unit developed a risk-management ratings model for asset purchases. The model covers all mobile material recorded under finance leases, such as utility vehicles. This ratings system is designed to estimate the rate of non-recovery of the asset's purchase price. The estimate is based on the manufacturer, region, business sector, type, etc. Other models are in preparation. Assistance for local subsidiaries will continue in 2015, in order to improve business-line coverage and to make risk measures more consistent.

Pre-certification for the corporate segment was conducted jointly by our general audit department and an international auditing firm. The mission provided a review of the Group's methodological approach to ratings systems, and defined the actions required to bring the systems into full compliance with the advanced approach of Basel II and the Central Bank's guidelines.

Basel II guidelines for change

1	Training courses in 2010 and 2014	• Risk Management carried out onsite training at all Business enters and GE on Basel II changes and the operational application of internal ratings. Two hundred xxx exploitants xxx reviewed the technical procedures for ratings, and a detailed ratings guide was distributed. At the same time, a training day for the operational insertion of Basel II was provided to Group General Audit. Special attention was given to the control points for operational insertion of ratings (e.g., rating level, refresh rate of ratings, uses tests).
2	Basel II Guide	• Designed to explain Basel II concepts in simple terms (e.g., IRB approach to FP calculation, the Basel definition of default, application of ratings), this guide was distributed widely throughout the bank.
3	Ratings Guide	• A practical ratings guide (general principles, ratings procedures, use of ratings, etc.) was widely distributed within the bank when the ratings campaign was launched in June 2014.
4	Guidelines for operational application	• Guidelines for operational application were proposed by the Basel II Steering Committee in January 2014. The guidelines highlight the impact of Basel II on management (distribution, granting, recovery) and oversight procedures.
5	Credit Committee	• Credit committees make increasing use of ratings. Generally, a counterparty may not receive authorization if it has not been previously rated. • Delegations (level of responsibility of participants in credit-granting circuits) expressed in terms of contract amounts are being reassigned in accordance with client risk profile (rating). • Ratings-based guidelines for the granting of credit, assumption of guarantees, and tariffs are being validated.
6	Ratings procedure and publication	• Ratings are accessible on the network and may be found in all decision-related supports (AF, AT, STFI, etc.) • Functions of the current EDEN ratings system have been optimized (mass calculation via batch, updating of behavioral factors, etc.)
7	Risk Mapping	• Portfolio-focused risk management is now based on risk mapping (investment distribution by risk category). Risk mapping is drawn up in accordance with various analytical approaches (commitment, business sector, tariffs, networks, amounts receivable, etc.) on the basis of the past four years. As a result of closer monitoring and greater commitment of risk managers in this procedure, risk mapping has been expanded to 4,500 relations totaling MAD 91 billion. The transition matrix (annual change of mapping) provides warning of possible risk deterioration.
8	Raising awareness in subsidiaries	• Assistance for the ABT subsidiary (ratings system operational in 2014) • Guidelines mission (CBAO, SIB, etc.) • Drawing up of methodological document for ratings-model design for the use of foreign subsidiaries

VI. ASSET-LIABILITY MANAGEMENT

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

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

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

A- ALM conventions and models:

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

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

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

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

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

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

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

B- Interest rate risk:

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

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

1. Interest rate risk management:

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

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

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

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

2. Stress-testing and interest rates:

Cumulative interest rate gaps at the parent company level at 31 December 2014 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-18.0	+9.2	+18.9	+23.9	+23.4

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

At 31 December 2014, the impact of a 200 basis point interest rate shock on net banking income would have been 1.05% while the impact on the economic value of shareholders' equity capital would have been -2.12%.

C- Liquidity risk

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

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

1. Liquidity risk management:

Liquidity risk management involves:

- Measuring risk by analysing the contractual or modelled term structure of loans and deposits, highlighting liabilities or liquidity gaps at different maturities;
- A conversion policy consistent with the quality of deposits taken and loans financed;
- Establishing a liquidity reserve consisting of assets that the bank is able to convert into liquidities on a very short-term basis. This liquidity may result from disposing of the asset in question on the open market, using the security as collateral in the repo market or mobilising the security with Bank Al Maghrib. At 31 December 2014, the bank's total liquidity reserves were valued at MAD 54.9 billion.
- High-quality liquid assets shall allow the bank to:
- cover wholesale resources falling due over the next six months;
- cover the bank's liquidity gaps under normal and stress situations;
- meet the BAM's minimum requirements for the liquidity coverage ratio (LCR)

At December 31, 2014, high-quality liquid assets totaled MAD 33.4 billion.

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

2. Liquidity stress tests:

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

Attijariwafa bank has defined three crisis scenarii:

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

3. Exposure:

Cumulative liquidity gaps at 31 December 2014 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-19.4	+32.1	+23.2	+23.0	+16.4

The bank's 1-month refinancing requirement can be explained by Bank Al Maghrib advances, repos and interbank borrowing.

From 6 months, loans began to be repaid in significant proportions and exceeded deposits. Liquidity gaps beyond 6 months were therefore positive.

D- Foreign exchange risk

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

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

- Structural foreign exchange risk: resulting from long-term investment in foreign currency-denominated assets. These primarily concern the bank's foreign investments, totalling about MAD 7.4 billion at 31 December 2014.
- Operational foreign exchange risk: mainly concerns the bank's day-to-day deposit and lending activities denominated in foreign currencies as well as customers' long-term hedging requirements through the use of currency forward contracts.
- Transactional foreign exchange risk: concerns foreign currency-denominated transactions originated and managed by the bank's traders for its proprietary account.

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

The bank's ALM governance:

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

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

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

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

Pillar III: Quantitative and qualitative information

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

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

1. Management of capital and capital adequacy

1-1 Composition of regulatory capital

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

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

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

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

(in MAD thousands)

	12/31/2014	06/30/2014
Tier 1 capital	**30 751 383**	**29 895 798**
Items to be included in core capital	**38 668 752**	**37 355 485**
Share capital	2 035 272	2 035 272
Reserves	30 614 460	30 828 007
Retained earnings	2 714 459	1 453 703
Minority interests	3 304 561	3 437 483
Ineligible core capital	**-362 712**	**-398 981**
Items to be deducted from core capital	-7 554 657	-7 459 687
Core Equity Tier 1 (CET1)	**30 751 383**	**29 895 798**
Additional Tier 1 capital (AT1)	**-**	**-**
Tier 2 capital	**7 287 511**	**7 287 511**
Subordinated debt with maturity of at least five years	7 520 000	6 960 340
Unrealized gains from marketable securities	297 636	243 880
Other items	148 239	143 291
Ineligible Tier 2 capital	**-48 500**	**-60 000**
Total regulatory capital	**38 668 758**	**37 183 308**

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

1-2 Internal Capital Adequacy Assessment Process (ICAAP)[4]

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

1-3 Capital requirements

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

(in MAD thousands)

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

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

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

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

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

4- Internal Capital Adequacy Assessment Process.

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

1-4 Capital adequacy ratio

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

(in MAD thousands)

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

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

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

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

Currency options are valued by means of the Garman-Kohlhagen model[6].

2-2 Net counterparty risk on derivative products

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

(in MAD thousands)

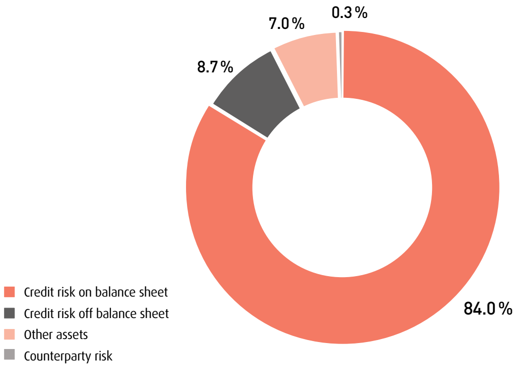
Exposure	Equivalent credit risk
Credit establishments and equivalent	222 758
Customers	580 252
Total	**803 010**

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

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

2-4 Counterparty risk

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



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

2-5 Counterparty risk: exposure covered by collateral

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

((in MAD thousands)

Net exposure	Exposure covered by collateral
15 258 227	3 422 129

2-6 Guarantees

(in MAD thousands)

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

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

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

(in MAD thousands)

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

3. Individual information for each significant subsidiary

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

Attijariwafa bank

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

Attijariwafa bank Europe

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

ACPR: Autorité de Contrôle Prudentiel et de Résolution (The French Prudential Supervisory Authority)

Attijaribank Tunisia

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

BCT: Banque Centrale de Tunisie (Central Bank of Tunisia)

Wafasalaf

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

Wafabail

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

Wafa Immobilier

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

Attijari Factoring

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

Wafa Assurance

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

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

CBAO

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

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

4. Enterprise Governance

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

Board of Directors

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

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

4-1 General Management Committee

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

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

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

4-2 General Management and Coordination Committee

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

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

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

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

4-3 Other Committees emanating from the Board of Directors

• Strategic Committee:

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

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

• Major Risk Committe:

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

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

• Audit and Accounts Committee:

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

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

• Appointment and Remuneration Committee:

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

Members	Function
M. Mounir EL MAJIDI	Director, Representing SIGER
M. Hassan OURIAGLI	Director, Representing SNI
M. 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, 2014, expressly approves the summary financial statements for financial year 2014, as presented, as well as the transactions reflected in those financial statements or summarized in those reports, which show earnings of MAD 3,544,113,989.36.

• 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, approves the conclusions of said report and the agreements detailed therein.

• Third resolution

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

Net income for the year	3,544,113,989.36
Earnings brought forward	6,509,709.04
DISTRIBUTABLE EARNINGS	**3,550,623,698.40**
ALLOCATION:	
Statutory dividend (6%)	122,116,335.60
Amount necessary to raise the dividend per share to MAD 10	1,913,155,924.40
TOTAL DISTRIBUTION OF	**2,035,272,260.00**
Allocation to extraordinary reserves	1,509,000,000.00
Retained earnings	6,351,438.40

Accordingly, the Ordinary General Meeting resolves to allocate to each share constituting the Company's share capital an annual dividend of MAD 10, payable as from July 1, 2015, at the bank's headquarters, in compliance with the regulations in force.

• Fourth resolution

As a consequence of the aforementioned resolutions, the General Meeting confers on the members of the Board of Directors the final discharge, without reservations, of management duties during the financial year for which the financial statements have been approved. Final discharge is also conferred on the Statutory Auditors for the term held during the financial year in question.

• Fifth resolution

The General Meeting sets at MAD 4,000,000 the amount of directors' fees to be allocated to members of the Board of Directors for financial year 2015. The Board of Directors shall divide this sum among its members in whatever manner it sees fit.

• Sixth resolution

The General Meeting, having acknowledged that the director’s mandate of SIGER represented by Mr. Mohamed Mounir El Majidi will expire at the close of this General Meeting, resolves to renew said mandate for a term of six years, expiring on the day of the General Meeting convened to deliberate on the financial statements for financial year 2020.

• Seventh Resolution

The General Meeting hereby acknowledges the resignation of Mr. Hassan Ouriagli as director and his appointment as permanent representative of the SNI.

• Eighth Resolution

The General Meeting, pursuant to the Board of Director’s decision on December 9, 2014, resolves to ratify the co-optation of Mr. Abdelmjid Tazlaoui as director, in replacement of Mr. Hassan Ouriagli, for the remainder of the latter’s term, which shall expire on the date of the General Meeting convened to deliberate on the financial statements for fiscal year 2016.

• Ninth resolution

The General Meeting hereby acknowledges that it has been informed by the Board of Directors with regard to powers granted to the latter to carry out share capital increases reserved for employees of Attijariwafa bank and its subsidiaries in Morocco and abroad.

• Tenth 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.

Consolidated Financial Statements

Auditors' report on consolidated financial statements

Year ended December 31, 2014

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, 2014

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, 2014, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement for the year ended December 31, 2014, and notes containing a summary of accounting principles used and other explanations. The financial statements show consolidated equity of MAD 40,401,978 thousand and consolidated net income of MAD 5,140,484 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, 2014, as well as of the Group's financial performance and cash flows for the year ended on that date, in accordance with the accounting standards and principles described in the notes to the consolidated statements.

Casablanca, March 24, 2015

The Statutory Auditors

FIDAROC GRANT THORNTON	ERNST & YOUNG
Faïçal MEKOUAR	Bachir TAZI
Partner	Partner

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 2014.

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 does not require the separate recognition of components with a gross amount of under MAD 1,000 thousand.

A component breakdown of the initial gross amount of assets is necessary, in particular in the case of buildings (structural work, interior fixtures and fittings, sealing, fixed service equipment, joinery work).

This recommended component breakdown represents the minimum requirement.

The depreciation periods for the components of a building can be summarised as follows:

	Depreciation period in years	Depreciation period in months
Structural work	50	600
Sealing	20	240
Interior fixtures and fittings	15	180
Fixed service equipment	20	240
Joinery work	15	180

The above components inevitably apply to the headquarters.

In the case of branches, a more limited breakdown may be used depending on the materiality of the items.

As regards staff accommodation, there is no exemption from the component principle (IAS 16). Staff accommodation is also broken down (IAS 16).

Architectural fees should be capitalised.

For convenience, it was decided that these fees need not be broken down but included in the main component that "benefited" from the specialist's work.

Identification of components

The Group elected not to identify components on the basis of the original invoices.

It is simpler to break down the historical cost by means of a breakdown of the current new cost having regard to technical data.

This acquisition cost should not be retrospectively adjusted on the basis of the expensing/capitalisation split of ancillary acquisition costs. 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:

Amortization:

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.

<u>Collective provisions:</u>

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
• Tradingroom trading portfolios	• Negotiable treasury bills classified in • the Investment Portfolio Bonds and other negotiable debt Securities • Long-term investments ...	• Treasury bills	• CAM debt • CIH debt

Securities' impairment criteria:

- Decrease of 30% of the acquisition value, or
- Unrealised loss over 12 consecutive months

Securities lending/borrowing and repurchase agreements:

Securities temporarily sold under repurchase agreements continue to be recognised in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised under the appropriate debt category except in the case of repurchase agreements contracted by the Group for trading purposes where the corresponding liability is recognised under "Financial liabilities at fair value through profit or loss". Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised under "Loans and receivables" except in the case of reverse repurchase agreements contracted by the Group for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under "Financial liabilities at fair value through profit or loss". The Group does not use, however, the fair value option for financial liabilities.

Treasury shares:

The term "treasury shares" refers to shares issued by the consolidating company, Attijariwafa bank. Treasury shares held by the Group are deducted from consolidated shareholders' equity. Gains and losses arising on such instruments are also eliminated from the consolidated profit and loss account.

Treasury share derivatives are treated as follows, depending on how they are settled:

• As equity instruments, if they are settled by physical delivery of a fixed number of treasury shares for a fixed amount of cash or other financial asset; such derivative instruments are not re-valued;

• As derivatives, if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in the value of such instruments are recognised in the profit and loss account.

In addition, if the contract includes an obligation, whether or not contingent, for the bank to repurchase its own shares, the bank must recognise the present value of the debt by an offsetting entry under equity.

1.2.9 Derivatives and embedded derivatives:

A derivative is a financial instrument or other contract which satisfies the following three conditions:

• Whose value changes in response to the change in a specified interest rate, the price of a financial instrument, commodity price, foreign exchange rate, price index or rate, credit rating, credit index or any other variable (often known as the "underlying");

• That requires no initial investment, or one that is smaller than would be required for a contract with a similar response to changes in market factors; and

• That is settled at a future date.

The Group does not use, however, hedge accounting.

An embedded derivative is a component of a financial instrument or otherwise, designed to vary some portion of the transaction's cash flows structured in a way similar to a stand-alone derivative.

IAS 39 defines a hybrid contract as a contract consisting of a host contract and an embedded derivative.

The embedded derivative must be recognised separately when the following three conditions are satisfied:

• the hybrid contract is not recognised at fair value (with changes in fair value being taken to profit or loss);

• separated from the host contract, the embedded derivative has the characteristics of a derivative;

• the characteristics of the derivative are not closely linked to those of the host contract.

For example:

- commercial contracts denominated in a currency that differs from the company's currency;
- inflation-linked lease;
- special contractual provisions, postponement of the expiry date, repayment options, extension option, interest indexing;
- option to convert a debt into an equity instrument.

Some of these derivatives must thus be recognised separately from the host contract and to this end it must be possible to identify them.

For the derivatives included in the financial instruments, the latter are recognised independently of the main contract.

IAS 39 recommends that the host contract be measured at inception by calculating the difference between the fair value of the hybrid contract (= cost) and the fair value of the embedded derivative.

If, however, the fair value of the embedded derivative cannot be reliably determined, IAS 39 allows for it to be calculated by subtracting the fair value of the host contract from that of the hybrid contract.

When none of these solutions is feasible, IAS 39 requires that the whole hybrid contract be measured at fair value (with changes in fair value being recognised in profit or loss).

Options taken by Attijariwafa bank:

If calculating an embedded derivative at fair value results in a material impact, then the embedded derivative should be recognised under "Financial assets at fair value through profit and loss".

1.2.10 Insurance:

Insurance contracts:

The accounting treatment for contracts meeting the definition of insurance contracts under IFRS 4 as well as investment contracts with discretionary participation features is governed by IFRS 4, the main provisions of which can be summarised as follows:

- an option of continuing to recognise these contracts in accordance with current accounting principles, distinguishing between three types of insurance contracts under IFRS 4 :
- pure insurance contracts,
- financial instruments with discretionary participation features,
- and liabilities relating to other financial instruments that fall within the scope of IAS 39, and which are recognised under "Customer deposits" ;
- an obligation to separate and recognise at fair value through profit or loss any embedded derivatives not exempted under IFRS 4;
- a prohibition on funding provisions for possible claims under insurance contracts that are not in existence at the reporting date (such as catastrophic and equalisation provisions);
- an obligation to establish a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets;
- in addition, the insurer is not required but is permitted to change its accounting policies for insurance contracts to eliminate excessive prudence ; however, if an insurer already measures its insurance contracts with sufficient prudence, it should not introduce additional prudence ;
- reinsurance assets are impaired, by recognising the impairment loss in profit and loss, if and only if :
- there is objective evidence, as a result of an event occurring after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract,
- that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer;
- an obligation on an insurer to keep the insurance liabilities on its balance sheet until they are discharged or cancelled, or expire and the prohibition on offsetting insurance liabilities against related reinsurance assets;
- an option of using "shadow accounting" for insurance or investment contracts with participation features, meaning that it is possible to recognise the effects on liabilities of amounts that were not recognised as assets under existing accounting standards, and of recognising them symmetrically (case of unrealised gains on securities classified in the "Available-for-sale assets" category with an offsetting provision for deferred participation recognised outside profit or loss [directly in equity]);
- an obligation to recognise a new insurance liability under IFRS 4 "shadow accounting" called deferred participation, representing the share accruing to insured parties of unrealised gains on assets allocated to the financial instruments, established by IAS 39.

Note: in terms of presentation, similar items measured differently must be presented separately on the balance sheet.

To the extent possible, the items are then broken down by type of counterparty and by order of liquidity.

Options taken by Attijariwafa bank:

Insurance investment:

Classification of the portfolio of investments held by Wafa assurance:

- UCITS not brought within the scope of consolidation of the Attijariwafa bank Group are classified as "Trading" and measured at fair value through profit or loss;
- Treasury bills, bonds and finance company bills are classed under "Available-for-sale assets" and measured at fair value through equity;
- financing company bonds and capitalised loans are classified as "loans and receivables" and measured at amortised cost;
- all other investments are classified as "Available-for-sale" and measured at fair value outside profit or loss (through equity).

Impairment testing depends on the above classification.

Fair value:

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), whether the price is directly observable or estimated by means of another measurement technique.

IFRS 13 establishes a fair-value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The fair-value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available, with limited exceptions (see § 79).

Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in markets that are not active;
- inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).

Adjustments to Level 2 inputs will vary depending on the factors specific to the asset or liability. Those factors include the following: the condition or location of the asset, the extent to which inputs relate to items comparable to the asset or liability, and the volume or level of activity in the markets within which the inputs are observed.

An adjustment to a Level 2 input that is significant to the entire measurement may result in a fair-value measurement categorized within Level 3 of the fair-value hierarchy if the adjustment uses significant unobservable inputs.

Level 3 inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair-value objective remains the same (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).Therefore unobservable inputs reflect the assumptions that market participants use when pricing the asset or liability, including assumptions about risk.

The Group derives fair value as follows:

- either from quoted prices in an active market;
- or by means of a valuation technique employing mathematical calculation methods based on established financial theories and observable market parameters.

• **CASE 1: instruments traded in active markets**

If available in an active market, quoted prices are used to determine fair value. Listed securities and derivatives on organized markets (e.g., futures and options) are measured by means of quoted prices. Most over-the-counter (OTC) derivatives, swaps, and standard options are traded in active markets and valued by means of commonly used models (e.g., discounted cash flows, Black–Scholes, and present-value techniques) that are based on quoted market prices of instruments or similar underlying instruments.

• **CASE 2:** instruments traded in markets that are not active
Products traded in an inactive market are valued by means of an internal model based on directly observed parameters or inferred from observable data.

Certain financial instruments that are not traded on active markets are valued by means of methods based on observable market parameters.

The models employ market parameters determined by observable data such as yield curves, implied volatility of options, default rates, and loss assumptions obtained from consensus data or from active OTC markets.

IFRS 13 applies when another IFRS requires or permits fair-value measurements or disclosures about fair-value measurements, except for:

- share-based payment transactions within the scope of IFRS 2, Share-based Payment;
- leasing transactions within the scope of IAS 17, Leases;
- measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2, Inventories, or value in use in IAS 36, Impairment of Assets.

1.2.11 Goodwill:

Cost of a business combination:

Business combinations are accounted for in accordance with the acquisition method, under which the acquisition cost represents the consideration transferred to acquire control.

The acquirer must measure the acquisition cost as follows:

- the aggregate fair value, on the acquisition date, of the assets transferred, liabilities incurred or assumed, and equity instruments issued by the acquirer, in consideration for control of the acquiree;
- any other costs directly attributable to the business combination are recognized through profit or loss in the period in which they were incurred.

The acquisition date is the date on which the acquirer obtains effective control of the acquiree.

Allocation of the cost of a business combination to the assets acquired and to the liabilities and contingent liabilities assumed

At the acquisition date, the acquirer must allocate the cost of a business combination by recognizing the identifiable assets, liabilities, and contingent liabilities of the acquiree that satisfy the recognition criteria at their respective fair values on that date.

Any difference between the cost of the business combination and the acquirer's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities is recognized under goodwill.

Recognition of goodwill:

At the acquisition date, the acquirer must recognize as an asset any goodwill acquired in a business combination.

- Initial measurement: Goodwill is measured initially at cost (i.e., the difference between the cost of the business combination and the acquirer's share of the net fair value of identifiable assets, liabilities, and contingent liabilities).
- Subsequent recognition: After initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost minus any accumulated impairment losses recognized during annual impairment tests or when there is an indication of impairment to its carrying value.

If the share of the fair value of the assets, liabilities, and contingent liabilities acquired exceeds the acquisition costs, negative goodwill is recognized immediately through profit or loss.

If initial recognition of a business combination can be determined only provisionally by the end of the reporting period in which the business combination is completed, the acquirer must account for the business combination using provisional values. The acquirer must recognize adjustments to provisional values relating to the completion of the initial recognition during the recognition period, after which no adjustments may be made.

Options taken by Attijariwafa bank:

- option taken not to adjust goodwill at December 31, 2005, in accordance with provisions of IFRS 1, First-time Adoption of International Financial Reporting Standards;
- goodwill amortization is discontinued when an asset's useful life is indefinite, in accordance with IFRS 3 (amended), Business Combinations;
- regular impairment tests are performed to ensure that the carrying amount of goodwill is less than its recoverable amount; if it is not, an impairment loss is recognized;
- cash-generating units reflect the segment reporting presented at the Group level;
- The recoverable amount is the higher of the value in use and fair value (net of disposal costs). This notion is applied to asset impairment tests in accordance with IAS 36. If the impairment test reveals that the recoverable amount is less than the net fair value, the asset is impaired for the difference between the two values.

1.2.12 Provisions

Provisions for risks:

A provision must be recognised when:

- the company has a present obligation (legal or constructive) as a result of a past event ;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reliably estimated.

If these conditions are not satisfied, no provision may be recognised.

Under IFRS, where the effect is material, contingency and loss provisions must be discounted where the probable outflow of resources will take place in over a year.

Under IFRS, no provisions are funded for contingent liabilities, aside from as part of business combinations. Material contingent assets or liabilities must be disclosed in the notes.

Customer provisions:

Under IAS there is no specific accounting category for doubtful receivables.

A provision is funded where there is objective evidence of impairment of loans classified as loans and receivables.

Provisions are funded for the difference between the net carrying amount of the loan (amortised cost impact) and the estimated recoverable amount, namely the present value, calculated using the contract's initial effective interest rate, of the estimated recoverable cash flows.

Individual impairment

In the case of a loan in arrears:

Losses are determined on the basis of the aggregate estimated future cash flows, discounted at the loan's initial effective rate; the future cash flows take account of the measurement of guarantees received and recovery costs.

The observable data used to estimate future cash flows must be sufficient and relevant in order to obtain a reliable estimate thereof. Where the observable data are limited or no longer wholly relevant in light of present circumstances, the Group must make a judgment based on its experience.

In the case of a loan that is not in arrears but for which there is objective evidence of impairment pointing to future difficulties:

The Group will use statistics of historical losses on comparable loans in order to estimate and position the future cash flows.

When the statistics or observable data are limited or no longer wholly relevant in light of present circumstances, the company must make a judgement based on its documented experience.

Once positioned time-wise, the future cash flows will be discounted at the loan's initial effective interest rate.

Collective impairment

When the individual loan impairment test doesn't uncover any objective evidence of impairment, they are grouped together with other loans sharing similar credit risk characteristics, and collectively tested for impairment.

Assessment of objective evidence of impairment:

In the case of a collective assessment, objective evidence of impairment can be reduced to observable events indicating that there is a measurable reduction in estimated future cash flows from a group of loans since these assets were initially recognised, even though this reduction cannot yet be attributed to the various loans within this group.

Such objective evidence may include :

- ability of borrowers within the group to meet payments negatively affected ; or
- a national or local economic climate correlated to non payments on the assets within the group.

Collective impairment: calculation of impairment:

1. Use of historical losses on assets with credit risk characteristics similar to those of assets within the group in question, in order to reliably estimate the impact on the cash flows from the group of assets in question.

When the company doesn't have access to such historical losses, it shall look at the experience of comparable companies for comparable financial asset groups.

2. Factoring in of current observable events, so as to reflect the impact of conditions that didn't affect the period covered by these historical statistics.

Historical loss statistics used (in particular PD) must be corrected as required, in light of current observable data, so as to factor in the effects of conditions that didn't affect the period covered by these historical statistics.

When these historical losses are no longer valid following changes to the conditions that existed during that period, the company must make adjustments to reflect the new climate on the basis of its documented experience.

3. The future cash flows are estimated on the basis of historical losses (adjusted as required) on assets similar to those collectively tested. The methodology and assumptions used to estimate the future cash flows must be regularly reviewed to reduce any difference between estimated and actual losses.
4. Once the future cash flows have been estimated and positioned time-wise, they are discounted at the effective interest rate.
5. Provisions for impairment recognised within a group represent an intermediate step pending the identification of the impairment of each asset within the group of financial assets that have been collectively tested for impairment.

Once there is sufficient information to specifically identify the losses on each of the impaired assets within a group, tested individually, these assets are taken out of the group. Accordingly, it is necessary to assess whether any new information.

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.

Consolidated Financial Statements

Consolidated IFRS Balance Sheet at 12/31/2014 (in MAD thousands)

ASSETS (under IFRS)	Notes	12/31/2014	12/31/2013
Cash and balances with central banks, the Treasury and post office accounts		8 842 320	12 830 730
Financial assets at fair value through income	2.1	52 389 822	40 687 887
Derivative hedging instruments			
Available-for-sale financial assets	2.2	30 805 290	29 175 729
Loans and advances to credit institutions and similar establishments	2.3	19 305 251	18 277 416
Loans and advances to customers	2.4	255 056 498	250 749 882
Interest rate hedging reserve			
Held-to-maturity investments		10 928 820	10 225 201
Current tax assets		137 676	35 435
Deferred tax assets		448 327	669 866
Other assets		7 491 499	8 182 804
Participations of insured parties in differed profits	2.2	920 708	
Non-current assets held for sale		97 089	103 621
Investments in companies accounted for under the equity method		116 861	112 666
Investment property		1 830 545	1 309 214
Property, plant and equipment	2.5	5 056 788	4 947 698
Intangible assets	2.5	1 731 443	1 552 585
Goodwill	2.6	6 684 704	6 718 819
TOTAL ASSETS		**401 843 640**	**385 579 553**

LIABILITIES (under IFRS)	Notes	12/31/2014	12/31/2013
Amounts owing to central banks, the Treasury and post office accounts		135 266	179 058
Financial liabilities at fair value through income	2.7	1 965 441	1 294 521
Derivative hedging instruments			
Amounts owing to credit institutions and similar establishments	2.8	41 236 002	53 613 257
Customer deposits	2.9	257 881 178	237 607 910
Debt securities issued		14 253 845	12 766 065
Interest rate hedging reserve			
Current tax liabilities		1 222 376	471 405
Deferred tax liabilities		1 700 513	1 469 254
Other liabilities		8 961 596	8 569 717
Liabilities related to non-current assets held for sale			
Insurance companies' technical reserves		22 212 075	20 205 854
General provisions	2.10	1 745 890	1 296 878
Subsidies, public funds and special guarantee funds		147 819	135 543
Subordinated debt		9 979 663	10 034 909
Share capital and related reserves		10 151 765	9 466 523
Consolidated reserves		24 258 638	23 385 449
- Group share		*20 163 454*	*19 600 550*
- Minority interests		*4 095 184*	*3 784 900*
Unrealised deferred capital gains or losses		851 090	16 973
Net income for the financial year		5 140 484	5 066 237
- Group share		*4 355 244*	*4 141 115*
- Minority interests		*785 240*	*925 122*
TOTAL LIABILITIES		**401 843 640**	**385 579 553**

Consolidated income statement under IFRS at 12/31/2014 (in MAD thousands)

	Notes	12/31/2014	12/31/2013
Interest and similar income	3.1	17 498 851	17 165 140
Interest and similar expenses	3.1	6 472 577	6 585 060
NET INTEREST MARGIN		**11 026 273**	**10 580 080**
Fees received	3.2	4 301 420	4 078 924
Fees paid	3.2	426 256	349 017
NET FEE INCOME		**3 875 163**	**3 729 908**
Net gains or losses on financial instruments at fair value through income		3 777 540	2 302 021
Net gains or losses on available-for-sale financial assets		346 238	627 053
INCOME FROM MARKET ACTIVITIES		**4 123 778**	**2 929 074**
Income from other activities		6 039 398	5 572 981
Expenses on other activities		5 614 858	4 934 596
NET BANKING INCOME		**19 449 755**	**17 877 445**
General operating expenses		7 680 810	7 183 144
Depreciation, amortisation and provisions		827 963	764 660
GROSS OPERATING INCOME		**10 940 982**	**9 929 641**
Cost of risk	3.3	-3 034 430	-1 866 633
OPERATING INCOME		**7 906 552**	**8 063 008**
Net income from companies accounted for under the equity method		20 004	16 626
Net gains or losses on other assets		46 892	53 551
Changes in value of goodwill			
PRE-TAX INCOME		**7 973 448**	**8 133 184**
Income tax		2 832 964	3 066 948
NET INCOME		**5 140 484**	**5 066 237**
Minority interests		785 240	925 122
NET INCOME GROUP SHARE		**4 355 244**	**4 141 115**
Earnings per share (in dirhams)		21,40	20,35
Dividend per share (in dirhams)		21,40	20,35

Statement of net income and gains and losses directly recorded in shareholders equity at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Net income	**5 140 484**	**5 066 237**
Asset and liability variations directly recorded in shareholders equity	819 687	-290 241
Translation gains or losses	-169 624	-153 829
Variation in value of financial assets available for sale	1 005 119	-122 056
Revaluation of fixed assets		
Variations in differed value of derivative coverage instruments		
Items regarding enterprises by equity method	-15 809	-14 356
Grand total	**5 960 171**	**4 775 995**
Group share	5 059 598	3 940 660
Minority interest share	900 573	835 336

Consolidated Financial Statements

Table of shareholders equity variation at 12/31/2014 (in MAD thousands)

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolidated income (4)	Total assets and liabilities entered directly in capital (5)	Shareholders' equity Group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2012		2 012 431	7 454 092	-1 990 667	23 347 171	-9 981	30 813 046	4 581 609	35 394 656
Changements de méthodes comptables									
Capitaux propres clôture au 31 décembre 2012 corrigés		2 012 431	7 454 092	-1 990 667	23 347 171	-9 981	30 813 046	4 581 609	35 394 656
Opérations sur capital		22 841	662 401		-385 351		299 891	-100 660	199 231
Paiements fondés sur des actions									
Opérations sur actions propres				-59 659			-59 659		-59 659
Dividendes					-1 771 206		-1 771 206	-562 210	-2 333 416
Résultat de l'exercice					4 141 115		4 141 115	925 122	5 066 237
Variations d'actifs et passifs comptabilisées directement en capitaux propres	(A)					-116 182	-116 182	-20 230	-136 413
Ecarts de conversion	(B)					-85 060	-85 060	-69 852	-154 911
Gains ou pertes latents ou différés	(A)+(B)					-201 242	-201 242	-90 082	-291 324
Autres variations					3 103		3 103	-87 477	-84 374
Variations de périmètre					-673	787	113	43 719	43 832
Capitaux propres clôture au 31 décembre 2013		2 035 272	8 116 493	-2 050 326	25 334 159	-210 437	33 225 161	4 710 022	37 935 183
Changements de méthodes comptables									
Capitaux propres clôture au 31 décembre 2013 corrigés		2 035 272	8 116 493	-2 050 326	25 334 159	-210 437	33 225 161	4 710 022	37 935 183
Opérations sur capital					636 037		636 037	141 018	777 055
Paiements fondés sur des actions									
Opérations sur actions propres									
Dividendes					-1 897 399		-1 897 399	-572 997	-2 470 396
Résultat de l'exercice					4 355 244		4 355 244	785 240	5 140 484
Variations d'actifs et passifs comptabilisées directement en capitaux propres	(C)					818 308	818 308	171 002	989 310
Ecarts de conversion	(D)					-113 954	-113 954	-55 670	-169 624
Gains ou pertes latents ou différés	(C)+(D)					704 354	704 354	115 332	819 687
Autres variations					-1 501 845		-1 501 845	-298 190	-1 800 035 *
Variations de périmètre									
Capitaux propres clôture au 31 décembre 2014		**2 035 272**	**8 116 493**	**-2 050 326**	**26 926 196**	**493 918**	**35 521 553**	**4 880 425**	**40 401 978**

(*) Comprises mainly the change in deferred capital gains with regard to the life insurance portfolio, and nonmaterial adjustments made to the treatment of available-for-sale financial assets.

Consolidated cash flow statement at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Pre-tax income	**7 973 448**	**8 133 184**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	827 242	854 991
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	7 523	14 068
+/- Net provisions	3 200 590	1 956 067
+/- Net income from companies accounted for under the equity method	-20 004	-16 626
+/- Net gain/loss from investment activities	-435 167	-525 018
+/- Net gain/loss from financing activities		
+/- Other movements	-229 630	-520 093
Total non-cash items included in pre-tax income and other adjustments	**3 350 553**	**1 763 390**
+/- Flows relating to transactions with credit institutions and similar establishments	-20 546 486	2 704 996
+/- Flows relating to transactions with customers	13 996 509	5 752 055
+/- Flows relating to other transactions affecting financial assets or liabilities	-13 488 029	6 530 827
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-2 353 709	-2 473 345
Net increase/decrease in operating assets and liabilities	**-22 391 714**	**12 514 533**
Net cash flow from operating activities	**-11 067 713**	**22 411 107**
+/- Flows relating to financial assets and investments	-794 083	-9 995 785
+/- Flows relating to investment property	-585 462	-215 134
+/- Flows relating to plant, property and equipment and intangible assets	-808 347	-1 042 684
Net cash flow from investment activities	**-2 187 893**	**-11 253 604**
+/- Cash flows from or to shareholders	-2 470 396	-1 648 174
+/- Other net cash flows from financing activities	1 448 946	-5 316 062
Net cash flow from financing activities	**-1 021 450**	**-6 964 236**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-126 986**	**-123 947**
Net increase (decrease) in cash and cash equivalents	**-14 404 042**	**4 069 320**

	12/31/2014	12/31/2013
Cash and cash equivalents at the beginning of the period	**13 727 361**	**9 658 041**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	12 651 672	10 434 787
Inter-bank balances with credit institutions and similar establishments	1 075 689	-776 746
Cash and cash equivalents at the end of the period	**-676 681**	**13 727 361**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	8 707 054	12 651 672
Inter-bank balances with credit institutions and similar establishments	-9 383 735	1 075 689
Net change in cash and cash equivalents	**-14 404 042**	**4 069 320**

2. Notes related to the balance sheet

2.1 Financial assets at fair value through income at 12/31/2014 (in MAD thousands)

	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	213 824	
Treasury notes and similar securities	32 509 219	
Bonds and other fixed income securities	**1 848 625**	
- Listed securities	845 897	
- Unlisted securities	1 002 728	
Shares and other equity securities	**17 005 933**	**88 709**
- Listed securities	17 005 933	88 709
- Unlisted securities		
Derivative instruments	**585 027**	
Related loans	**138 483**	
Fair value on the balance sheet	**52 301 113**	**88 709**

2.2 Available-for-sale financial assets at 12/31/2014 (in MAD thousands)

2.2.1 Available-for-sale financial assets

	12/31/2014	12/31/2013
Securities valued at fair value		
• Treasury notes and similar securities	**10 015 196**	**9 346 341**
• Bonds and other fixed income securities	**12 865 333**	**11 587 724**
- Listed securities	7 809 390	6 878 590
- Unlisted securities	5 055 943	4 709 134
• Shares and other equity securities	**3 745 608**	**3 158 833**
- Listed securities	2 577 710	1 946 608
- Unlisted securities	1 167 898	1 212 225
• Securities in non-consolidated affiliates	**5 099 860**	**5 082 831**
Total available-for-sale securities	**31 725 998**	**29 175 729**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 14 072 million at the end of December 2014 Vs. MAD 12 099 million at the end of December 2013.

2.2.2 Underlying gains and losses on financial assets available for sale at 12/31/2014

	12/31/2014			12/31/2013		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	10 015 196	597 380	-35 343	9 346 341	162 201	-97 087
Bonds and other fixed income securities	12 865 333	385 428	-16 714	11 587 724	7 155	-202 491
Share and other variable income securities	3 745 608	207 111	-320 926	3 158 833	304 953	-355 154
Non consolidated equity interest securities	5 099 860	847 266	-181 429	5 082 831	798 433	-684 888
Balance sheet value of assets available for sale	**31 725 998**			**29 175 729**		
Total underlying gains and losses		2 037 184	-554 413		1 272 742	-1 339 620
Differed taxes		-559 523	199 638		-299 032	483 677
Underlying gins and losses on net financial assets available for sale		1 477 661	-354 775		973 710	-855 943
Underlying gains and losses on net financial assets available for sale Group share		**1 155 194**	**-304 104**		**737 569**	**-720 595**

2.3 Loans and advances to credit institutions and similar establishments (in MAD thousands)

2.3.1 Loans and advances to credit institutions and similar establishments at 12/31/2014

	12/31/2014	12/31/2013
Credit institutions		
Accounts and loans	18 614 985	18 061 289
Securities received under repo agreements	454 660	17 121
Subordinated loans	27 941	32 551
Other loans and advances	117 952	130 531
Total	**19 215 538**	**18 241 491**
Related loans	114 619	62 467
Provisions	24 906	26 542
Net value	**19 305 251**	**18 277 416**
Internal operations		
Regular accounts	6 681 733	5 959 948
Accounts and long-term advances	22 803 303	25 917 124
Subordinated loans	292 426	447 896

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 12/31/2014

	12/31/2014	12/31/2013
Morocco	11 338 863	8 169 342
Tunisia	1 139 524	1 697 841
Sub-Saharan Africa	3 690 973	3 773 129
Europe	2 003 917	4 281 302
Others	1 042 261	319 879
Total	**19 215 538**	**18 241 491**
Related loans	114 619	62 467
Provisions	24 906	26 542
Net loans on the balance sheet	**19 305 251**	**18 277 416**

2.3.3 Breakdown of loans and advances to credit institutions per remaining term at 12/31/2014

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	13 368 524	2 695 588	2 787 027	339 493	19 190 632

2.4 Loans and advances to customers (in MAD thousands)

2.4.1 Loans and advances to customers at 12/31/2014

	12/31/2014	12/31/2013
Transactions with customers		
Commercial loans	39 117 428	31 161 991
Other loans and advances to customers	185 413 812	180 923 624
Securities received under repo agreements	10 940	2 279 206
Current accounts in debit	25 658 003	30 479 207
Total	**250 200 183**	**244 844 029**
Related loans	1 622 255	1 783 398
Provisions	11 998 943	10 079 996
Net value	**239 823 495**	**236 547 431**
Leasing activities		
Property leasing	3 105 996	2 621 866
Leasing of movable property, long-term rental and similar activities	12 494 091	11 965 539
Total	**15 600 087**	**14 587 405**
Related loans	627	587
Provisions	367 711	385 541
Net value	**15 233 004**	**14 202 451**
Total	**255 056 498**	**250 749 882**

2.4.2 Loans and advances to customers by geographical area at 12/31/2014

	12/31/2014				12/31/2013			
Country	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions
Morocco	199 591 295	12 646 517	7 392 304	1 234 413	197 050 847	11 384 157	6 232 019	854 473
Tunisia	18 477 851	1 497 437	824 109	71 813	17 463 786	1 601 986	826 201	68 033
Sub-Saharan Africa	28 450 903	3 903 357	2 628 295	208 322	27 166 610	3 354 340	2 318 506	162 661
Europe	260 565	8 618	7 399		331 405	3 194	3 645	
Others	963 728				1 075 109			
Total	**247 744 342**	**18 055 928**	**10 852 107**	**1 514 547**	**243 087 757**	**16 343 677**	**9 380 370**	**1 085 167**
Related loans	1 622 882				1 783 985			
Net loans on the balance sheet	**249 367 224**	**18 055 928**	**10 852 107**	**1 514 547**	**244 871 742**	**16 343 677**	**9 380 370**	**1 085 167**

2.4.3 Loans and advances to customer per economic operator at 12/31/2014

	12/31/2014	12/31/2013
Corporate entities	168 069 646	163 225 057
Including Large Enterprises	107 738 405	108 021 815
Private individuals	85 363 970	85 740 840
Total	**253 433 616**	**248 965 897**
Related loans	1 622 882	1 783 985
Net value on balance sheet	**255 056 498**	**250 749 882**

2.4.4 Breakdown of loans and advances per remaining term at 12/31/2014

	< = 3 months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to customers	79 553 969	26 978 373	79 768 971	61 443 030	247 744 342

The fair value of healthy outstanding loans to customers and credit institutions is estimated at 269,060 million

2.5 Current and deferred taxes (in MAD thousands)

2.5.1 Current and deferred taxes at 12/31/2014

	12/31/2014	12/31/2013
Current taxes	137 676	35 435
Deffered taxes	448 327	669 866
Current and differed tax assets	**586 003**	**705 301**
Current taxes	1 222 376	471 405
Deffered taxes	1 700 513	1 469 254
Current and differed tax liabilities	**2 922 889**	**1 940 659**

2.5.2 Net income tax at 12/31/2014

	12/31/2014	12/31/2013
Current taxes	-3 101 911	-3 002 439
Net FY differed taxes	268 947	-64 509
Net income tax	**-2 832 964**	**-3 066 948**

2.5.3 Actual tax rate at 12/31/2014

	12/31/2014	12/31/2013
Net income	5 140 484	5 066 237
Income tax	2 832 964	3 066 948
Average actual income tax	**35,5%**	**37,7%**

Analysis of actual income tax at 12/31/2014

	12/31/2014	12/31/2013
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-0,7%	-1,1%
Permanent differences	4,2%	1,6%
Other items	-5,0%	0,2%
Average actual tax rate	**35,5%**	**37,7%**

2.6 Equalization accounts and other assets (in MAD thousands)

2.6.1 Equalization accounts and other assets at 12/31/2014

	12/31/2014	12/31/2013
Other Assets	**5 052 433**	**4 917 143**
Sundry debtors	3 013 276	2 779 224
Various securites & uses	191 628	225 660
Other insurance assets	1 692 727	1 683 938
Other	154 801	228 321
Equalization accounts	**2 439 066**	**3 265 662**
Receivables	1 190 417	1 058 184
Expenses identified in advance	300 306	463 170
Other equalization accounts	948 343	1 744 309
Total	**7 491 499**	**8 182 804**

2.6.2 Equalization accounts and other liabilities at 12/31/2014

	12/31/2014	12/31/2013
Other Liabilities	**5 547 789**	**5 083 256**
Miscellaneous securities operations	207 867	4 066
Miscellaneous creditors	5 110 465	4 769 879
Other insurance liabilities	229 456	309 311
Equalization accounts	**3 413 807**	**3 486 461**
Payables	1 640 091	1 580 616
Income identified in advance	461 187	335 138
Other equalization accounts	1 312 530	1 570 706
Total	**8 961 596**	**8 569 717**

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 12/31/2014 (in MAD thousands)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	116 861	60 001	628 346	121 722	20 004
Net value on balance sheet in MEE companies	**116 861**	**60 001**	**628 346**	**121 722**	**20 004**

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

2.8 Investment property at 12/31/2014 (in MAD thousands)

	12/31/2013	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2014
Gross value	1 642 835	-	585 784	10 666	-1 908	2 216 045
Depreciation and provisions	333 621	-	49 728	3 254	5 405	385 500
Net value on balance sheet	**1 309 214**	**-**	**536 056**	**7 412**	**-7 313**	**1 830 545**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms corresponding to the service life per the following components:

Components	Annual duration of depreciation
MAIN STRUCTURE	50
PROOFING	20
FITTINGS AND INSTALLATION	15
TECHNICAL FACILITIES	20
INTERNAL AND EXTERNAL JOINERY	15

The market value of the land and structures classified as investment property in 2014 is estimated at MAD 2 294 million.

2.9 Plant, property and equipment and intangible assets at 12/31/2014 (in MAD thousands)

2.9.1 Plant, property and equipment and intangible assets

	12/31/2014			12/31/2013		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	3 066 399	1 087 183	1 979 216	2 990 671	989 026	2 001 645
Movable property and equipment	2 926 496	2 473 317	453 178	2 919 843	2 505 441	414 401
Leased movable property	563 099	213 358	349 741	538 857	207 003	331 854
Other property, plant and equipment	4 955 731	2 681 079	2 274 652	4 666 525	2 466 727	2 199 798
Total property, plant and equipment	**11 511 725**	**6 454 938**	**5 056 788**	**11 115 896**	**6 168 198**	**4 947 698**
IT software acquired	2 496 107	1 475 473	1 020 634	2 171 386	1 266 175	905 211
Other intangible assets	1 230 821	520 013	710 808	1 158 086	510 712	647 373
Total intangible assets	**3 726 929**	**1 995 486**	**1 731 443**	**3 329 472**	**1 776 887**	**1 552 585**

Tangible fixed assets:

Attijariwafa bank opted for an assessment of the cost of all fixed assets. Depreciation in linear and spread out over the following service life:

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

Elsewhere the building components were amortized as follows:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

Intangible fixed assets excluding goodwill

The Attijariwafa bank group did not internally generate any intangible fixed assets. The service life thereof is as follows:

Components	Annual duration of depreciation
Software packages acquired	5 years
Company-produced software packages	N/A
Other intangible fixed assets	15-20 years

2.9.2 Outright rentals: additional information

Residual term	For the lessor
	Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	48 207
> 1 year ≤ 5 years	721 589
> 5 years	196 042
Total	**965 838**

2.10 Goodwill at 12/31/2014 (in MAD thousands)

	12/31/2013	Perimeter variation	Translation gains and losses	Other movements	12/31/2014
Gross value	6 718 819		-24 573	-9 542	6 684 704
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 718 819**		**-24 573**	**-9 542**	**6 684 704**

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 2014, no impairment has been recognized.

2.11 Financial liabilities at fair value through income (in MAD thousands)

2.11.1 Financial liabilities at fair value through income at 12/31/2014

	12/31/2014	12/31/2013
Securities pledged under repo agreements	353 902	462 242
Derivative instruments	1 611 539	832 279
Fair value on balance sheet	**1 965 441**	**1 294 521**

2.11.2 Derivative instruments per type of risk at 12/31/2014

Per type of risk	Book value		Notional Amount
	Assets	Liabilities	
Exchange rate derivative instruments	-	405 045	54 211 814
Interest rate derivative instruments	372 569	388 141	33 670 127
Raw materials derivatives	18 572	18 572	2 978 536
Other derivative instruments	193 887	799 781	1 359 739
Total	**585 027**	**1 611 539**	**92 220 216**

2.12 Amounts owing to credit institutions (in MAD thousands)

2.12.1 Amounts owing to credit institutions at 12/31/2014

	12/31/2014	12/31/2013
Credit institutions		
Accounts and borrowings	29 399 708	16 053 883
Securities pledged under repo agreements	11 583 992	37 484 461
Total	**40 983 699**	**53 538 344**
Related debt	252 302	74 913
Value on the balance sheet	**41 236 002**	**53 613 257**
Internal Group operations		
Current accounts in credit	5 666 401	4 604 172
Accounts and long-term advances	23 267 418	26 620 025
Related debt	141 862	162 409

2.12.2 Breakdown of debts per remaining term at 12/31/2014

	< = months	Between 3 months and 1 year	Between 1 year and 5 years	>5 years	Total
Amounts owing to credit institutions	37 202 147	2 213 771	1 249 357	318 425	40 983 699

2.13 Amounts owing to customers (in MAD thousands)

2.13.1 Amounts owing to customers at 31/12/2012

	12/31/2014	12/31/2013
Ordinary creditor accounts	180 916 243	167 101 005
Savings accounts	58 901 274	57 459 682
Other amounts owing to customers	12 952 321	11 925 259
Securities pledged under repo agreements	4 081 453	
Total	**256 851 291**	**236 485 946**
Related debt	1 029 887	1 121 964
Value on balance sheet	**257 881 178**	**237 607 910**

2.13.2 Breakdown of amounts owing to customers by geographical area at 12/31/2014

	12/31/2014	12/31/2013
Morocco	191 839 544	174 663 570
Tunisia	21 813 888	19 999 021
Sub-Saharan Africa	38 365 103	37 983 571
Europe	4 172 840	3 168 602
Other	659 916	671 183
Total	**256 851 291**	**236 485 946**
Related debt	1 029 887	1 121 964
Value on the balance sheet	**257 881 178**	**237 607 910**

2.13.3 Breakdown of debts to customers per economic operator at 12/31/2014

	12/31/2014	12/31/2013
Corporate entities	107 712 779	89 918 480
Including large enterprises	83 596 748	60 049 454
Private individuals	149 138 512	146 567 466
Total	**256 851 291**	**236 485 946**
Relevant debts	1 029 887	1 121 964
Net values on balance sheet	**257 881 178**	**237 607 910**

2.13.4 Breakdown of debts per remaining term through profit and loss at 12/31/2014

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Dettes envers la clientèle	211 929 635	27 070 747	11 502 806	6 348 104	256 851 291

2.14 Debts represented by security and subordinated debts at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Other debts represented by a security	**14 253 845**	**12 766 065**
Negotiable debt securities	14 074 176	12 500 760
Bond loans	179 668	265 304
Subordinated debts	**9 979 663**	**10 034 909**
Subordinated loan	9 979 663	10 034 909
with defined term	9 979 663	10 034 909
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**24 233 508**	**22 800 973**

2.15 General provisions at 12/31/2014 (in MAD thousands)

	Stock at 12/31/2013	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2014
Provisions for risks in executing signature loans	75 636		144 223		2 673	-3 488	213 698
Provisions for social benefit liabilities	398 913		101 018	58 242		-10 253	431 436
Other general provisions	822 329		493 116	10 912	231 041	27 264	1 100 756
General provisions	**1 296 878**		**738 357**	**69 154**	**233 714**	**13 523**	**1 745 890**

3- Notes pursuant to operating account

3.1 Net interest margin at 12/31/2014 (in MAD thousands)

	12/31/2014			12/31/2013		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**15 104 534**	**3 590 937**	**11 513 597**	**14 992 238**	**3 541 421**	**11 450 817**
Accounts and loans/borrowings	14 363 352	3 441 078	10 922 275	14 210 655	3 452 283	10 758 372
Repurchase agreements	5 373	149 859	-144 486	10 668	89 137	-78 469
Leasing activities	735 808		735 808	770 914		770 914
Inter-bank transactions	**723 179**	**1 803 072**	**-1 079 893**	**783 964**	**1 805 419**	**-1 021 455**
Accounts and loans/borrowings	711 830	1 436 218	-724 388	782 865	1 648 997	-866 132
Repurchase agreements	11 349	366 854	-355 505	1 098	156 422	-155 324
Debt issued by the Group		**1 078 569**	**-1 078 569**		**1 238 221**	**-1 238 221**
Available-for-sale assets	**1 671 138**		**1 671 138**	**1 388 938**		**1 388 938**
Total net interest income	**17 498 851**	**6 472 577**	**11 026 273**	**17 165 140**	**6 585 060**	**10 580 080**

3.2 Net fee income at 12/31/2014 (in MAD thousands)

	Income	Expenses	Net
Net fees on transactions	**1 895 863**	**34 254**	**1 861 609**
with credit institutions	68 188	28 823	39 365
with customers	1 265 843		1 265 843
on securities	104 536	2 701	101 835
on foreign exchange	105 646	1 547	104 099
on forward financial instruments and other off-balance sheet transactions	351 650	1 183	350 467
Banking and financial services	**2 405 556**	**392 002**	**2 013 554**
Net income from mutual fund management (OPCVM)	288 405	23 371	265 035
Net income from payment services	1 288 169	291 556	996 613
Insurance products	11 605		11 605
Other services	817 377	77 076	740 301
Net fee income	**4 301 420**	**426 256**	**3 875 163**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Fixed income securities	3 614 923	1 714 954
Variable income securities	157 187	-90 797
Derivative financial instruments	-130 308	532 926
Reassessment of over the counter foreign currency cash positions	135 738	144 937
Total	**3 777 540**	**2 302 021**

3.4 Net gains or losses on financial assets available for sale at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Income from variable income securities	**357 867**	**217 895**
Income from transfers	**-9 499**	**418 512**
Value added	63 405	437 015
Loss in value	-72 904	-18 503
Gains and losses in value of variable income securities	**-2 130**	**-9 354**
Total	**346 238**	**627 053**

3.5 Income and expenses from other activities at 12/31/2014 (in MAD thousands)

	12/31/2014			12/31/2013		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	5 557 251	5 115 066	442 184	5 145 388	4 490 743	654 645
Net income from investment property	28 564	-	28 564	36 598	-	36 598
Net income from fixed assets rented outright	318	-	318	1 832	-	1 832
Other income	453 266	499 791	-46 525	389 163	443 853	-54 690
Total of interest income and expenses or equivalent	**6 039 398**	**5 614 858**	**424 541**	**5 572 981**	**4 934 596**	**638 384**

3.6 Net income from insurance activity at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Gross premiums acquired	6 120 445	5 707 216
Variation in technical provisions	-1 370 795	-1 079 939
Contract service expenses	-3 515 426	-3 282 700
Net expenses or income from reassurance transfers	-792 040	-689 932
Total	**442 184**	**654 645**

3.7 Cost of risk at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Allocations to provisions	**-3 523 984**	**-2 496 579**
Provisions for depreciation of loans and debts	-2 855 847	-2 352 891
Provisions for commitments by signature	-144 223	-458
Other provisions for risks and expenses	-523 913	-143 230
Provision write downs	**1 207 624**	**977 147**
Provision write downs for depreciation of loans and debts	961 628	859 070
Provision write downs for commitments by signature	2 673	30 750
Write downs from other provisions for risks and expenses	243 323	87 326
Provision variation	**-718 070**	**-347 201**
Losses on non provisioned unrecoverable loans and debts	-70 257	-29 829
Losses on provisioned unrecoverable loans and debts	-724 818	-363 290
Recovery on amortized loans and debts	87 916	62 348
Other losses	-10 912	-16 429
Cost of risk	**-3 034 430**	**-1 866 633**

3.8 Net gains or losses on other activities at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Operating tangible and intangible fixed assets		
Value added from transfers	128 790	54 240
Loss in value transfers	-81 898	-689
Net gains or losses on other activities	**46 892**	**53 551**

4. Information per center of activity

Attijariwafa bank's information by business activity is presented as follows:

- **Domestic banking, Europe and Offshore** comprising Attijariwafa bank SA, Attijariwafa bank Europe, Attijari International bank and holding companies incorporating the Group's investments in the Group's consolidated subsidiaries;
- **Specialised financial subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International retail banking** activities comprising Attijari bank Tunisie and the banks of the Sub-Saharan area;
- **Insurance and property** comprising Wafa Assurance.

(in MAD thousands)

BALANCE SHEET DECEMBER 2014	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	TOTAL
Balance sheet	**266 053 745**	**28 894 666**	**27 931 280**	**78 963 949**	**401 843 640**
Including					
Assets					
Financial assets at fair value through income	44 331 884	60 995	6 558 167	1 438 776	**52 389 822**
Available-for-sale financial assets	8 191 403	54 597	14 072 498	9 407 499	**31 725 998**
Loans and advances to credit institutions and similar establishments	13 947 112	165 454	15 139	5 177 547	**19 305 251**
Loans and advances to customers	177 709 673	25 873 738	3 130 554	48 342 533	**255 056 498**
Property, plant and equipment	2 173 149	551 488	270 680	2 061 471	**5 056 788**
Liabilities					
Amounts owing to credit institutions and similar establishments	37 880 279	901 228		2 454 493	**41 236 002**
Customer deposits	193 620 859	2 330 258	2 119	61 927 942	**257 881 178**
Technical reserves for insurance contracts			22 212 075		**22 212 075**
Subordinated debt	9 778 262	201 401			**9 979 663**
Shareholders' equity	28 622 363	2 774 280	4 377 629	4 627 706	**40 401 978**

Income statement december 2012	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	6 590 775	1 040 180	472 428	3 066 240	-143 350	**11 026 273**
Net fee income	1 804 690	820 005	-25 659	1 748 783	-472 654	**3 875 163**
Net banking income	11 137 945	2 205 690	1 388 197	5 184 609	-466 686	**19 449 755**
Operating expenses	4 288 712	786 749	437 347	2 634 689	-466 686	**7 680 810**
Operating income	4 353 308	1 094 985	857 293	1 600 965		**7 906 552**
Net income	2 644 308	677 774	701 427	1 116 975		**5 140 484**
Net income Group share	2 624 103	496 610	556 152	678 379		**4 355 244**

5. Financing commitments and guarantees

5.1 Financing commitments at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Financing commitments given	**23 066 906**	**18 387 355**
To credit institutions and similar establishments	331 729	307 518
To customers	22 735 178	18 079 837
Financing commitments received	**6 366 475**	**7 399 324**
From credit institutions and similar establishments	4 054 571	3 902 309
From the State and other organisations providing guarantees	2 311 904	3 497 015

5.2 Guarantee commitments at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Guarantees given	**42 973 534**	**45 647 334**
To credit institutions and similar establishments	6 487 541	6 653 966
To customers	36 485 993	38 993 369
Guarantees received	**34 869 802**	**29 545 244**
From credit institutions and similar establishments	25 088 110	17 676 281
From the State and other organisations providing guarantees	9 781 692	11 868 963

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 12/31/2014 (in MAD thousands)

	Entities consolidated through global integration
Assets	
Loans, advances and securities	**30 228 531**
Ordinary accounts	6 848 847
Loans	23 379 684
Securities	
Miscellaneous assets	
Other assets	**848 797**
Total	**31 077 329**
Liabilities	
Deposits	**30 162 160**
Ordinary accounts	6 756 655
Other loans	23 405 505
Debts represented by security	**66 371**
Miscellaneous liabilities	**848 797**
Total	**31 077 329**
Financing and guarantee commitments	
Commitments given	14 669 745
Commitments received	14 669 745

6.1.2 Income items regarding operations conducted with associated parties (in MAD thousands)

	Entities consolidated through global integration
Interest and equivalent income	822 408
Interest and equivalent expenses	679 058
Commissions (income)	569 033
Commissions (expenses)	96 378
Income from other activities	402 349
Expenses from other activities	587 769
Other expenses	466 686

Relationships with members of administrative and management bodies:

In 2014, 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 2014 came to MAD 92 million. Loans to these members came to MAD 176 million at the end of 2014.

6.2 Wafa Assurance at 12/31/2014 (in MAD thousands)

Balance sheet	12/31/2014	12/31/2013
Assets		
Assets available for sale	14 072 498	12 098 933
Loans and debts to credit institutions and equivalent	12 388	23 295
Loans and debts to customers	3 130 554	2 686 589
Tangible fixed assets	249 039	134 309
Debts to credit institutions and equivalent		
Insurance contract technical provisions	22 212 075	20 205 854
Shareholders equity	4 287 585	3 746 399

Income and expenses account	12/31/2014	12/31/2013
Interest margin	475 082	412 145
Margin on commissions	-13 007	-15 438
Net income from other activities	470 092	714 901
Net banking income	1 109 407	1 538 357
Operating expenses	-480 931	-495 558
Operating income	536 983	952 150
Net income	381 116	470 405
Net income group share	302 182	372 978

7. Other complementary information:

7.1 Certificates of deposit and finance company bonds issued during 2014:

• The certificates of deposits outstanding amounted as of December 2014 to MAD 9.5 billion.

During 2014, MAD 10.3 billion has been issued with a maturity comprised between 13 weeks and 5 years and rates between 2.95% and 4.60%.

• The finance company bonds outstanding amounted as of December 2014 to MAD 4.4 billion.

During 2014, MAD 2,750 million has been issued with a maturity comprised between 2 years and 3 years and rates between 3.63% and 4.37%.

7.2 Subordinated debts issued during 2014:

During 2014, Attijariwafa bank issued two subordinated bond loans for a global amount of MAD 1,400 million:

• The first subordinated bond loan, issued on 12 December 2014 for an amount of MAD 1,200 million, is split up into 12,000 bonds at per value of MAD 100,000 with 10-year maturity. It is divided into four parts two of which are listed on the Casablanca stock exchange (sections A and B), the remaining two being unlisted (sections C and D).

The nominal interest rate for A and C is fixed standing at 4.75% including a risk premium of 100 basis points, and the rate applicable to B and D is annually revisable for the first year standing at 3.80% including a risk premium of 100 basis points.

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

(in MAD thousands)

	Section A	Section B	Section C	Section D
Amount withheld	45 600		834 400	320 000

• The second subordinated loan, issued on 31 October 2014 for an amount of MAD 200 million, is split up into 2,000 bonds at per value of MAD 100,000 with 5-year maturity. It is divided into two unlisted parts.

The nominal interest rate for for the first part is fixed standing at 5% including a risk premium of 150 basis points, and the rate applicable to second part is annually revisable for the first year standing at 4.33% including a risk premium of 140 basis points.

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

(in MAD thousands)

	Section A	Section B
Amount withheld	94 900	105 100

7.3 Capital and income per share:

7.3.1 Number of shares and per values:

As of December 2014, Attijariwafa bank's capital amouted to MAD 2,035,272,260 and made of 203,527,226 shares at a nominal value of MAD 10.

7.3.2 Attijariwafa bank shares held by the Group:

As of December 2014, Attijariwafa bank Group hold 13,514,934 shares representing a global amount of MAD 2,050 million deducted from the consolidated shareholders equity.

7.3.3 Per share income:

The bank has not dilutive instruments in ordinary shares. Therefore, the diluted income per share is equal to the basic income per share.

(In MAD)

	December 31, 2014	December 31, 2013
Earnings per share	21.40	20.35
Diluted earnings per share	21.40	20.35

7.4 Business combination

- During 2013, Attijariwafa bank finalized the acquisition of 55% of the stake of Banque Internationale pour l'Afrique (BIA) in Togo. As of December 2014, the adjusted goodwill amounted to MAD 81 million versus MAD 90 million for provisional goodwill.
- Attijariwafa bank also completed during the year 2014 a rationalization process of its European subsidiaries namely Attijariwafa bank Europe (100% subsidiary of Attijariwafa bank) and CBIP (98.55% of its Senegalese subsidiary "Compagnie Bancaire de l'Afrique de l'Ouest" –CBAO-).

This operation took place in two phases:

Phase 1 :

Merger between the two entities at the end of which the new entity Attijariwafa bank Europe is held at 83.85% by Attijariwafa bank and 15.92% by CBAO.

Phase 2 :

Additional acquisition by Attijariwafa bank of 15.92% held by CBAO which increases its stake in the new merged entity to 99.78%.

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:

	12/31/2014	12/31/2013
Start of period	01 January 2014	01 January 2013
End of period	31 December 2014	31 December 2013
Discount rate	4.67%	4.91%
Rate of salary increase	4.00%	4.00%
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows :

Change in actuarial liability	12/31/2014	12/31/2013
Actuarial liability N-1	**398 913**	**375 109**
Current service cost	78 579	91 623
Discounting effect	-13 605	-41 166
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	-	12 086
Termination benefits	-57 524	-64 483
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	25 072	25 745
Actuarial liability N	**431 436**	**398 913**

Expense recognised	12/31/2014	12/31/2013
Current service cost	-78 579	-91 623
Discounting effect	13 605	41 166
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	-9 288	18 657
Net expense recognized in profit or loss	**-74 263**	**-31 800**

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%	51.93%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51.00%	51.00%
CREDIT DU SENEGAL	Bank					Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank					Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	51.00%	51.00%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank					Cameroon	IG	51.00%	51.00%
ATTIJARIBANK MAURITANIE	Bank					Mauritania	IG	80.00%	53.60%
BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO	Bank		(1)			Togo	IG	55.00%	55.00%
WAFA SALAF	Consumer Credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Financial leasing					Morocco	IG	97.83%	97.83%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	75.00%	75.00%
WAFA CASH	Cash activities					Morocco	IG	99.98%	99.98%
WAFA LLD	Long-term rentals					Morocco	IG	100.00%	100.00%
ATTIJARI FINANCES CORP.	Investment bank					Morocco	IG	100.00%	100.00%
WAFA GESTION	Asset management					Morocco	IG	66.00%	66.00%
ATTIJARI INTERMEDIATION	SM intermediation					Morocco	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
WAFA ASSURANCE	Insurance					Morocco	IG	79.29%	79.29%
BCM CORPORATION	Holding Company					Morocco	IG	100.00%	100.00%
WAFA CORP	Holding Company					Morocco	IG	100.00%	100.00%
OGM	Holding Company					Morocco	IG	100.00%	100.00%
ANDALUCARTHAGE	Holding Company					Morocco	IG	100.00%	100.00%
KASOVI	Holding Company					British Virgin islands	IG	50.00%	50.00%
SAF	Holding Company					France	IG	99.82%	49.98%
FILAF	Holding Company					Senegal	IG	100.00%	50.00%
CAFIN	Holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	Holding Company					France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	Holding Company					France	IG	67.00%	67.00%
MOUSSAFIR	Hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	Risk capital					Tunisia	IG	67.23%	39.65%
PANORAMA	Real estate company					Morocco	IG	79.29%	79.29%
SOCIETE IMMOBILIERE TOGO LOME	Real estate company		(2)			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 equity method
(A) Movements occurring in first half of 2013	3 - Entry into IFRS perimeter	9 - Change in method - Equity method upon global integration
(B) Movements occurring in second half of 2013	4 - Disposal	10 - Change in method - Global integration per propotional integration
(C) Movements occurring in first half of 2014	5 - Deconsolidation	11 - Change in method - Proportional integration equity method
(D) Movements occurring in second half of 2014	6 - Merger between consolidated entities	12 - Reconsolidation

Parent company Financial statements

General report of the statutory auditors

Year ended December 31, 2014

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, 2014

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, 2014. The financial statements show shareholders' equity of MAD 38,766,263 thousand and net income of MAD 3,544,114 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, 2014, 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.

Casablanca, March 24, 2015

The Statutory Auditors

FIDAROC GRANT THORNTON
Faïçal MEKOUAR
Partner

ERNST & YOUNG
Bachir TAZI
Partner

Parent company financial statements

1. Presentation

Attijariwafa bank is a Moroccan company governed by common law. The financial statements comprise the accounts of head office as well as branches in Morocco and overseas, including the branch offices in Brussels. Material intra-group transactions and balances between Moroccan entities and overseas branches have been eliminated.

2. General principles

The financial statements are prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Attijariwafa bank's financial statements complies with the Credit Institution Accounting Plan.

3. Loans and advances and signed commitments

General presentation of loans and advances

- Loans and advances to banks and customers are broken down on the basis of their initial maturity or their economic purpose:
  - demand and term loans in the case of banks;
  - cash advances, fixed-asset loans, consumer finance, mortgages and other customer lending.
- Signed commitments recognized off-balance sheet consist of binding commitments to provide credit facilities and guarantee commitments that have not led to the disbursement of funds.
- Repurchase agreements, involving securities, are recognised on the various relevant "loans and advances" line item (banks, customers).
- Accrued interest on loans and advances is recognised in the associated "loans and advances" line item through profit or loss.

Non-performing customer loans and advances

- Non-performing customer loans and advances are recognised and measured in accordance with applicable banking regulations.

The main applicable provisions can be summarised as follows:

- non-performing loans and advances are, depending on the level of risk, classified as past due, doubtful or bad debts.
- Provisions are funded for non-performing loans and advances, net of the proportion of collateral required under applicable regulations, as follows:
- 20% in the case of past due debts;
- 50% in the case of doubtful debts;
- 100% in the case of bad debts;

The provisions funded for credit risks are deducted from the relevant asset line items.

- Upon reclassification of loans and advances as non-performing debts, interest thereon is no longer calculated and recognised. It is recognized as income when received.
- Losses on bad debts are recognised when the collection of non-performing debts no longer seems possible.
- Provisions for non-performing debts may be reversed where the non-performing debts undergo an improvement: effective repayment (in full or in part) of the loan or a restructuring thereof with a partial repayment of the loan.

4. Demand and term liabilities

Amounts owing to banks and customer deposits are presented in the summary financial statements on the basis of their initial maturity or the nature of these liabilities:

- demand and term liabilities in the case of banks;
- demand accounts in credit, savings accounts, term deposits and other customer accounts in credit.

They are included in these various headings on the basis of the nature of the counterparty, the repurchase agreements, involving securities.

Accrued interest on these liabilities is recognised in the associated liability line items through profit or loss.

5. Securities portfolio

5.1. General presentation

Securities transactions are recognised and measured in accordance with the provisions of the Chart of Accounts for Banks.

The securities are firstly classified on the basis of the legal form of the security (debt security or title deed) and secondly on the basis of the intention (held for trading securities, available-for-sale financial securities, held-to-maturity securities, long-term investments).

5.2. Held for trading securities (financial assets at fair value through profit or loss

This portfolio contains highly liquid securities that are acquired with the intention of selling them in the short-term.

These securities are recognised at their purchase value (including coupon). At the end of each reporting period, the difference between this value and the market value is recognised in profit or loss.

5.3. Available-for-sale financial assets

This portfolio contains securities that are acquired with a view to being held for over six months except for fixed-income securities that are intended to be held to maturity. This category of securities notably includes the securities that fail to satisfy the criteria for recognition in another category of securities.

Debt securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

Title deeds are recognised at fair value less acquisition costs.

At the end of each reporting period a provision for impairment is funded for the negative difference between the market value and the historical cost of the securities. Potential gains are not recognised.

5.4. Held-to-maturity securities

Held-to-maturity securities consist of debt securities that are acquired or reclassified from another category of securities with the intention of holding them to maturity so as to generate regular income over a long period.

At their acquisition date, these securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

At the end of each reporting period, the securities are kept at their acquisition value regardless of the market value of the security. Accordingly, no unrealised gains or losses are recognised.

5.5. Long-term securities

This category consists of securities the long-term holding of which is felt to be beneficial to the bank.

At the end of each reporting period, their value is estimated on the basis of generally accepted items: value in use, share of net assets, earnings outlook and share price. Provisions for impairment may be funded, on a case-by-case basis, for any unrealised losses.

5.6. Repurchase agreements

Securities sold under repurchase agreements are kept on the balance sheet and the amount received, representing the liability to the assignee, is recognised as a balance sheet liability.

Securities bought under repurchase agreements are not recognised on the balance sheet but the amount paid out, representing the receivable vis-à-vis the assignor, is recognised as a balance sheet asset.

Securities transferred under repurchase agreements are subject to the accounting treatment corresponding to the portfolio category in which they were classified.

6. Foreign currency denominated transactions

Receivables and payables plus signed commitments denominated in foreign currencies are translated into MAD at the average exchange rate on the reporting date.

Any foreign exchange gains (losses) recognised on the provisions funded by foreign operations and on foreign-currency denominated borrowings hedged against currency risk are recognised on the balance sheet on the "other assets" or "other liabilities" line item as the case may be. Foreign exchange gains (losses) resulting from the translation of long-term investments acquired in foreign currencies are recognised as translation adjustments on the relevant security line items.

Foreign exchange gains (losses) on other foreign-currency accounts are recognised in profit or loss.

Foreign-currency denominated revenue and expenses are translated at the exchange rate on the date of their recognition.

7. Translation of foreign-currency denominated financial statements

The "closing rate" method is used to translate foreign-currency denominated financial statements.

Translation of on- and off- balance sheet items

All assets, liabilities and off-balance sheet items of foreign entities are translated on the basis of the exchange rate on the reporting date.

Equity (excluding net income for the financial year) is measured at the various historic exchange rates. Any adjustments resulting from this correction (closing rate – historic rate) are recognised outside profit or loss under "translation adjustments".

Translation of income statement items

Aside from amortisation, depreciation and provisions translated at the closing rate, all income statement items are translated at the average exchange rate over the financial year.

8. General contingency reserve

This reserve is funded, as and when management sees fit, in order to cover future banking contingencies that are currently not identified or accurately measurable.

Such reserves are subject to tax add-backs.

9. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried on the balance sheet at the acquisition value less cumulative amortisation and depreciation, calculated on a straight-line basis over the estimated useful lives.

Intangible assets are split into operating and non-operating assets and are amortised over the following periods :

Nature	**Amortisation period**
- Leasehold rights	Not amortised
- Patents and trademarks	N/A
- Research and development assets	N/A
- Software	6.67
- Other intangible items	5

Property, plant and equipment is split into operating and non-operating assets and depreciated over the following periods :

Nature	**Amortisation period**
- Land	Not depreciated
- Premises	25
- Office equipment	6.67
- Computer hardware	6.67
- Vehicles	5
- Fixtures, fittings and installations	6.67

10. Deferred expenses

Deferred expenses are expenses that by virtue of their materiality and nature may relate to more than one financial year.

The depreciation periods applied are as follows :

Nature	**Amortisation period**
- Start-up costs	3
- Non-current asset acquisition costs	5
- Borrowing issuance costs	N/A
- Issue or redemption premiums on debt securities	N/A
- Other deferred expenses	Between 3 and 5 years depending on the case

11. Recognition of interest and fees in the income statement

Interest

Interest is deemed to be any income or expense calculated on effectively borrowed or lent capital.

Also classified as interest equivalents are any income or expense calculated pro-rata temporis in consideration for a risk. This category notably includes fees on guarantee and financing commitments (surety, documentary credit…).

Interest accruing on effectively lent or borrowed capital is recognised in the underlying receivable and payable line items through profit or loss.

Interest equivalents are recognised as revenue or expenses upon invoicing.

Fees

Income and expenses, determined on a lump-sum basis and in consideration for the provision of services, are recognised as fees upon invoicing.

12. Non-current income and expenses

These wholly relate to extraordinary income and expenses and are in principle both unusual and infrequent in nature.

Parent company financial statements

Balance sheet at 12/31/2014 (in MAD thousands)

ASSETS	12/31/2014	12/31/2013
Cash and balances with central banks, the Treasury and post office accounts	**4 005 381**	**7 594 415**
Loans and advances to credit institutions and similar establishments	**33 640 290**	**32 342 391**
. Sight	8 022 540	5 286 629
. Term	25 617 750	27 055 762
Loans and advances to customers	**170 228 295**	**168 897 359**
. Short-term loans and consumer loans	52 671 726	50 594 031
. Equipment loans	58 369 891	55 461 129
. Mortgage loans	54 542 287	56 147 102
. Other loans	4 644 391	6 695 097
Receivables acquired through factoring	**1 058 799**	**561 695**
Trading securities and available-for-sale securities	**49 367 508**	**51 616 324**
. Treasury bills and similar securities	32 842 678	38 807 089
. Other debt securities	1 384 140	2 691 012
. Fixed Income Funds	15 140 690	10 118 223
Other assets	**2 425 647**	**3 035 592**
Investment securities	**9 195 147**	**10 225 201**
. Treasury bills and similar securities	9 195 147	10 225 201
. Other debt securities	-	-
Investments in affiliates and other long-term investments	**12 529 449**	**12 475 572**
Subordinated loans	**-**	**-**
Leased and rented assets	**1 618 377**	**1 485 490**
Intangible assets	**1 895 942**	**1 824 486**
Property, plant and equipment	**2 853 555**	**2 291 343**
TOTAL ASSETS	**288 818 390**	**292 349 868**

LIABILITIES	12/31/2014	12/31/2013
Amounts owing to central banks, the Treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**41 530 448**	**53 993 083**
. Sight	6 455 549	6 359 784
. Term	35 074 899	47 633 299
Customer deposits	**190 719 730**	**174 134 658**
. Current accounts in credit	116 140 652	105 275 973
. Savings accounts	25 234 472	23 679 523
. Term deposits	41 123 434	37 972 152
. Other accounts in credit	8 221 172	7 207 010
Debt securities issued	**9 292 042**	**7 744 448**
. Negociable debt securities	9 292 042	7 744 448
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	**5 875 482**	**17 339 107**
General provisions	**2 634 425**	**1 726 395**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**9 778 262**	**10 034 909**
Revaluation reserve	**421**	**420**
Reserves and premiums related to share capital	**23 407 000**	**22 052 401**
Share capital	**2 035 272**	**2 035 272**
Shareholders, unpaid share capital (-)	**-**	**-**
Retained earnings (+/-)	**1 194**	**-312**
Net income to be allocated (+/-)	**-**	**-**
Net income for the financial year (+/-)	**3 544 114**	**3 289 487**
TOTAL LIABILITIES	**288 818 390**	**292 349 868**

Off-balance sheet items at 12/31/2014 (in MAD thousands)

OFF-BALANCE	12/31/2014	12/31/2013
Commitments given	**54 539 865**	**55 419 879**
Financing commitments given to credit institutions and similar establishments	532	532
Financing commitments given to customers	15 996 740	12 695 610
Guarantees given to credit institutions and similar establishments	8 585 113	6 080 971
Guarantees given to customers	29 957 480	29 816 450
Securities purchased with repurchase agreement	-	6 746 319
Other securities to be delivered	-	79 997
Commitments received	**17 278 171**	**14 504 285**
Financing commitments received from credit institutions and similar establishments	658 170	-
Guarantees received from credit institutions and similar establishments	16 543 596	14 454 051
Guarantees received from the State and other organisations providing guarantees	76 405	50 234
Securities sold with repurchase agreement	-	-
Other securities to be received	-	-

Income statement at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
OPERATING INCOME FROM BANKING ACTIVITIES	**19 115 288**	**16 236 924**
Interest and similar income from transactions with credit institutions	1 127 904	1 095 866
Interest and similar income from transactions with customers	9 512 053	9 539 872
Interest and similar income from debt securities	646 626	568 528
Income from equity securities	1 272 033	1 324 216
Income from lease-financed fixed assets	272 712	156 437
Fee income	1 269 742	1 265 049
Other banking income	5 014 218	2 286 956
OPERATING EXPENSES ON BANKING ACTIVITIES	**7 666 736**	**6 101 520**
Interest and similar expenses on transactions with credit institutions	1 335 585	1 302 654
Interest and similar expenses on transactions with customers	3 022 955	3 022 096
Interest and similar expenses on debt securities issued	369 168	392 180
Expenses on lease-financed fixed assets	172 758	96 649
Other banking expenses	2 766 270	1 287 941
NET BANKING INCOME	**11 448 552**	**10 135 404**
Non-banking operating income	62 905	129 157
Non-banking operating expenses	225	-
OPERATING EXPENSES	**3 926 742**	**3 736 322**
Staff costs	1 773 329	1 683 047
Taxes other than on income	111 132	108 632
External expenses	1 619 660	1 536 632
Other general operating expenses	8 856	5 519
Depreciation, amortisation and provisions	413 765	402 492
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 960 631**	**2 308 595**
Provisions for non-performing loans and signature loans	1 520 530	1 492 915
Losses on irrecoverable loans	406 555	211 614
Other provisions	1 033 546	604 066
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**813 388**	**607 197**
Provision write-backs for non-performing loans and signature loans	675 084	489 971
Amounts recovered on impaired loans	76 787	47 726
Other provision write-backs	61 517	69 500
INCOME FROM ORDINARY ACTIVITIES	**5 437 247**	**4 826 841**
Non-recurring income	14 446	4 653
Non-recurring expenses	83 439	84 430
PRE-TAX INCOME	**5 368 254**	**4 747 064**
Income tax	1 824 140	1 457 578
NET INCOME FOR THE FINANCIAL YEAR	**3 544 114**	**3 289 486**

Parent company financial statements

Management accounting statement at 12/31/2014 (in MAD thousands)

I - RESULTS ANALYSIS	12/31/2014	12/31/2013
+ Interest and similar income	11 286 583	11 204 266
- Interest and similar expenses	4 727 707	4 716 930
NET INTEREST MARGIN	**6 558 876**	**6 487 336**
+ Income from lease-financed fixed assets	272 712	156 437
- Expenses on lease-financed fixed assets	172 759	96 649
NET INCOME FROM LEASING ACTIVITIES	**99 953**	**59 788**
+ Fees received	1 269 742	1 265 049
- Fees paid	-	-
NET FEE INCOME	**1 269 742**	**1 265 049**
+ Income from trading securities	3 402 192	1 459 439
+ Income from available-for-sale securities	17 507	-43
+ Income from foreign exchange activities	423 317	366 722
+ Income from derivatives activities	-710 701	24 937
INCOME FROM MARKET ACTIVITIES	**3 132 315**	**1 851 055**
+ Other banking income	1 272 033	1 324 216
- Other banking expenses	884 368	852 042
NET BANKING INCOME	**11 448 552**	**10 135 404**
+ Income from long-term investments	-139 805	-77 966
+ Other non-banking operating income	62 905	68 410
- Other non-banking operating expenses	225	-
- General operating expenses	3 926 742	3 736 322
GROSS OPERATING INCOME	**7 444 684**	**6 389 526**
+ Net provisions for non-performing loans and signature loans	-1 175 214	-1 166 832
+ Other net provisions	-832 224	-395 853
NET OPERATING INCOME	**5 437 246**	**4 826 841**
NON OPERATING INCOME	**-68 992**	**-79 777**
- Income tax	1 824 140	1 457 578
NET INCOME FOR THE FINANCIAL YEAR	**3 544 114**	**3 289 487**

II - TOTAL CASH FLOW	12/31/2014	12/31/2013
NET INCOME FOR THE FINANCIAL YEAR	**3 544 114**	**3 289 487**
+ Depreciation, amortisation and provisions for fixed asset impairment	413 765	402 492
+ Provisions for impairment of long-term investments	150 827	142 150
+ General provisions	670 000	400 000
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	11 023	3 437
- Capital gains on disposal of fixed assets	31 488	39 329
+ Losses on disposal of fixed assets	225	-
- Capital gains on disposal of long-term investments	-	60 747
+ Losses on disposal of long-term investments	-	-
- Write-backs of investment subsidies received	-	
TOTAL CASH FLOW	**4 736 420**	**4 130 616**
- Profits distributed	1 933 508	1 811 188
SELF-FINANCING	**2 802 912**	**2 319 428**

Non-performing customer loans at 12/31/2014 (in MAD thousands)

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Total
12/31/2014	9 669 167	672 193	**10 341 360**	6 644 080	202 504	**6 846 584**

Sales at 12/31/2014 (in MAD thousands)

2014	2013	2012
19 115 288	**16 236 923**	**15 914 465**

Cash flow statement at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
1. (+) Operating income from banking activities	17 410 881	14 585 800
2. (+) Amounts recovered on impaired loans	76 787	47 726
3. (+) Non-banking operating income	60 889	33 734
4. (-) Operating expenses on banking activities (*)	-8 662 740	-6 934 854
5. (-) Non-banking operating expenses	-225	-
6. (-) General operating expenses	-3 512 977	-3 333 830
7. (-) Income tax	-1 824 140	-1 457 578
I. NET CASH FLOW FROM INCOME STATEMENT	**3 548 475**	**2 940 998**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	-1 297 899	-3 613 362
9. (±) Loans and advances to customers	-1 828 040	598 559
10. (±) Trading securities and available-for-sale securities	2 248 816	600 037
11. (±) Other assets	609 945	-776 479
12. (±) Lease-financed fixed assets	-132 887	-672 513
13. (±) Amounts owing to credit institutions and similar establishments	-12 462 635	7 020 443
14. (±) Customer deposits	16 585 072	2 218 241
15. (±) Debt securities issued	1 547 594	-1 467 308
16. (±) Other liabilities	-11 463 625	6 131 811
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-6 193 659**	**10 039 429**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I+ II)	**-2 645 184**	**12 980 427**
17. (+) Income from the disposal of long-term investments	1 030 054	59 176
18. (+) Income from the disposal of fixed assets	171 115	134 020
19. (-) Acquisition of long-term investments	-193 982	-10 464 277
20. (-) Acquisition of fixed assets	-1 071 923	-648 731
21. (+) Interest received	432 374	326 908
22. (+) Dividends received	1 272 033	1 324 216
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**1 639 671**	**-9 268 688**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	-217 400	-332 600
25. (+) Equity issuance		685 242
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-432 613	-465 654
28. (-) Dividends paid	-1 933 508	-1 811 188
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-2 583 521**	**-1 924 200**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS (III+IV+V)	**-3 589 034**	**1 787 539**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**7 594 415**	**5 806 876**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4 005 381**	**7 594 415**

(*) including net provisions

Statement of departures from standard accounting treatment at 12/31/2014 (in MAD thousands)

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 12/31/2014 (in MAD thousands)

NATURE OF CHANGES	REASONS FOR CHANGES	IMPACT OF CHANGES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	Not Applicable	Not Applicable
II. Changes in rules of presentation	Not Applicable	Not Applicable

Loans and advances to credit institutions and similar establishments at 12/31/2014 (in MAD thousands)

CREANCES	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions or equivalent in Morocco	Credit institutions abroad	Total 12/31/2014	Total 12/31/2013
CURRENT ACCOUNTS IN DEBIT	**828 712**		**3 964 215**	**3 217 801**	**8 010 728**	**9 865 685**
NOTES RECEIVED AS SECURITY						
. overnight						
. term						
CASH LOANS		**724 427**	**8 693 780**	**1 717 824**	**11 136 031**	**12 931 866**
. overnight		524 427			524 427	59 413
. term		200 000	8 693 780	1 717 824	10 611 604	12 872 453
FINANCIAL LOANS		**2 655 906**	**12 353 421**		**15 009 327**	**13 974 402**
OTHER LOANS		**74 503**	**3 937**	**310**	**78 750**	**115 002**
INTEREST ACCRUED AWAITING RECEIPT			**231 171**	**2 994**	**234 165**	**205 013**
NON-PERFORMING LOANS						
TOTAL	**828 712**	**3 454 836**	**25 246 524**	**4 938 929**	**34 469 001**	**37 091 968**

Loans and advances to customers at 12/31/2014 (in MAD thousands)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2014	Total 12/31/2013
		Financial companies	Non-financial companies	Other customers		
SHORT-TERM LOANS	**2 826 511**	**609 055**	**38 066 400**	**2 065 500**	**43 567 466**	**41 370 368**
. Current accounts in debit	1 073 087	609 055	15 500 520	1 789 359	18 972 021	23 964 277
. Commercial loans within Morocco			5 730 573		5 730 573	4 199 048
. Export loans			374 737		374 737	389 553
. Other cash loans	1 753 424		16 460 570	276 141	18 490 135	12 817 490
CONSUMER LOANS			**499 033**	**8 025 161**	**8 524 194**	**8 473 627**
EQUIPMENT LOANS	**28 193 724**		**26 360 559**	**3 052 325**	**57 606 608**	**54 732 766**
MORTGAGE LOANS	**10 628**		**18 390 744**	**36 140 181**	**54 541 553**	**56 125 480**
OTHER LOANS	**8**	**1 165**	**310 226**	**1 306 034**	**1 617 433**	**4 063 542**
RECEIVABLES ACQUIRED THROUGH FACTORING			**1 058 799**		**1 058 799**	**561 695**
INTEREST ACCRUED AWAITING RECEIPT			**1 268 461**	**77 494**	**1 345 955**	**1 501 445**
NON-PERFORMING LOANS		**96 722**	**1 575 223**	**1 353 141**	**3 025 086**	**2 630 136**
. Sub-standard loans			56	52 880	52 936	55 440
. Doubtful loans			151 310	124	151 434	157 438
. Impaired loans		96 722	1 423 857	1 300 137	2 820 716	2 417 258
TOTAL	**31 030 871**	**706 942**	**87 529 445**	**52 019 836**	**171 287 094**	**169 459 059**

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 12/31/2014 (in MAD thousands)

SECURITIES	Credit institutions and similar establishments	Public issuers	Private issuers		TOTAL 12/31/2014	TOTAL 12/31/2013
			Financial companies	Non-financial companies		
LISTED SECURITIES	**530**	**328 016**	**15 053 381**	**283 029**	**15 664 956**	**11 013 772**
. Treasury bills and similar instruments					-	-
. Bonds		328 016		232 729	560 745	838 630
. Other debt securities					-	84 690
. Fixed Income Funds	530		15 053 381	50 300	15 104 211	10 090 452
UNLISTED SECURITIES	**223 080**	**41 704 843**	**607 818**	**8 328**	**42 544 069**	**50 421 587**
. Treasury bills and similar instruments		41 701 878			41 701 878	48 646 290
. Bonds	44 844		583 289		628 133	1 469 318
. Other debt securities	177 579				177 579	278 208
. Fixed Income Funds	657	2 965	24 529	8 328	36 479	27 771
TOTAL GENERAL	**223 610**	**42 032 859**	**15 661 199**	**291 357**	**58 209 025**	**61 435 359**

Value of trading securities, available-for-sale securities and investment securities at 12/31/2014 (in MAD thousands)

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**44 292 019**	**44 292 019**	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	28 613 850	28 613 850		-	-	-
. Bonds	585 224	585 224		-	-	-
. Other debt securities	-	-		-	-	-
. Fixed Income Funds	15 092 946	15 092 946		-	-	-
AVAILABLE-FOR-SALE SECURITIES	**4 980 828**	**4 962 022**	**-**	**150 643**	**18 806**	**18 806**
. Treasury bills and similar instruments	4 133 045	4 133 045		133 796	-	-
. Bonds	603 655	603 655		10 313	-	-
. Other debt securities	177 579	177 579			-	-
. Fixed Income Funds	66 549	47 744		6 534	18 806	18 806
INVESTMENT SECURITIES	**8 954 984**	**8 954 984**	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	8 954 984	8 954 984		-	-	-
. Bonds				-	-	-
. Other debt securities	-	-		-	-	-

Details of other assets at 12/31/2014 (in MAD thousands)

ASSETS	AMOUNT AT 12/31/2014	AMOUNT AT 12/31/2013
OPTIONS PURCHASED		
SUNDRY SECURITIES TRANSACTIONS (1)		
SUNDRY DEBTORS	**560 572**	**483 157**
Amounts due from the State	246 721	258 665
Amounts due from mutual societies		
Sundry amounts due from staff		
Amounts due from customers for non-banking services	252	429
Other sundry debtors	313 599	224 063
OTHER SUNDRY ASSETS	**1 327**	**1 567**
ACCRUALS AND SIMILAR	**1 747 288**	**2 433 846**
Adjustment accounts for off-balance sheet transactions	53 203	332 916
Translation differences for foreign currencies and securities	74	76
Income from derivative products and hedging		
Deferred expenses	64 120	40 511
Inter-company accounts between head office, branch offices and branches in Morocco	438	1 886
Accounts receivable and prepaid expenses	1 370 886	1 557 838
Other accruals and similar	258 567	500 619
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**116 460**	**117 022**
TOTAL	**2 425 647**	**3 035 592**

(1) PCEC 341, 3463 and 3469 if in debit

Subordinated loans at 12/31/2014 (in MAD thousands)

LOANS	Amount				including affiliates and related companies	
	12/31/2014			12/31/2013	12/31/2014	12/31/2013
	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 12/31/2014 (in MAD thousands)

CATEGORY	Gross amount at beginning of FY	Amount of acquisitions during FY	Amount of transfers or withdrawals during FY	Gross amount at end of FY	Depreciation		Provisions			Net amount at end of FY
					Allocation during FY	Aggregate depreciate	Allocation in the exercise	Provision write downs	Aggregate provisions	
LEASED AND RENTED ASSETS	**2 047 222**	**1 303 807**	**1 008 617**	**2 342 412**	**172 759**	**724 035**				**1 618 377**
LEASED INTANGIBLE ASSETS										
Equipment leasing	**2 020 716**	**1 263 669**	**1 006 007**	**2 278 378**	**172 759**	**702 100**				**1 576 278**
- Movable assets under lease	1 006 393		1 006 007	386						386
- Leased movable assets	1 014 323	1 263 669		2 277 992	172 759	702 100				1 575 892
- 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	859	40 139	2 610	38 388						38 388
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**2 047 222**	**1 303 807**	**1 008 617**	**2 342 412**	**172 759**	**724 035**				**1 618 377**

Gains and losses on fixed asset transfers or withdrawals at 12/31/2014 (in MAD thousands)

Date of transfer or withdrawal	Type	Gross amount	Aggregate depreciation	Net book value	Transfer income	Value-added transfers	Loss in value transfers
	OFFICE EQUIPMENT AND FURNITURE	**137 156**	**122 003**	**15 153**	**19 809**	**4 745**	**-225**
Dec-14	OFFICE FURNITURE	1 518	1 514	3			
Dec-14	OFFICE EQUIPMENT	123 790	119 499	4 291			
Dec-14	INTERBANK EQUIPMENT	-	-	-			
Dec-14	SAFE DEPOSIT	-	-	-			
Dec-14	IT EQUIPMENT	11 848	990	10 858			
	Real Estate	**17 723**	**8 937**	**8 786**	**20 366**	**11 717**	
Dec-14	GROUNDS	2 746	-	2 746	-		
Dec-14	APPARTMENTS	8 384	2 820	5 563		-	
Dec-14	BUILDING	6 593	6 117	476			
	TOTAL	**154 878**	**130 940**	**23 938**	**40 175**	**16 462**	**-225**

Intangible assets and property, plant and equipment at 12/31/2014 (in MAD thousands)

TYPE	Gross value at the beginning of the exercise	Acquisitions	Disposals	Gross value at the end of the exercise	Depreciation and/ or provisions: Amortisation and provisions at the beginning of the exercise	Additional amortisation	Amortisation on disposed assets	Accumulated amortisation and depreciation	Net value at the end of the exercise
INTANGIBLE ASSETS	**2 779 876**	**234 411**	**-**	**3 014 287**	**955 390**	**162 993**	**38**	**1 118 345**	**1 895 942**
. Lease rights	307 822	5 406	-	313 228	-	-	-	-	313 228
. Research and development	-	-	-	-	-	-	-	-	-
. Intangible assets used in operations	2 472 054	229 005	-	2 701 059	955 390	162 993	38	1 118 345	1 582 714
. Non-operating intangible assets	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**5 989 894**	**837 512**	**154 878**	**6 672 527**	**3 699 102**	**250 772**	**130 902**	**3 818 972**	**2 853 555**
Immovable property used in operations	**1 752 592**	**36 041**	**1 724**	**1 786 909**	**709 413**	**57 278**	**1 043**	**765 647**	**1 021 262**
. Land	294 630	2 961	140	297 451	-	-	-	-	297 451
. Office buildings	1 394 894	33 080	324	1 427 650	657 728	55 517	122	713 123	714 527
. Staff accommodation	63 068	-	1 260	61 808	51 684	1 761	921	52 524	9 284
Movable property and equipment used in operations	**1 847 625**	**122 754**	**137 156**	**1 833 223**	**1 727 867**	**51 192**	**121 447**	**1 657 612**	**175 612**
. Office property	387 247	13 504	1 518	399 234	362 432	8 300	1 514	369 217	30 016
. Office equipment	850 813	33 400	123 790	760 423	804 132	20 017	118 942	705 207	55 216
. IT equipment	601 335	75 850	11 848	665 337	553 281	22 791	990	575 082	90 255
. Vehicles	8 230	-	-	8 230	8 022	84	-	8 106	124
. Other equipment	-	-	-	-	-	-	-	-	-
Other property, plant and equipment used in operations	**1 429 877**	**83 760**	**5 333**	**1 508 305**	**1 029 756**	**107 555**	**5 196**	**1 132 115**	**376 189**
Property, plant and equipment not used in operations	**959 800**	**594 956**	**10 666**	**1 544 090**	**232 066**	**34 748**	**3 217**	**263 597**	**1 280 493**
. Land	220 767	371 651	2 606	589 812	-	-	-	-	589 812
. Buildings	560 358	212 960	8 060	765 258	136 900	26 871	3 217	160 553	604 705
. Movable property and equipment	43 309	-	-	43 309	43 087	-	-	43 087	222
. Other property, plant and equipment not used in operations	135 366	10 345	-	145 711	52 079	7 877	-	59 957	85 754
TOTAL	**8 769 770**	**1 071 923**	**154 878**	**9 686 814**	**4 654 492**	**413 765**	**130 940**	**4 937 317**	**4 749 497**

Investments in affiliates and other long-term investments at 12/31/2014 (in MAD thousands)

Name of the issuing COMPANY	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements			Contribution to current year's income
						Year-end	Net assets	Net income	
A. INVESTMENTS IN AFFILIATE COMPANIES				**11 719 532**	**11 426 002**				**1 199 522**
ATTIJARI FINANCES CORPORATE	Investment banking	10 000	100,00%	10 000	10 000	12/31/2014	45 580	33 097	22 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	Holding company	885 000	100,00%	2 047 900	2 047 900	12/31/2014	1 433 342	239 697	360 000
SOMACOVAM	Asset management	5 000	100,00%	30 000	7 936				-
WAFA GESTION	Asset management	4 900	66,00%	236 369	236 369	12/31/2014	128 279	60 699	39 034
ATTIJARI INVEST.		5 000	100,00%	5 000	5 000	06/30/12	49 808	4 765	-
WAFA BOURSE	Securities brokerage	20 000	100,00%	40 223	35 516	06/30/12	39 601	-1 542	-
WAFA PATRIMOINE	Private portfolio management	10 000	66,00%	11 700	9 911				-
ATTIJARI OPERATIONS	Service company	1 000	100,00%	1 000	1 000	12/31/2013	161	-74	-
ATTIJARI AFRICA	Service company	2 000	100,00%	2 000	2 000	12/31/2013	17 093	8 675	-
ATTIJARI CIB AFRICA	Service company	2 000	100,00%	2 000	2 000	12/31/2013	422	-70	-
ATTIJARI IT AFRICA	Service company	1 000	100,00%	1 000	1 000	12/31/2013	2 239	1 190	-
ATTIJARIWAFA BANK MIDDLE EAST LIMITED		1 000	100,00%	8 194	8 194				-
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	Computer technology	300	100,00%	100	100	12/31/2013	548	-18	-
AGENA MAGHREB	Sale of it equipment	11 000	74,96%	33	-	12/31/2013	-6 753	-37	-
ATTIJARI CAPITAL DEVELOPEMENT	RISK CAPITAL	10 000	100,00%	10 000	10 000				-
ATTIJARI PROTECTION	SECURITY	4 000	83,75%	3 350	3 350	12/31/2013	4 607	-30	-
BCM CORPORATION	Holding company	200 000	100,00%	200 000	200 000	12/31/2014	249 723	35 941	40 000
CASA MADRID DEVELOPPEMENT	Development capital	10 000	50,00%	5 000	5 000	12/31/2013	10 472	256	-
DINERS CLUB DU MAROC	Management of payment cards	1 500	100,00%	1 675	1 055	12/31/2013	1 055	-82	-
MEDI TRADE	Trading	1 200	20,00%	240	173	12/31/2013	715	23	-
AL MIFTAH	Property	100	100,00%	243	-	12/31/2013	-2 046	-2 125	-
WAFA COURTAGE	Brokerage	1 000	100,00%	2 397	2 397	12/31/2013	20 869	14 578	13 000
WAFA COMMUNICATION		3 000	86,67%	2 600	267	12/31/2013	309	55	-
WAFA FONCIERE	Property management	2 000	100,00%	3 700	2 010	12/31/2013	2 010	-177	-
WAFA INVESTISSEMENT	Investment holding company	55 000	100,00%	55 046	-				-
WAFA SYSTEMES CONSULTING	It consulting	5 000	99,88%	4 994	4 994	12/31/2013	5 744	-223	-
WAFA SYSTEMES DATA	It	1 500	100,00%	1 500	1 500	12/31/2013	1 655	-50	-
WAFA SYSTEMES FINANCES	It solutions	2 000	100,00%	2 066	2 066	12/31/2013	2 544	-369	-
WAFA TRUST	Financial services		100,00%	1 500	1 500	06/30/12	1 616	-55	-
ATTIJARIA AL AAKARIA AL MAGHRIBIA		10 000	100,00%	9 999	7 600	12/31/2013	7 600	240	-
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	Property	50 000	100,00%	51 449	51 449	12/31/2013	101 577	-16	45 000
STE IMMOB.BOULEVARD PASTEUR " SIBP"	Property	300	50,00%	25	25	12/31/2013	1 123	2	-
SOCIETE IMMOBILIERE RANOUIL	Property	3 350	100,00%	11 863	4 661	12/31/2013	4 661	69	-
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	Property	15 000	100,00%	15 531	11 810	12/31/2013	11 810	-1 352	-
SOCIETE IMMOBILIERE MAIMOUNA	Property	300	100,00%	5 266	3 432	12/31/2013	3 432	-8	-
STE IMMOBILIERE MARRAKECH EXPANSION	Property	300	100,00%	299	299	12/31/2013	811	15	-
SOCIETE IMMOBILIERE ZAKAT	Property	300	100,00%	2 685	407	12/31/2013	407	58	-
AYK	Property	100	100,00%	100	-	12/31/2013	-1 121	-11	-
CAPRI	Property	124 000	99,76%	187 400	-				-
ATTIJARI IMMOBILIER	Property	50 000	100,00%	71 686	71 686	12/31/2014	60 502	463	7 000
ATTIJARI INTERNATIONAL BANK "AIB"	Property	2 400 KEURO	100,00%	92 442	92 442	12/31/2014	21 510 KEURO	2 403 KEURO	439
WAFACASH	Offshore bank	35 050	99,98%	324 074	324 074	12/31/2014	336 670	111 520	90 000
WAFA IMMOBILIER	Money transfers	50 000	100,00%	164 364	164 364	12/31/2014	143 621	87 553	83 000
WAFASALAF	Property	113 180	50,91%	634 783	634 783	12/31/2014	1 658 849	356 921	152 730
WAFA LLD	Consumer finance	20 000	100,00%	20 000	20 000	12/31/2014	58 315	24 378	20 000
WAFABAIL	Leasing	150 000	57,83%	86 983	86 983	12/31/2014	775 958	83 565	28 916
DAR ASSAFAA LITAMWIL	Lease-financing	50 000	100,00%	50 510	50 510				-
ANDALUMAGHREB		1 000 KEURO	100,00%	10 950	10 950				-
ANDALUCARTAGE	Holding company	126 390 KEURO	100,00%	1 964 504	1 964 504	12/31/2014	149 490 KEURO	11 939 KEURO	-
ATTIJARIWAFA EURO FINANCES	Holding company	39 557 KEURO	100,00%	502 622	502 622	06/30/13	48 295 KEURO	-65 KEURO	-
CAFIN	Holding company	1 122 000 KFCFA	100,00%	257 508	257 508	12/31/2014	7 215 309 KFCFA	1 266 009 KFCFA	-
KASOVI	Holding company	50 KUSD	50,00%	731 264	731 264	12/31/2014	19 002 KUSD	9 056 KUSD	39 840
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	Holding company	11 450 000 KFCFA	4,90%	35 979	35 979	12/31/2014	70 673 266 KFCFA	1 681 282 KFCFA	6 870
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	Banking	5 002 870 KFCFA	51,00%	689 599	689 599	12/31/2014	22 431 002 KFCFA	1 502 137 KFCFA	19 167

Investments in affiliates and other long-term investments at 12/31/2014 (in MAD thousands)

Name of the issuing COMPANY	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements			Contribution to current year's income
						Year-end	Net assets	Net income	
SOCIETE IVOIRIENNE DE BANQUE "SIB"	BANKING	10 000 000 KFCFA	51,00%	648 084	648 084	12/31/2014	45 713 627 KFCFA	10 419 515 KFCFA	44 839
CREDIT DU SENEGAL	BANKING	5 000 000 KFCFA	95,00%	292 488	292 488	12/31/2014	15 832 431 KFCFA	3 000 691 KFCFA	21 201
CREDIT DU CONGO	BANKING	7 743 670 KFCFA	91,00%	608 734	608 734	12/31/2014	22 307 905 KFCFA	7 720 942 KFCFA	66 288
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	10 000 000 KFCFA	58,71%	848 842	848 842	12/31/2014	28 323 587 KFCFA	8 662 957KFCFA	56 687
ATTIJA AFRIQUE PARTICIPATION	HOLDING COMPANY	10 010 KEURO	100,00%	113 120	113 120	12/31/2014	9 916 KEURO	-30 KEURO	-
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	BANKING	10 000 000 KFCFA	51,00%	379 110	379 110	12/31/2014	37 576 683 KFCFA	10 317 609 KFCFA	43 510
SOCIETE BIA TOGO	BANKING	6 000 000 KFCFA	55.00%	143 872	143 872	12/31/2014	11 244 441 KFCFA	1 367 308 KFCFA	
SOCIETE CIVILE IMMOBILIERE TOGO LOME	PROPERTY		100,00%	66 761	66 761	12/31/2014	3 863 793 KFCFA	-33 765 KFCFA	
WAFACAMBIO				963	963				
WAFABANK OFFSHORE DE TANGER			100,00%	5 842	5 842				
B- OTHER INVESTMENTS				**577 223**	**502 568**	**248 368**	**2 166 524**	**81 346**	**48 763**
NOUVELLES SIDERURGIES INDUSTRIELLES	Metals and mining	3 415 000	-	92 809	92 809				-
SONASID	Metals and mining			28 391	9 216				609
ATTIJARIWAFA BANK	Banking			623	623				-
SINCOMAR		300	47,50%						-
AGRAM INVEST		40 060	27,82%	10 938	7 492		26 934	-11	-
AM INVESTISSEMENT MOROCCO	Investment holding company	400 000	3,25%	13 000	13 000				-
BOUZNIKA MARINA	Property development			500	-				-
EUROCHEQUES MAROC				363	364				-
FONDS D'INVESTISSEMENT IGRANE		70 000	18,26%	9 970	407	06/30/12	17 630	-6 559	-
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	12/31/2014	350 513	60 001	15 809
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	06/30/12	225 678	3 221	-
TANGER FREE ZONE	PROPERTY DEVELOPMENT	105 000	25,71%	58 221	58 221				3 130
TECHNOLOPARK COMPANY "MITC"	Services provider			8 150	7 784				-
WORLD TRADE CENTER									-
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	62 616	06/30/12	1 021 479	-6 231	-
MOROCCAN FINANCIAL BOARD				20 000	20 000				-
MAROC NUMERIQUE FUND		157 643	6,34%	10 000	9 556	06/30/12	150 647	3 239	-
FONCIERE EMERGENCE		120 017	8,06%	12 087	12 087				-
ALTERMED MAGHREB EUR				5 247	5 247				-
INTER MUTUELLES ASSISTANCE				894	894				-
WAFA IMA ASSISTANCE				15 356	15 356				975
3 P FUND		80 020	5,00%	7 500	7 500				-
BANQUE D'AFFAIRE TUNISIENNE	Banking	198 741		2 583	-	12/31/2014	373 643	27 686	-
CENTRE MONETIQUE INTERBANCAIRE	MONÉTIQUE	98 200	22,40%	22 000	22 000				26 400
SOCIETE INTERBANK	Management of bank cards	11 500	16,00%	1 840	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				
C - SIMILAR INVESTMENTS				**721 600**	**600 879**				
C/C ASSOCIES				705 765	585 044				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
Total				**13 018 355**	**12 529 449**				**1 248 284**

Amounts owing to credit institutions and similar establishments at 12/31/2014 (in MAD thousands)

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2014	Total 12/31/2013
	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		**34 893**	**185 251**	**1 775 831**	**1 995 975**	**1 420 324**
NOTES GIVEN AS SECURITY	**8 417 648**	**2 400 083**			**10 817 731**	**36 425 083**
- overnight						3 500 062
- term	8 417 648	2 400 083			10 817 731	32 925 021
CASH BORROWINGS	**10 056 950**	**2 251 000**	**7 414 955**	**8 697 715**	**28 420 620**	**16 052 252**
- overnight		2 101 000	2 353 687		4 454 687	1 437 151
- term	10 056 950	150 000	5 061 268	8 697 715	23 965 933	14 615 101
FINANCIAL BORROWINGS	**1 992**			**82**	**2 074**	**2 279**
OTHER DEBTS	**48 007**	**22 613**			**70 620**	**52 538**
INTEREST PAYABLE			**210 060**	**13 368**	**223 428**	**40 607**
TOTAL	**18 524 597**	**4 708 589**	**7 810 266**	**10 486 996**	**41 530 448**	**53 993 083**

Customer deposits at 12/31/2014 (in MAD thousands)

DEPOSITS	Public sector	Private sector			Total 12/31/2014	Total 12/31/2013
		Financial companies	Non-financial companies	Other customers		
CURRENT ACCOUNTS IN CREDIT	2 866 874	4 120 131	24 528 373	84 607 657	116 123 035	105 259 716
SAVINGS ACCOUNTS				25 048 786	25 048 786	23 463 773
TERM DEPOSITS	429 000	6 379 439	11 637 262	22 069 427	40 515 128	37 270 951
OTHER ACCOUNTS IN CREDIT	7 789	309 765	6 743 162	1 160 456	8 221 172	7 239 128
ACCRUED INTEREST PAYABLE			810 271	1 336	811 607	901 093
TOTAL	**3 303 663**	**10 809 335**	**43 719 068**	**132 887 662**	**190 719 730**	**174 134 661**

Debt securities issued at 12/31/2014 (in MAD thousands)

SECURITIES	Characteristics					Value	Including		Unamortised value of issue or redemption premiums
	Entitlement date	Maturity	Nominal value	Interest rate	Redemption terms		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	10/06/10	10/06/17	100 000,00	Var	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	05/03/11	05/03/15	627 000,00	4.35%	IN FINE	627 000,00			
CERTIFICATES OF DEPOSIT	10/13/11	10/13/16	100 000,00	4.56%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	03/21/12	03/20/15	100 000,00	4.50%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	09/02/13	09/02/15	230 000,00	4.95%	IN FINE	230 000,00			
CERTIFICATES OF DEPOSIT	12/24/13	12/24/18	100 000,00	5.60%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	01/22/14	01/21/15	368 000,00	4.20%	IN FINE	368 000,00			
CERTIFICATES OF DEPOSIT	01/27/14	01/26/15	155 000,00	4.20%	IN FINE	155 000,00			
CERTIFICATES OF DEPOSIT	02/25/14	02/25/16	1 000 000,00	4.40%	IN FINE	1 000 000,00			
CERTIFICATES OF DEPOSIT	03/18/14	03/18/16	500 000,00	4.14%	IN FINE	500 000,00			
CERTIFICATES OF DEPOSIT	03/31/14	03/30/15	785 000,00	3.70%	IN FINE	785 000,00			
CERTIFICATES OF DEPOSIT	04/16/14	04/15/15	155 000,00	3.69%	IN FINE	155 000,00			
CERTIFICATES OF DEPOSIT	04/23/14	04/23/19	100 000,00	4.60%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	04/23/14	04/23/17	300 000,00	4.28%	IN FINE	300 000,00			
CERTIFICATES OF DEPOSIT	05/07/14	05/06/15	200 000,00	3.62%	IN FINE	200 000,00			
CERTIFICATES OF DEPOSIT	06/02/14	06/01/15	120 000,00	3.53%	IN FINE	120 000,00			
CERTIFICATES OF DEPOSIT	06/20/14	06/20/16	428 000,00	3.85%	IN FINE	428 000,00			
CERTIFICATES OF DEPOSIT	07/04/14	01/02/15	140 000,00	3.36%	IN FINE	140 000,00			
CERTIFICATES OF DEPOSIT	07/04/14	07/03/15	593 500,00	3.51%	IN FINE	593 500,00			
CERTIFICATES OF DEPOSIT	08/08/14	02/06/15	106 800,00	3.36%	IN FINE	106 800,00			
CERTIFICATES OF DEPOSIT	08/12/14	08/12/16	332 000,00	3.75%	IN FINE	332 000,00			
CERTIFICATES OF DEPOSIT	09/16/14	09/15/15	371 000,00	3.51%	IN FINE	371 000,00			
CERTIFICATES OF DEPOSIT	10/01/14	04/03/15	200 000,00	3.15%	IN FINE	200 000,00			
CERTIFICATES OF DEPOSIT	10/01/14	01/02/15	160 000,00	3.05%	IN FINE	160 000,00			
CERTIFICATES OF DEPOSIT	10/16/14	10/15/15	537 900,00	3.25%	IN FINE	537 900,00			
CERTIFICATES OF DEPOSIT	10/16/14	04/16/15	190 000,00	3.15%	IN FINE	190 000,00			
CERTIFICATES OF DEPOSIT	10/31/14	10/30/15	100 000,00	3.22%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	12/02/14	12/01/15	100 000,00	3.15%	IN FINE	100 000,00			
CERTIFICATES OF DEPOSIT	12/18/14	03/19/15	110 000,00	2.95%	IN FINE	110 000,00			
CERTIFICATES OF DEPOSIT	12/18/14	06/18/15	252 000,00	3.03%	IN FINE	252 000,00			
CERTIFICATES OF DEPOSIT	12/18/14	12/17/15	542 000,00	3.10%	IN FINE	542 000,00			
TOTAL						**9 103 200**			

Details of other liabilities at 12/31/2014 (in MAD thousands)

LIABILITIES	12/31/2014	12/31/2013
OPTIONS SOLD		
SUNDRY SECURITIES TRANSACTIONS (1)	**633 891**	**13 915 398**
SUNDRY CREDITORS	**3 270 127**	**2 139 253**
Amounts due to the State	1 575 206	580 935
Amounts due to mutual societies	68 295	62 204
Sundry amounts due to staff	337 291	247 035
Sundry amounts due to shareholders and associates	3 759	3 766
Amounts due to suppliers of goods and services	1 254 106	1 227 185
Other sundry creditors	31 470	18 128
DEFERRED INCOME AND ACCRUED EXPENSES	**1 971 464**	**1 284 456**
Adjustment accounts for off-balance sheet transactions	410 085	583
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	1 316 567	780 674
Other deferred income	244 812	503 199
TOTAL	**5 875 482**	**17 339 107**

(1) PCEC 341, 343, 344, 3462 and 3464 if in credit

Provisions at 12/31/2014 (in MAD thousands)

PROVISIONS	Outstanding 12/31/2013	Additional provisions	Write-backs	Other changes	Outstanding 12/31/2014
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**6 273 518**	**1 578 019**	**683 370**	**-**	**7 168 167**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	5 874 617	1 427 075	657 613	-	6 644 079
Available-for-sale securities	33 423	116	14 734		18 805
Investments in affiliates and other long-term investments	349 101	150 827	11 023		488 906
Leased and rented assets	-				-
Other assets	16 377	-			16 377
PROVISIONS RECORDED UNDER LIABILITIES	**1 726 394**	**976 174**	**67 965**	**-179**	**2 634 425**
Provisions for risks in executing signature loans	126 519	93 455	17 471	-	202 503
Provisions for foreign exchange risks	-				-
General provisions	1 223 349	670 000			1 893 349
Provisions for pension fund and similar obligations	112 859	40 722	31 488		122 093
Other provisions	263 669	171 997	19 007	-179	416 480
Regulated provisions					
TOTAL	**7 999 912**	**2 554 193**	**751 335**	**-179**	**9 802 592**

Subsidies, public funds and special guarantee funds at 12/31/2014 (in MAD thousands)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT END OF 2013	UTILISATION 2014	VALUE AT END 2014
SUBSIDIES	Not applicable				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 12/31/2014 (in MAD thousands)

Currency of issue	Value of loan in currency of issue	Price (1)	Interest Rate	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in thousand MAD	Including related businesses		Including other related businesses	
							Value in thousand MAD 2013	Value in thousand MAD 2014	Value in thousand MAD 2013	Value in thousand MAD 2014
MAD			3.80%	10 YEARS		320 000				
MAD			3.84%	7 YEARS		950 000				
MAD			4.04%	10 YEARS		879 600				
MAD			4.75%	10 YEARS		880 000				
MAD			4.76%	7 YEARS		50 000				
MAD			4.77%	7 YEARS		201 700				
MAD			4.78%	7 YEARS		723 200				
MAD			4.98%	7 YEARS		1 275 100				
MAD			5.00%	10 YEARS		710 000				
MAD			5.01%	5 YEARS		710 000				
MAD			5.10%	10 YEARS		1 000 000				
MAD			5.24%	10 YEARS		290 000				
MAD			5.60%	5 YEARS		540 000				
MAD			5.60%	10 YEARS		1 120 400				
TOTAL						**9 650 000**				

(1) BAM price at 12/31/2014 - (2) Possibly for an unspecified period - (3) Refer to the subordinated debt contract note

Parent company financial statements

Shareholders' equity at 12/31/2014 (in MAD thousands)

SHAREHOLDERS' EQUITY	Outstanding 12/31/2013	Allocation to income	Other changes	Outstanding 12/31/2014
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**22 052 401**	**1 354 599**	**-**	**23 407 000**
Legal reserve	192 996	10 532		203 528
Other reserves	13 742 912	1 344 068		15 086 980
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 (+/-)	**-312**	**1 379**	**127**	**1 194**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**3 289 487**	**-3 289 487**		**3 544 114**
TOTAL	**27 377 269**	**-1 933 508**	**127**	**28 988 000**

Financing commitments and guarantees at 12/31/2014 (in MAD thousands)

COMMITMENTS	12/31/2014	12/31/2013
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**55 212 058**	**49 169 192**
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	**15 996 740**	**12 695 610**
Import documentary credits	13 392 524	9 974 628
Acceptances or commitments to be paid	2 568 738	2 492 661
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments	35 478	228 320
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**8 585 113**	**6 080 971**
Confirmed export documentary credits	195 296	
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	8 389 817	6 080 971
Non-performing commitments		
Guarantees given to customers	**30 629 673**	**30 392 079**
Credit guarantees given	897 422	1 018 471
Guarantees given to government bodies	15 780 651	15 553 665
Other guarantees and pledges given	13 279 407	13 244 315
Non-performing commitments	672 194	575 629
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**17 278 171**	**14 504 286**
Financing commitments received from credit institutions and similar establishments	**658 170**	
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received	658 170	
Guarantees received from credit institutions and similar establishments	**16 543 596**	**14 454 052**
Credit guarantees received		
Other guarantees received	16 543 596	14 454 052
Guarantees received from the State and other organisations providing guarantees	**76 405**	**50 234**
Credit guarantees received		50 234
Other guarantees received	76 405	

Commitments on securities at 12/31/2014 (in MAD thousands)

	Value
Commitments given	
Securities purchased with redemption rights	NOT APPLICABLE
Other securities to be provided	
Commitments received	
Securities sold with redemption rights	NOT APPLICABLE
Other securities receivable	

Forward foreign exchange transactions and commitments on derivative products at 12/31/2014 (in MAD thousands)

	Hedging activities		Other activities	
	12/31/2014	12/31/2013	12/31/2014	12/31/2013
Forward foreign exchange transactions	**64 032 098**	**45 176 586**		
Foreign currencies to be received	28 514 455	17 944 699		
Dirhams to be delivered	6 336 475	4 796 837		
Foreign currencies to be delivered	25 914 063	17 793 229		
Dirhams to be received including cross currency swap	3 267 105	4 641 821		
Commitments on derivative products	**55 448 207**	**19 759 464**		
Commitments on regulated fixed income markets	45 209			
Commitments on OTC fixed income markets	9 388 847	10 448 309		
Commitments on regulated foreign exchange markets		2 305		
Commitments on OTC foreign exchange markets	15 017 658	20 161		
Commitments on regulated markets in other instruments	91 691			
Commitments on OTC markets in other instruments	30 904 800	9 288 689		

Securities received and given as guarantee at 12/31/2014 (in MAD thousands)

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 given as guarantee	Net book value	Asset/Off-balance sheet entries in which loans and signature loans pledged are received	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	8 067 648		
Other securities			
Mortgages			
Other physical assets	895 189	Other assets received and pledged	
TOTAL	**8 962 837**		

Breakdown of assets and liabilities by residual maturity at 12/31/2014 (in MAD thousands)

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	17 859 266	267 505	3 769 206	11 210 148	300 000	33 406 125
Loans and advances to customers	44 472 788	11 753 531	16 130 631	47 502 710	50 081 479	169 941 139
Debt securities	16 759 928	2 991 899	7 508 832	16 012 578	5 980 806	49 254 043
Subordinated loans						
Leased and rented assets						
TOTAL	**79 091 982**	**15 012 935**	**27 408 669**	**74 725 436**	**56 362 285**	**252 601 307**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	36 479 440	1 583 798	2 899 331	82 884	261 567	41 307 020
Amounts owing to customers	162 539 707	6 110 983	17 700 199	3 557 233		189 908 122
Debt securities issued	9 103 200					9 103 200
Subordinated debt				1 250 000	8 400 000	9 650 000
TOTAL	**208 122 347**	**7 694 781**	**20 599 530**	**4 890 117**	**8 661 567**	**249 968 342**

Remarks:
- Loans and advances of less than 1 month comprise current accounts for credit institutions and other customers
- Amounts owing of less than 1 month comprise amounts owing to credit institutions and other customers

Breakdown of foreign currency-denominated assets, liabilities and off-balance sheet items at 12/31/2014 (in MAD thousands)

BALANCE SHEET	12/31/2014	12/31/2013
ASSETS	**30 541 527**	**27 856 958**
Cash and balances with central banks, the Treasury and post office accounts	92 295	107 657
Loans and advances to credit institutions and similar establishments	9 568 225	11 100 746
Loans and advances to customers	9 814 336	5 300 893
Trading securities and available-for-sale securities	3 465 185	3 949 633
Other assets	153 477	279 993
Investments in affiliates and other long-term investments	7 424 834	7 094 310
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 175	23 726
LIABILITIES	**20 997 613**	**16 075 441**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	13 404 201	12 624 954
Customer deposits	7 448 967	3 237 159
Debt securities issued		
Other liabilities	142 214	211 044
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Provisions	7 547	7 727
Retained earnings	-5 316	-5 443
Net income		
OFF-BALANCE SHEET ITEMS	**42 911 981**	**34 592 882**
Commitments given	29 178 793	23 234 921
Commitments received	13 733 188	11 357 961

Risk concentration with the same counterparty at 12/31/2014 (in MAD thousands)

NUMBER OF COUNTERPARTIES	TOTAL
8	51 840 036

Net interest margin at 12/31/2014 (in MAD thousands)

	12/31/2014	12/31/2013
Interest and similar income from activities with customers	**9 512 053**	**9 539 872**
of which interest and similar income	8 878 414	9 317 742
of which fee income on commitments	633 639	222 130
Interest and similar income from activities with credit institutions	**1 127 904**	**1 095 866**
of which interest and similar income	1 096 170	1 064 925
of which fee income on commitments	31 734	30 941
Interest and similar income from debt securities	**646 626**	**568 528**
TOTAL INTEREST AND SIMILAR INCOME	**11 286 583**	**11 204 266**
Interest and similar expenses on activities with customers	3 022 955	3 022 096
Interest and similar expenses on activities with credit institutions	1 335 585	1 302 654
Interest and similar expenses on debt securities issued	369 168	392 180
TOTAL INTEREST AND SIMILAR EXPENSES	**4 727 708**	**4 716 930**
NET INTEREST MARGIN	**6 558 876**	**6 487 336**

Fee income provided from services at 12/31/2014 (in MAD thousands)

FEES	12/31/2014	12/31/2013
Account management	183 349	210 220
Payment services	514 451	494 351
Securities transactions	39 801	42 827
Asset management and custody	58 476	53 206
Credit services	134 061	100 249
Corporate finance	-	-
Sale of insurance products	81 126	102 955
Other services provided	258 479	261 240
TOTAL	**1 269 742**	**1 265 049**

General operating expenses at 12/31/2014 (in MAD thousands)

EXPENSES	12/31/2014	12/31/2013
Staff costs	1 773 329	1 683 047
Taxes	111 132	108 632
External expenses	1 619 660	1 536 632
Other general operating expenses	8 856	5 519
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	413 765	402 492
TOTAL	**3 926 742**	**3 736 322**

Income from market activities at 12/31/2014 (in MAD thousands)

INCOME AND EXPENDITURES	12/31/2014	12/31/2013
+ Gains on trading securities	3 545 847	1 566 941
- Losses on trading securities	143 655	107 501
Income from activities in trading securities	**3 402 192**	**1 459 439**
+ Capital gains on disposal of available-for-sale securities	2 930	816
+ Write-back of provisions for impairment of available-for-sale securities	14 734	2 181
- Losses on disposal of available-for-sale securities	41	699
- Provisions for impairment of available-for-sale securities	116	2 340
Income from activities in available-for-sale securities	**17 507**	**-43**
+ Gains on foreign exchange transactions - transfers	1 111 762	251 095
+ Gains on foreign exchange transactions - notes	93 663	103 203
- Losses on foreign exchange transactions - transfers	781 019	-13 452
- Losses on foreign exchange transactions - notes	1 089	1 028
Income from foreign exchange activities	**423 317**	**366 722**
+ Gains on fixed income derivative products	138 195	47 011
+ Gains on foreign exchange derivative products	94 814	103 877
+ Gains on other derivative products	12 272	211 832
- Losses on fixed income derivative products	300 512	24 364
- Losses on foreign exchange derivative products	71 235	71 238
- Losses on other derivative products	584 235	242 181
Income from activities in derivatives products	**-710 701**	**24 937**

Income from equity securities at 12/31/2014 (in MAD thousands)

CATEGORIE DES CATEGORY	12/31/2014	12/31/2013
Available-for-sale securities		
Investments in affiliates and other long-term investments	1 272 033	1 324 216
TOTAL	**1 272 033**	**1 324 216**

Other income and expenses at 12/31/2014 (in MAD thousands)

OTHER BANKING INCOME AND EXPENSES	12/31/2014	12/31/2013
Other banking income	5 014 218	2 286 956
Other banking expenses	2 766 270	1 287 941
TOTAL	**2 247 948**	**999 014**

OTHER NON-BANKING INCOME AND EXPENSES	12/31/2014	12/31/2013
Non-banking operating income	62 905	129 157
Non-banking operating expenses	225	-
TOTAL	**63 130**	**129 157**
Provisions and losses on irrecoverable loans	2 960 631	2 308 595
Provision write-backs and amounts recovered on impaired loans	813 388	607 197

NON-RECURRING INCOME AND EXPENSES	12/31/2014	12/31/2013
Non-recurring income	14 446	4 653
Non-recurring expenses	83 439	84 430

Determining income after tax from ordinary activities at 12/31/2014 (in MAD thousands)

I - DETERMINING INCOME	MONTANT
Income from ordinary activities after items of income and expenditure	5 437 247
Tax write-backs on ordinary activities (+)	843 631
Tax deductions on ordinary activities (-)	1 281 778
Theoretical taxable income from ordinary activities (=)	4 999 100
Theoretical tax on income from ordinary activities (-)	1 849 667
Income after tax from ordinary activities (=)	3 587 580
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

Detailed information on value added tax at 12/31/2014 (in MAD thousands)

TYPE	Balance at beginning of FY 1	Accounting transactions during the period 2	VAT declarations during the period 3	Balance at end of FY (1+2-3=4)
A. VAT collected	**92 710**	**1 488 511**	**1 409 944**	**171 277**
B. Recoverable VAT	**188 691**	**597 440**	**555 198**	**230 933**
On expenses	83 322	501 774	454 190	130 906
On fixed assets	105 369	95 667	101 008	100 028
C. VAT payable or VAT credit = (A-B)	**-95 982**	**891 071**	**854 746**	**-59 657**

Reconciliation of net income for accounting and tax purposes at 12/31/2014 (in MAD thousands)

RECONCILIATION STATEMENT		Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES		**3 544 114**	
Net profit		3 544 114	
Net loss			
II- TAX WRITE-BACKS		**2 667 772**	
1 – Recurring		2 667 771	
- Income tax		1 824 140	
- Losses on irrecoverable loans not provisioned		50 609	
- General provisions		670 000	
- Provisions for pension funds and similar obligation		40 722	
- Non deductible exceptional charges		6 402	
- Social cohesion contribution		72 329	
- Personal gifts		3 570	
2- Non-recurring			
III- TAX DEDUCTIONS			**1 281 778**
1- Recurring			1 281 778
100% allowance on income from investments in affiliates			1 250 290
Write-back of investment			31 488
Write-back of provisions used			
Write-back of general contingency reserve			
2- Non recurring			-
TOTAL		**6 211 886**	**1 281 778**
IV - GROSS INCOME FOR TAX PURPOSES			**4 930 108**
- Gross profit for tax purposes	if T1 > T2 (A)		4 930 108
- Gross loss for tax purposes	if T2 > T1 (B)		
V - TAX LOSS CARRY FORWARDS	**(C)** (1)		
- Financial year Y-4			
- Financial year Y-3			
- Financial year Y-2			
- Financial year Y-1			
VI - NET INCOME FOR TAX PURPOSES			**4 930 108**
Net profit for tax purposes (A-C)			4 930 108
Net loss for tax purposes (B)			
VII - ACCUMULATED DEFERRED DEPRECIATION ALLOWANCES			
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED FORWARD			
- Financial year Y-4			
- Financial year Y-3			
- Financial year Y-2			
- Financial year Y-1			

(1) up to the value of gross profit for tax purposes (A)

Appropriation of income at 12/31/2014 (in MAD thousands)

	Amount		Amount
A- Origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	-312	To legal reserve	10 531
Net income awaiting appropriation		Dividends	1 933 508
Net income for the financial year	3 289 487	Other items for appropriation	1 343 942
Deduction from income		Earnings carried forward	1 194
Other deductions			
TOTAL A	**3 289 175**	**TOTAL B**	**3 289 175**

Shareholding structure at 12/31/2014 (in MAD thousands)

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	97 778 582	97 360 360	47.84%
* WAFACORP	42 BD ABDELKRIM AL KHATTABI CASA	58 466	58 466	0.03%
* AL WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1.32%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 456 468	13 456 468	6.61%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	16 708 318	16 708 318	8.21%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	2 036 558	2 036 558	1.00%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	**************************	7 197 057	6 466 758	3.18%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	4 405 769	4 405 769	2.16%
* CIMR	BD ABDELMOUMEN CASA	5 675 608	5 675 608	2.79%
* CAISSE DE DÉPÔT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	3 576 531	3 576 531	1.76%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	39 234 313	40 382 834	19.84%
B- FOREIGN SHAREHOLDERS	PASEO DE LA CASTELLANA N° 24 MADRID (SPAIN)	10 715 614	10 715 614	5.26%
*SANTUSA HOLDING		**203 527 226**	**203 527 226**	**100.00%**

Branch network at 12/31/2014

BRANCH NETWORK	12/31/2014	12/31/2013
Permanent counters	1 106	1 084
Occasional counters	-	2
Cash dispensers and ATMs	1 142	1 100
Overseas branches	70	71
Overseas representative offices	4	3

Staff at 12/31/2014

STAFF	12/31/2014	12/31/2013
Salaried staff	7 678	7 443
Staff in employment	7 678	7 443
Full-time staff	7 678	7 443
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	3 978	3 850
Other staff (full-time)	3 700	3 593
Including Overseas staff	50	41

Customer accounts at 12/31/2014

	12/31/2014	12/31/2013
Current accounts	147 847	136 328
Cheque accounts of Moroccans living abroad	770 663	721 456
Other current accounts	1 637 572	1 503 155
Factoring liabilities	-	-
Savings accounts	780 277	718 679
Term accounts	16 848	16 891
Certificates of deposit	4 006	3 601
Other deposit accounts	871 527	718 396
TOTAL	4 228 740	3 818 506

Summary of key items over the last three periods at 12/31/2014 (in MAD thousands)

ITEM	DECEMBER 2014	DECEMBER 2013	DECEMBER 2012
SHAREHOLDERS' EQUITY AND EQUIVALENT	**28 988 001**	**27 377 268**	**25 213 767**
OPERATIONS AND INCOME IN FY			
Net banking income	11 448 552	10 135 404	9 665 297
Pre-tax income	5 368 254	4 747 064	4 819 712
Income tax	1 824 140	1 457 578	1 510 015
Dividend distribution	1 933 508	1 811 188	1 640 466
PER SHARE INFORMATION (IN MAD)			
Earning per share			
Dividend per share	9.50	9.00	8.50
STAFF			
Total staff costs	**1 773 329**	**1 683 047**	**1 610 608**
Average number of employees during the period			

Key dates and post-balance sheet events at 12/31/2014

I- KEY DATES	
Balance sheet date (1)	**December 31, 2014**
Date for drawing up the financial statements (2)	**February 15**

(1) Justification in the event of any change to the balance sheet date
(2) Justification in the event that the statutory 3-month period for drawing up the financial statements is exceeded

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of event
. Favorable	**NOT APPLICABLE**
. Unfavourable	**NOT APPLICABLE**

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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.
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التجاري وفا بنك
Attijariwafa bank