التجاري وفا بنك
Attijariwafa bank

Annual Report |10|

ANNUAL
REPORT
2010

التجاري وفا بنك
Attijariwafa bank

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LETTER FROM THE CHAIRMAN

Mohamed EL KETTANI CHAIRMAN AND CHIEF EXECUTIVE OFFICER

2010 represented an opportunity to further underpin the foundations of Attijariwafa Bank Group and to reaffirm its pan-African positioning, drawing on synergies between its subsidiaries and the expertise built up across its business activities.

At end-2010, Attijariwafa Bank Group saw significant improvement across all its indicators, despite a 2009 base that included non-recurring gains from the disposal of the interest in Wafasalaf and Crédit du Maroc to Crédit Agricole Group (France), in exchange for their majority interests in 5 banking subsidiaries in sub-Saharan Africa. Net banking income was up 10.7% at 14.7 billion dirham (+12.6% on a like-for-like basis and excluding the gain posted in 2009). Net income attributable to owners of the company was up 4.1% at 4.1 billion dirham (+18.2% on a pro-forma basis and excluding the gain posted in 2009) on a total balance sheet of 306.7 billion dirham, up 5.6% on end-2009.

This financial performance is the result of a carefully implemented strategy designed to consolidate the existing positions, optimise the various non-core assets, and take full advantage of the expertise of the Group's multi-disciplinary teams.

In Morocco, there was continued emphasis on greater local sales presence, a broadening of the client base and an expansion of the product offering, by means of a policy of ongoing innovation, enabling the Group to deliberately build up an early positioning in budding business activities. The Group thus launched "Dar Assafaa", the first company specialising in alternative financial products in Morocco, with a network of nine branches covering the country's largest cities. The Bank's offering for low income citizens, "Hissab Bikhir", was enhanced with the launch of the Hissab Bikhir card and the expansion of the Wafacash network, targeted at this client base, to 478 branches at end-2010. Small companies and traders, the backbone of the Moroccan economy, saw the launch of a new offering, called "Pack Rasmali", specifically tailored to their needs. Lastly, combining the Group's expertise in asset management, bancassurance and mortgage lending, a number of savings plans, taking advantage of a series of specific incentives offered by the State with a view to growing long-term savings, were developed and marketed pre-release, from the moment permitted by regulation.

Internationally, Attijariwafa Bank Group expanded its footprint to three new countries by means of the acquisition of a majority interest in BNP Paribas-Mauritanie, since renamed Attijari Bank Mauritanie, the launch of banking activities in Burkina Faso and the completion of the takeover of Société Commerciale de Banque-Cameroun. In parallel, the six sub-Saharan subsidiaries recently acquired by the Group began implementing ambitious integration projects designed to achieve high-paced sustainable growth.

In Tunisia and the Ivory Coast, countries in which the Group operates via sound and fast-growing banking subsidiaries, the crises triggered by the political changes were overcome. These challenging situations were managed by Attijariwafa Bank with an eye to the interests of its clients, its employees and its shareholders, thereby demonstrating the expertise of its teams and the thoroughness of its risk management, and reaffirming the resilience of its international expansion model.

On the back of the major progress made over the past number of years in terms of scale, geographic footprint and know-how, in early 2011 Attijariwafa bank Group launched, a year ahead of the original schedule, an in-depth review as part of the development of a new "Attijariwafa 2015" strategic plan. This new vision will reflect the scale achieved by the Group, its diverse business activities, its regional footprint and its outlook and will drive it forward over the coming 5 years. This new challenge, which is filled with promise for all Group stakeholders, will channel all of Attijariwafa Bank's energy over the coming years into achieving sustainable growth built on a shared development model.

Mohamed EL KETTANI

Chairman and Chief Executive Officer


Attijariwafa bank

Growth orientated structure and governance

Attijariwafa Bank Group fully asserts its role of key financial player by differentiating itself through an optimised structure and a broad range of business activities operated on a corporate social responsibility model.

GROUP PROFILE

The leading banking and financial group in Morocco, Attijariwafa Bank has strengthened its pan-African positioning by becoming the seventh largest bank in Africa with 4.6 million clients. The Group has the largest branch network in Morocco and is continuing its international expansion, in particular in the Maghreb region and in West & Central Africa. With operations in 22 countries, Attijariwafa Bank has some 13,500 employees.

Network & Staff

22
Countries

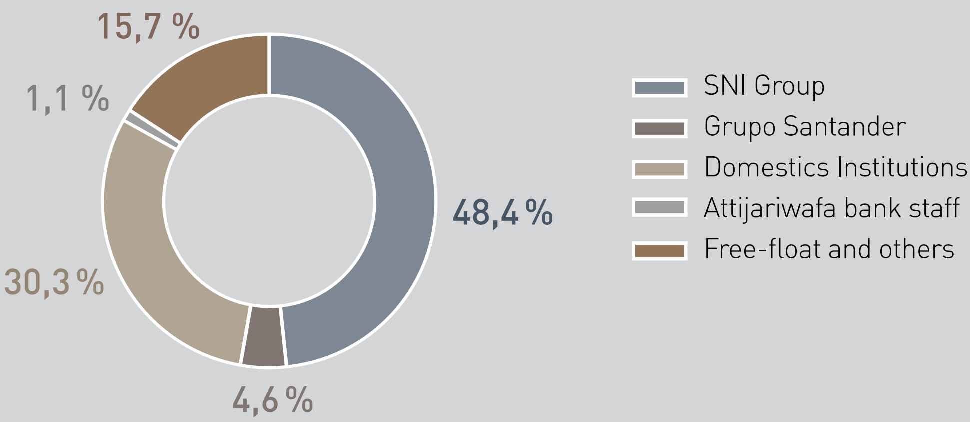
2 088
Branch offices

1 590	Branches in Morocco
257	Branches in West Africa
169	Branches in Tunisia
58	Branches in Europe and the Middle East
14	Branches in Central Africa

13 314
Workers

4,6 million of customers

Shareholding
At 31 December 2010



THE GROUP'S BUSINESS ACTIVITIES

Banks

Attijariwafa bank
Universal banking - Morocco

Attijari International Bank
Bank off shore - Morocco

CBAO
Universal banking - Senegal

Succursale - CBAO
Burkina faso

CDS
Universal banking - Senegal

SIB
Universal banking - Ivory cost

Attijariwafa Europe
Retail banking - Europe

Attijari bank
Universal banking - Tunisia

UGB
Universal banking - Gabon

SCB
Universal banking - Cameroon

CBIP Paris
Retail banking - France

BIM
Universal banking - Mali

CDC
Universal banking - Congo

Attijari bank
Universal banking - Mauritania

Specialised Financial Subsidiaries

Wasalaf
Consumer finance - Morocco

Wafabail
Leasing - Morocco

Wafa Immobilier
Mortgage lending - Morocco

Attijari Factoring
Factoring - Morocco

Wafacash
Money transfer - Morocco

Wafa LLD
Long-term rental- Morocco

Attijari Leasing
Leasing - Tunisia

SOFIB
Money transfer - Guinée-Bissau

Attijari Immobilier
Mortgage lending - Tunisia

Insurance

Wafa Assurance
Insurance - Morocco

IMA Wafa Assistance
Insurance - Morocco

Investment Banking and Market Activities

Wafa Gestion
Asset management - Morocco

Wafa Bourse
Online trading - Morocco

Attijari Intermédiation
Stock market brokerage - Morocco

Wafa Invest
Private equity - Morocco

Attijari Finances Corp
Advisory - Morocco

Attijari Invest
Private equity - Morocco

Attijari Intermédiation
Stock market brokerage - Tunisia

Attijari Gestion
Asset management - Tunisia

Attijari Finance
Advisory - Tunisia

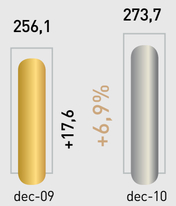
Attijari Sicar
Private equity - Tunisia

2010 KEY FIGURES

In 2010, Attijariwafa Bank Group posted outstanding performances on both a national and regional basis. These achievements reaffirm the strength of its model, which is built on the diversity of its business activities and on the consolidation of its international expansion strategy.

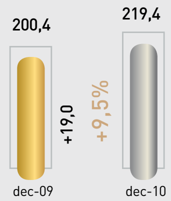
Optimised capture of savings*

Total savings inflows (MAD Mds)



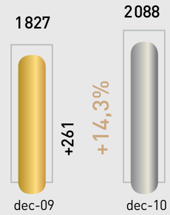
An active contribution to financing the economy*

Total credits distributed (MAD Mds)

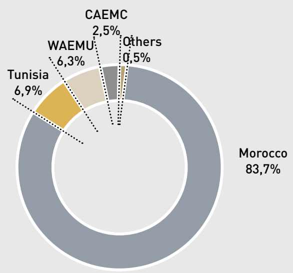


A leading provider of banking services*

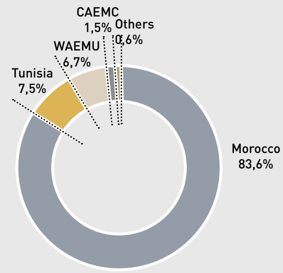
Total number of branch offices



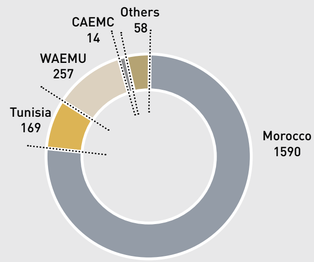
Geographical breakdown of savings inflows at end December 2010



Geographical breakdown of credit distributed at end December 2010



Geographical breakdown of the distribution network at end December 2010



Dynamism of the investment banking and market activities confirmed

Capital markets
Currency and Bond Volumes
MAD 1 441 billion

Stock Market Intermediation
Central Market Volume
MAD 30,1 billion
Market share **29%**

Asset Management
Assets Under Management
MAD 63,0 billion
Market share **28%**

Securities Custody
Assets Under Custody
MAD 438 billion
Market share **39%**

* In the Maghreb, West African Economic and Monetary Union (WAEMU : Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal, Togo) and the Economic and Monetary Community of Central Africa (CEMAC : Cameroon, Gabon, Equatorial Guinea, Central African Republic, Republic of the Congo, Chad) regions.
Savings inflows and credits distributed by the banking and insurance networks and the specialised financial institutions in all countries.

2010 KEY FIGURES

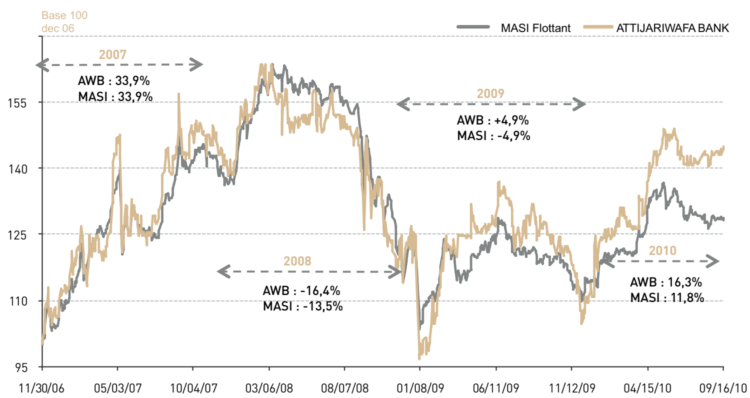
Stock market data

The Attijariwafa Bank stock outperformed all stock market indices in FY 2010. The stock posted a performance of 50.7%, compared to 29.8% for the banking index and 21.2% for the MASI index.

In the first half of 2010, the Attijariwafa Bank stock benefited from market momentum, following the announcement of the SNI/ONA merger and delisting, which led investors to move into large caps. The Attijariwafa Bank stock closely matched the performance of the MASI, posting a rise of 13.1% compared to 12.7% for the market.

Following the release of first half results, the Attijariwafa bank stock set a new course, for the most part upward. The stock hit a high of 420 dirham and closed the year at 407 dirham, representing a second half performance of 33.3% compared to 7.5% for the MASI, while seeing daily trading volumes rise to 154 million dirham from an average of 106.9 million dirham over the year.

Attijariwafa bank's share price performance



- Morocco's largest capitalisation in the banking sector and number two overall : MAD 73.9 bn as of february 24, 2011
- Attijariwafa Bank share price +50.7% compared to +21.2% for the MASI Flottant and +30.1% for the banking sector as of december 31, 2010

Stock market indicators

Year	2010	2009	2008
Share price	407	270	258
Market capitalisation (MDH)	78 549 356	52 108 909	49 696 460
Maximum of the period	420	297	355
Minimum of the priod	253	210	247
Weighted average price (DH)	313	257	296
Average daily volume - Central Market (MDH)	54,9	28,5	36,8
Average daily volume - Bloc Trades (MDH)	52,0	89,9	41,2
Share price performance	50,7%	4,9%	-16,4%
Return On Equity (ROE)	20,4%	22,7%	20,8%
Dividend (DH)	8	6	5
P/E	19,15x	13,22x	15,94x
D/Y	1,97%	2,22%	1,94%

Source : Attijari Intermédiation

Financial Highlights Consolidated / IFRS

	2010		2009		2008	
	MAD m	USD m	MAD m	USD m	MAD m	USD m
Total Assets	306 655	36 741	290 347	34 787	258 942	31 024
Shareholder's Equity	28 025	3 358	24 782	2 969	21 091	2 527
Customer Loans	217 130	26 015	206 234	24 709	179 176	21 467
Customer Deposits	**224 455**	**26 892**	**220 799**	**26 454**	**201 833**	**24 182**
Net Banking Income	14 667	1 757	13 255	1 588	10 967	1 314
Gross Operating Income	8 244	988	7 850	941	6 120	733
Net Income	4 744	568	4 591	550	3 637	436
Net Income (Group Share)	**4 102**	**492**	**3 941**	**472**	**3 118**	**374**
NPL Ratio	5,3%		5,3%		5,5%	
Coverage Ratio	74,4%		76,4%		77,8%	
Cost / Income Ratio	43,8%		40,8%		44,2%	
Cost of Risk	0,58%		0,53%		0,39%	
ROE	20,4%		22,7%		20,8%	
ROA	1,5%		1,6%		1,4%	

USD/MAD : 8,3464

m : millions

Rating

FITCH RATING	February 2011
Long-term in foreign currency	BB+
Short-term in foreign currency	B
Long-term in local currency	BBB-
Short-term in local currency	F3
Outlook	stable

STANDARD & POOR'S	September 2010
Long-term	BB
Short-term	B
Outlook	stable

CAPITAL INTELLIGENCE	March 2010
Long-term	BBB-
Short-term	A3
Financial Strength	BBB
Outlook	stable

GOVERNANCE PRINCIPLES THAT FURTHER ETHICAL AND PROFESSIONAL CONDUCT

Corporate governance and professional conduct are guiding principles that reflect what the Group is about. They apply to all subsidiaries having regard to their business activities and size.

In addition to rules governing the operation of the Board of Directors, a number of oversight and executive bodies have been created.

Board bylaws assign responsibilities as well as detailing how meetings of the Board of Directors are organised and held.

A Director's Charter encompasses all the rights and duties associated with the position of director, in particular with respect to confidentiality, the management of conflicts of interests and trading in bank securities.

Members of the Board of Directors sit on four board committees :

- the Strategy Committee is responsible for directing and supervising the Group;
- the Audit and Accounts Committee looks at the Group's accounts, reviews the audit plan of the statutory auditors and satisfies itself as to the effectiveness of risk control and of internal and external auditors;
- the Major Risks Committee deals with the overall risk policy and approves the Group's major commitments;
- The Remuneration Committee makes proposals to the Board with respect to the remuneration of Group executives.

Respecting the principle of collegiality with regard to decision-making within the Group, a range of committees, comprised of bank management and/or domain experts, look at issues at various decision-making levels.

Sitting on top of these, the Group Management Committee has an overview of operations in the various sectors, directs major strategic projects and prepares the items to be submitted to the Board of Directors. The Executive Committee is responsible for the Group's operational and administrative management.

Governance bodies

1 **Mr Omar BOUNJOU**
Managing Director
Retailing Banking Division

2 **Mr Mohamed EL KETTANI**
Chairman and Chief Executive Officer

3 **Mr Boubker JAI**
Managing Director
Financing, Investment Banking and Capital Markets and financial subsidiaries Division

4 **Mr Ismail DOUIRI**
Managing Director Finance, Transformation and Operations Division

5 **Mr Chakib ERQUIZI**
Capital Markets

6 **Mr Mouâwia ESSEKELLI**
Chief Executive Officer
Attijariwafa bank Europe

7 **Ms Wafaa GUESSOUS**
Buying, Logistics
and Secretary to the Board

8 **Mr Abdelkrim RAGHNI**
Chief Executive Officer
CBAO Attijariwafa bank Group

9 **Mr Omar GHOMARI**
Group Human Capital

10 **Mr Said SEBTI**
Personal and Professional Banking

General Management Committee

1 2 3 4

5 6 7

8 9 10 11

11 **Mr Mounir OUDGHIRI**
Chief Executive Officer
SIB Attijariwafa bank Group

12 **Ms Mouna KADIRI**
Group Communications

13 **Ms Noufissa KESSAR**
Private Banking

14 **Mr Brahim SAID**
General Audit

15 **Mr Hassan BEDRAOUI**
Group Information Systems

16 **Mr Talal EL BELLAJ**
Global Risk Management

17 **Mr Saâd BENJELLOUN**
Corporate Banking

18 **Mr Abdellatif SEDDIQI**
Rationalization of structure

19 **Mr Hicham SEFFA**
Services and Customer Processing

20 **Mr Youssef ROUISSI**
Financing

21 **Mr Abdeljaouad DOSS BENNANI**
Group Finance

22 **Mr Abderrazak LAMRANI**
Group Compliance


13 14 15 16


17 18 19


20 21 22

Board of Directors

M. Abdelaziz Alami
Honorary President

Mr Mohamed EL KETTANI
President

Mr Antonio Escamez TORRES
Vice-President

Mr Mohamed Mounir EL MAJIDI
Director
Representing SIGER

Mr Hassan BOUHEMOU
Director
Representing SNI

Mr Jose REIG
Director

Mr Javier HIDALGO BLÀZQUEZ
Director

Mr Manuel VARELA
Director
Representing Grupo Santander

Mr Abed YACOUBI SOUSSANE
Director

Mr Hassan OURIAGLI
Director

Ms Wafaa Guessous
Secretary

GOVERNANCE BODIES

Management Committee

Members	Function
Mr Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr Boubker JAI	Managing Director
Mr Omar BOUNJOU	Managing Director
Mr Ismail DOUIRI	Managing Director

Strategic committee

Members	Function
Mr Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr Hassan BOUHEMOU	Director, SNI representative
Mr Antonio ESCAMEZ TORRES	Vice-chairman
Mr José REIG	Representing Grupo Santander

Major Risk Committee

Members	Function
Mr Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr Hassan BOUHEMOU	Director, SNI representative
Mr José REIG	Representing Grupo Santander
Guest members	
Mr Talal EL BELLAJ	Global Risk Management Manager
Mr Said ENNABIH	Counterparty Risk Manager

Audit and Accounts Committee

Members	Function
Mr Hassan OURIAGLI	Director
Mr José REIG	Director
Mr Abed YACOUBI-SOUSSANE	Director
Membres invités	
Mr Abderrazak LAMRANI	Group Compliance Manager
Mr Brahim SAID	General Audit Manager
Mr Abdeljaouad DOSS BENNANI	Finances Group Manager
Mr Talal EL BELLAJ	Global Risk Management Manager

Appointment and Remuneration Committee

Members	Function
Mr Mohamed Mounir EL MAJIDI	Representing SIGER
Mr Hassan BOUHEMOU	Representing SNI
Mr José REIG	Representing Grupo Santander

HIGHLIGHTS OF 2010

Attijariwafa Bank punctuated 2010 with high points that reflect its desire to establish a responsible growth model.

Innovative mass market offerings

The Pacte Rasmali

Banking and near-banking products designed to strengthen the dynamism of micro businesses.

Dar Assafa

The first Moroccan company specialising in diversified alternative financing for real-estate projects and the purchase of consumer items – Safaa Immo, Safa auto, Safa conso, Safaa Tajhiz.

Dar Assafaa enjoys a dedicated network of nine branches in the country's largest cities.

The « Hissab Bikhir » card

An enhanced **Low income banking** offering.

The PEA Capital Actions

A tax exempt stock investment plan designed to « democratise » household stock market investment.

Hissab Mourih

Five financial service packages specially designed for public servants.

Pan-African vision reaffirmed

The first "Afrique Développement" Forum with close to 900 participants from 11 countries, bound together by a desire to give renewed momentum to commercial partnerships, investment and joint ventures between African decision-makers.

"Afrique Développement" is part of an effort to promote South-South trading and investment. It aims to enhance visibility and identify the most promising investment projects, and to provide the necessary support to bring them to fruition. By inviting African decision-makers to meet and exchange ideas, Attijariwafa Bank is breathing renewed momentum into trade activity, investment and joint-ventures.

3 new regions

- Launch of Attijari Bank Mauritanie, following the acquisition of an 80% interest in BNP Paribas Mauritanie, in tandem with the Banque Populaire Group.
- Launch of business activities in Burkina Faso, via the opening of a branch in Ouagadaou.
- Completion of the acquisition of a 51% interest in SCB Cameroun.

Awards and honours

- African Bank of the Year award given to Attijariwafa bank at the African Banker Awards in Washington.
- Best Bank of 2010 in Morocco, for the fourth consecutive year, an honour awarded by "The Banker", a Financial Times Group publication.
- Renewal of the M2 rating awarded by Fitch Rating to Wafa Gestion, for the quality and structure of asset management in Morocco.
- Receipt by Attijari Bank Tunisie of the Best Tunisian Bank Award in "Trade Finance".

Social commitment reaffirmed

As part of its youth programme, Attijariwafa Bank has taken a large number of initiatives.

- Hiring of young graduates :

- 763 young graduates hired by the Bank in Morocco, including 443 outside the Casablanca region;
- Close to 30,000 training days for young hires.

- Continued efforts with respect to access to education :

- donations of computers to primary and secondary schools;
- involvement of Group employees in high schools as part of the Injaz programme to help young people find employment in the future;
- underpinning sectors of excellence and supporting applicants to major colleges (preparatory classes) in partnership with the Moroccan Ministry of Education;
- active cooperation with universities, in particular with the Hassan II University in Casablanca (Banking and Financial Markets Masters, Jamiati multi-services card for students...).

A Group with a vision for social change

The Group has made significant progress in all areas, realising the vision set out in the "Attijariwafa 2012" strategic plan.

Three years after its launch, this vision has helped further underpin the foundations of Attijariwafa Bank Group and reaffirm its pan-African positioning, drawing on synergies between its subsidiaries and the expertise built up across its business activities.

COMBINING ECONOMIC AND SOCIAL DEVELOPMENT

Through its strategic vision, the Group resolutely reaffirms its goal of creating value by combining economic and social development.

The Group's efforts are driven by three goals :

- strive for economic and social development that benefits as many people as possible across all regions;
- drive "international" growth based on a shared development model;
- put in place a solid platform to ensure that the Group enjoys sustainable growth.

Cultivating a sense of innovation and forward-thinking, Attijariwafa Bank's efforts continually reflect its desire to establish a responsible growth model. Investing in new business fields, the Group is opening itself up to a broader client base, launching novel initiatives and building on sector-based strategies put in place on an economic level.

For Large Corporates, an approach that combines local presence and expertise allows Attijariwafa Bank to offer fresh products that are tailored to more specific needs. This notably involves structured financing, custom solutions with respect to cash management or capital markets, e-banking, international transactions, fund transfer management or investments...

Attijariwafa Bank is also a key player in financing investments for Large Corporates and multi-nationals operating in the region, having acquired the standing of adviser and preferred partner.

A cornerstone of the national economy, the micro-businesses market represents a key development avenue with the establishment of a dedicated organisation and the launch of a special product offering covering a large range of financial products and services.

New type of branch :

A new more "limited" form of branch built around a three-person sales team has made it possible to improve geographic coverage and target new groups with an offering tailored to their needs. At end-December 2010 there were 863 branches in the bank branch network in Morocco.

These new branches are unusual in that they are smaller than the others and wholly service orientated with a lower cost base than traditional branches. The 478 Wafacash sales outlets round off the bank network by providing access to banking services for low income groups.

Embedded into the social fabric, the sales teams fully meet their goal of providing support and advice, helping to increase the quantity and generation of micro-businesses.

A mass market bank, Attijariwafa Bank is strengthening its sales organisation to cover all client groups with targeted approaches in each market. A new concept of dedicated spaces for high net worth clients was thus launched with offices across Morocco.

In parallel, efforts to increase bank service coverage are intensifying by means of the continued programme of branch openings across all regions, with a particular emphasis on areas with few banking services. In Morocco, the Hissab Bikhir offering, a novel "low income banking" concept launched in 2009, has been given a new dimension thanks to the expansion of the distribution network and the launch of new products.

THRIVING GROWTH IN ALL REGIONS

Building on the successful creation of a replicable model, Attijariwafa Bank employs a strategic approach that aims to transfer best business practices, while at the same time respecting the special characteristics of each operating region.
The Group's banks are expanding their client bases in all regions in a manner than adds value. The Group thus aims to play a part in increasing bank service coverage and to participate in the growth of regional trade by aiding the international expansion of client companies, facilitating market access and making fund transfers more dynamic.



THRIVING GROWTH IN ALL REGIONS

A wider scope of activity

Attijariwafa Bank is pushing forward with its regional expansion plan, reaffirming its positioning as a pan-African banking and financial group. It has moved into a further three countries, rounding off the Group's geographic coverage in West and Central Africa. The Group now operates in 12 African countries.

In Mauritania, Attijari Bank Mauritanie, began operating under the Group's banner in partnership with Banque Centrale Populaire. The new subsidiary has a branch in Nouakchott and an office in Nouadhibou.

In Cameroon, Attijariwafa Bank completed the takeover of SCB-Cameroun (formerly a subsidiary of the Crédit Agricole Group).

In Burkina Faso, a CBAO branch was opened in Ouagadougou, introducing a new operating model.

A business model that drives progress

Just like Attijari Bank Tunisie, the first step in Attijariwafa Bank's regional policy, the Group's banks in Africa are undertaking ambitious restructuring plans designed to establish a high-paced sustainable growth model.

Inspiring a high level of commitment by the teams, the restructuring plans represent an opportunity to review all control, oversight and management systems and processes, and has resulted in the undertaking of large-scale projects, in particular as regards the IT system, sales organisation and risk management.

Attijari Bank Tunisie - a sound model

Attijari Bank Tunisie demonstrates the appropriateness of the Group's business model. Thanks to the benefits flowing from the restructuring plan implemented over the previous years, Attijari Bank Tunisie demonstrated a resilience that enabled it to come through the Tunisian crisis at minimal risk, while continuing to support clients with their plans, reaffirming the strength of the risk management model.

Training plays a key role, providing an opportunity to raise expertise, reshape teams in line with the bank's new strategy and bring talent through. Another favoured avenue is the expansion of the branch network with the introduction of new models designed to enhance local presence and the client relationship.

SIB operating again

Following a 3-month suspension in operations, SIB began operating again in the Ivory Coast in May, re-opening all its branches and providing a full service.

The hard and committed efforts of its employees during this critical period enabled the bank to continue to support its clients as best possible while strictly complying with applicable regulations.

The emergence of a value creating grouping

Thanks to the scale and capabilities built up by the Group, each bank positions itself within its own country not only as a national bank serving the local economy but also as a catalyst for synergies with other Group entities. The twin goal is to support communities of migrants and develop trade.

With this in mind, Attijariwafa Bank takes advantage of its European network and its fund transfer expertise to progressively implement across the Group's banks dedicated tailored systems for migrants from the various countries.

The development of trade between the various areas in which Attijariwafa Bank operates also benefits from the advantages offered by Group membership.

Accordingly, the intra-African network helps facilitate the development of cross-border companies and multinationals operating in the region which benefit from having their transaction go through a process that guarantees fluidity, speed and availability of information.

The Group's creditworthiness and the backing of Attijariwafa Bank Europe also help push along operators' major plans and opens up new opportunities for them.

KEY PROJECTS TO UNDERPIN THE GROUP'S GROWTH

Attijariwafa Bank Group has put in place a powerful scalable technology platform and is continually rolling out more key tools that contribute in three main areas :
- helping sales and marketing activities;
- improving the Group's internal management (performance, productivity, risks...)
- keeping the Group's overall technological infrastructure up to current standards.


KEY PROJECTS TO UNDERPIN THE GROUP'S GROWTH

Driving performance

In 2010, the Bank completed a major component of its technology roadmap called BORJ, the business intelligence system (data warehouse). The first version thereof was rolled out in 2009, and upgraded to cover a wide range of sales and marketing activities and performance measurement.

This system also makes it possible to calculate profitability from a number of angles and thus makes it possible to provide all stakeholders with access to common standardised scorecards.

Customer relationship management

Also part of the BORJ roadmap, Customer Relationship Management is a groundbreaking project, the final components of which were launched in 2010.

The bank now has a high-performance instrument that enables it to structure the sales offering as well as track sales activities across all bank networks on a daily basis. This tool will be expanded in 2011 to the Call Centre, external networks (BMF) and to the Private Banking arm.

Oversight of market activities

Another major project, the Inbitaq programme, aims to optimise the performance of Market Activities by overhauling the organisational model and the IT system. The real-time alignment with Global Risk Management (remote monitoring of limits) and asset and liability management will improve overall oversight of these activities.

IT system abroad

At Group level, the project to establish a Attijariwafa Regional and International Hub (MEHARI) was undertaken in the wake of the acquisition of five African subsidiaries of Crédit Agricole France (Gabon, Cameroon, Congo, Ivory Coast and Senegal) and aims to :

- revamp the IT systems at these subsidiaries into a Banking Core constituting a standard application platform;

- the standardisation of future migrations of SI subsidiaries by establishing and developing a roll-out master plan. MEHARI aims to bring all subsidiaries under the target IT system by 2012.

Basel II project :

Following an initial successful Basel II phase and a 2007 implementation based on the calculation and regulatory reporting of weighted assets, equity and the solvency ratio, in 2010 the bank moved into the 2nd phase which aims to have the Group's use of the advanced approach approved.

Transition to IRBF (Internal Rating Based Foundation) is scheduled in 2013 for companies and IRBA (Internal Rating Based Advanced) in 2015 for retail clients. The main project in this phase involved the implementation of a new internal rating system.

Accordingly, in 2010 Attijariwafa Bank Group rolled out a new internal rating model within the Bank's operating system that is in line with Basel II requirements (advanced approach). This model, which covers companies, looks

not only at financial criteria but also qualitative and behavioural criteria. It covers the bulk of the bank's commitments.

The "Basel II" advanced approach calls for profound changes in terms of the bank's business process, in particular as regards :

- guaranteeing the reliability of the information on consolidated risks and the data necessary to calculate regulatory and economic indicators;
- having a single client view at Group level encompassing all on and off-balance sheet commitments, credit limits, guarantees, sureties, rating, contractual provisions,...;
- upgrade operational risk management (Watch-list, prevention, default management,..);
- include the factoring in of changes in the operating environment with respect to the selection of commitments (rating,..), loan approval and the pricing of loan transactions; - and, break down organisational impact (Risk and Finance reconciliation...)


Boulevard Felix Houphouet Boigny - Casablanca

A comprehensive offering that satisfies new client demands

Attijariwafa Bank Group reaffirms its commitment to its clients and strives daily to satisfy all their needs regardless of whether they are individuals, self-employed, micro-businesses, SMEs or large corporates.

Thanks to its wide range of expertise, the Group supports its clients with the realisation of their plans and tailors its offering with a view to establishing a close lasting relationship with them.

RETAIL CLIENTS

A- Retail clients : local presence and willingness to listen

In order to satisfy a diverse and demanding client base, Attijariwafa Bank continued its development efforts with a focus on a simple accessible offering distributed through both diverse and targeted channels..

A1- Individuals living in Morocco : A local bank that is on hand and willing to listen

In 2010, Attijariwafa Bank Group continued to innovate and invest in new niches in order to benefit its clients.

Improved presence in new areas

As part of the enhancement of its local presence, the bank expanded its network, taking the number of bank branches in Morocco to 863 at end-2010. This policy of opening branches also covered specialised subsidiaries in Morocco, which had 727 branches at end-2010, and international subsidiaries, which had a network of 498 sales outlets. In 2010, Attijariwafa Bank opened a first branch in over twenty localities.

A broader range of products and services

In order to meet the varied needs of its clients, in 2010 the bank broadened its range of products and services notably by means of the launch of "Hissab Mourih" for public servants, the development of the "low income banking" concept via the "Hissab Bikhir" card and the promotion of savings through the creation of savings plans : equities, home ownership, education.

In parallel, during the year Attijariwafa Bank Group launched "Dar Assafaa", the first company specialising in alternative financial products in Morocco. Dar Assafaa offers individuals and/or the self-employed who are looking to finance their real-estate plans or purchase consumer goods, the option of doing so by means of alternative products. Sine its launch Dar Assafaa has enjoyed a dedicated network of nine branches in the country's largest cities.

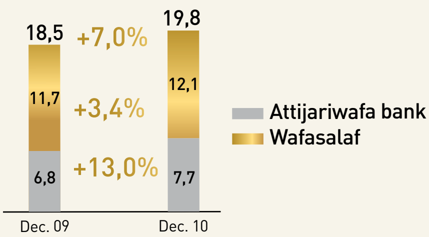
Ongoing process improvement

Thanks to its central and regional back offices, Attijariwafa bank has specialised teams dedicated to managing customer requests. In 2010, Attijariwafa Bank rolled out a number of projects designed to improve service quality and client communication, in particular service request management and online availability of past account statements and confirmation notices, or the real-time synchronisation of transactions and balances across all access channels.

Consumer loans :

Through its range of diverse and innovative products, the Group has consolidated its positioning as leader in consumer finance in Morocco with total loans outstanding of 19.8 billion dirham, an increase of 7%.

Consumer loan trends
(MAD billion)



Salaf Tasbik

a financing solution specifically designed for regulated companies (large corporates) enabling them to more easily manage salary advances to their employees.

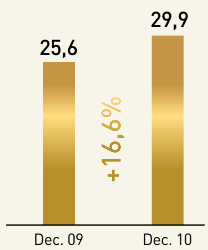
Pack Assurance Multirisques Automobile

Comprehensive motor insurance (theft, fire, damage, total loss and financial loss). This product covers the client against the total or partial loss of his/her vehicle through theft, fire or some form of accident. It is a "hard knocks" insurance policy that protects customers throughout the term of their loan.

Mortagage loans :

The residential real-estate market in Morocco continued to grow in 2010, mainly underpinned by the solid performance of the mid-range segments and of social housing. The latter benefited from strong impetus by the State, in particular through tax incentives.

Buyer real-estate loan trends
(MAD billion)



Attijariwafa Bank saw its mortgage lending portfolio grow 16.6% in 2010 to 29.9 billion dirham, and its market share rise to 23.7%.

RETAIL CLIENTS

A2 – Moroccans abroad : greater presence to support our clients wherever they live

Becoming the point of contact and preferred partner for Moroccan and African citizens in Europe is the main goal set Attijariwafa Bank Europe.

As a result, 2010 saw the official launch of Attijariwafa Europe's retail banking activities in a number of European countries, as part of an ambitious project, the key planks of which are the :

Roll-out of the new IT system

Following France, the Cap Europe 2012 project was rolled out in Belgium. In April 2012 the Belgian unit became the second entity within the Attijariwafa Bank network in Europe to switch over to the new IT system.

Development of the sales network

Following the opening of the Colombes branch and the conversion of the offices in Pontoise, Bordeaux, Dijon and Lyons Liberté into bank branches, the subsidiary now has 25 sales outlets in France. The European network thus has 57 sales outlets.

Development of the product offering : launch in Belgium of the trans'pack, the account dedicated to money transfers to Morocco.

The Belgian network of Attijariwafa Bank now offers the Trans'pack contract, a product encompassing all transfer options offered clients to meet their occasional or ongoing transfer needs.

Signing of a memorandum of understanding with Banque Postale (France)

Attijariwafa Bank has signed a memorandum of understanding with Banque Postale to develop a bank service offering for client groups residing on either side of the Mediterranean.

The joint launch of this bank offering is designed to develop accessible products and services that are tailored to the specific needs of this clientele.

A3 - Private banking : ethical conduct and expertise serving a demanding client base

On the back of its proven experience in asset management advice and wealth management for its more sophisticated client base in Morocco, Attijariwafa Bank aims to achieve a further strategic goal : to become a Private Banking Hub in Africa, by offering the private clients of its African subsidiaries a high-performance infrastructure that provides a high degree of security and confidentiality.

New « Attijari Patrimoine » range

Pushing forward with the implementation of its strategic plan to grow the private client segment, the Bank added a new exclusive range to the portfolio of investment funds offered by Wafa Gestion. This new range, called "Attijari Patrimoine", makes it possible to satisfy different investor profiles and in that way complements the existing offering.

« Wafa Premium » insurance product

In cooperation with Wafa Assurance, Attijariwafa Bank added a novel insurance range to its private client offering in Morocco, "Wafa Premium", which encompasses a number of benefits and is scaled to reflect the needs of each client.

Convenience, exclusivity and personalised service

Attijariwafa Bank provides its private clients with distinctive tools designed to ensure an exclusive and highly personalised banking service, with a view to more closely meeting their expectations.

The opening of new offices dedicated to asset management in Casablanca, Rabat, Fès, Marrakech, Agadir and Tangier along with the strengthening of sales teams have made it possible to round off nationwide coverage.

Organisation of prestigious events

In 2010, Attijariwafa Bank paid individual attention to the tastes and areas of interest of its private clients by offering them preferred and exclusive access to unique value creating events.

Above and beyond helping to support cultural activities and preserving our heritage, these occasions have enabled Attijariwafa Bank to share with its Private Banking clients the universal values embodied in art and cultural creation.

THE SELF-EMPLOYED AND ENTREPRISE

B- The self-employed and micro-businesses : summary of approaches for individuals and companies

A cornerstone of the Moroccan economy, self-employed and micro-business clients represent a special client group with needs abutting those of both individuals and Entreprises.

In 2010, Attijariwafa Bank launched the "Pacte Rasmali", a comprehensive offering that meets all the needs of this clientele in terms of day-to-day banking, financing and insurance.

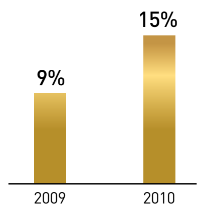
The expertise of Attijariwafa Bank's teams combined with that of its specialised subsidiaries, which round off the package offered, makes it possible to provide clients with a competitive and differentiated offering.

C- SMEs : Supporting them throughout their development

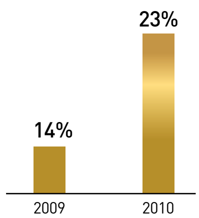
Attijariwafa Bank has been party to the main sector-based plans : Plan Maroc Vert, Emergence Industrielle, Maroc Numéric, Vision 2015 pour l'Artisanat..., designed to stimulate growth by means of the creation of a mass of modern, innovative and ever more competitive companies.

Attijariwafa Bank established an exhaustive system to support SMEs and its corporate clients with their development and modernisation through the establishment of dedicated structures.

SME loan trends



Trends in current account advances to SME



They are offered custom solutions by means of a large range of products and services that cover all their needs, whether as regards working capital or investment financing, international transactions, management of fund transfers or investments...

A number of innovative products were thus launched in 2010 to streamline banking services for Group clients and support them with their rationalisation and optimisation, including in particular :

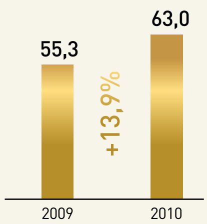
- The SME pack, an all-inclusive offering on the market that helps streamline the bank – corporate relationship;
- Corporate cards that provide clients with optimal means of controlling business expenses.
- DocNet, which provides companies with online access to their banking records and documents on a 24/7 basis.

Assets under management: multi-expertise approach benefiting clients

Attijariwafa Bank Group is a major player in the asset management industry in Morocco, in terms of assets under management, but also through its multi-expertise approach covering all client segments, as well as all asset classes.

Backed by multi-disciplinary teams, the Group offers its clients a full range of 14 UCITS depending on their profiles. In parallel, the Bank offers custom solutions via dedicated funds with a view to better responding to specific needs and constraints with respect to investment in the financial markets.

Trends in assets under management
(MAD billion)



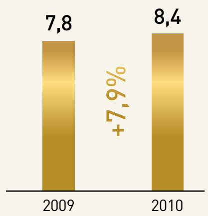
In what is an increasingly competitive environment, Attijariwafa Bank reaffirmed at end-2010 its leadership position with 63 billion dirham in assets under management and a 28.0% market share.

Bancassurance

Formalised in the 2002 Insurance Code, bancassurance now enjoys a leading place in the distribution of life insurance products in Morocco.

In 2010, despite a deliberate reduction in new accounts in order to more closely tailor the bancassurance product offering to customer needs, Attijariwafa Bank consolidated its bancassurance leadership position.

Bancassurance portfolio Attijariwafa bank
(MAD billion)



The portfolio thus grew 7.9% to 8.4 billion dirham at end-2010.

ENTREPRISE AND CORPORATE

D– Corporate : strengthening relationships and constant innovation

In 2010, 7 new Attijariwafa Bank Business Centres and branches were opened, thereby strengthening its sales footprint in the regions and its closeness to its customers.

Despite the fact that the economy is only emerging from a recession, Attijariwafa Bank put in place a policy of granting loans that is both proactive and controlled, designed to underpin the plans of Large Corporates. By posting strong performances, the Bank further strengthened its long-standing and natural leadership position in this market.

It is in this spirit that it plans to continue its policy of supporting large corporates with their financing needs.

Thanks to the high level of synergies between the bank and its subsidiaries, Attijariwafa Bank Group offers services that wholly reflect the needs of Large Corporates, but also those of their employees under special agreements (mortgage lending, consumer finance, account opening).

The necessary processes are in place not only to provide support in terms of advice (foreign investment, project financing, financial engineering...) but also with respect to preferred access to products and services (finance leasing, UCITS, insurance...).

Attijariwafa Bank also enables its large corporate clients to take advantage of its international presence and detailed knowledge of the economies in which it operates.

Lastly, 2010 will remain the year in which there were concrete steps on the Rawaj, Imtyaz and Moussanada plans and on which Attijariwafa Bank posted very strong results with a high number of projects financed.

Market activities : multi-expertise benefiting companies

2010 saw the ongoing development of the needs of Large Corporates with respect to risk management and access to domestic and international financial markets. Thanks to the dynamism and creativity of its teams, Attijariwafa Bank has supported them by anticipating their needs and by offering them tailored products. As a result, Attijariwafa Bank was able to post high growth levels combined with strong profitability.

Capital markets, stronger leadership

The foreign exchange business saw some 26 billion dirham in foreign exchange derivative trading, an increase of 42%, with foreign exchange volatility in 2010 leading companies to make increased use of derivative hedging products.

In terms of commodity risk hedging (energy, metals, cereals, oilseed crops...), close to 107,000 contracts were traded on organized exchanges (Chicago, London...), an increase of 64% on 2009. The poor weather conditions and market forces meant that operators were forced to use hedging instruments to protect themselves against wild fluctuations.

In the primary and secondary bond markets, Attijariwafa bank enjoyed overall volumes of 79 billion dirham, an increase of 57% on 2009. This strong performance is down to a more proactive sales policy and a sustained effort to retain the position of market maker in the primary market.

Attijariwafa Bank furthermore participated in 8 bond issues as bookrunner or joint bookrunner in order to meet growing financing demand from issuers.

Custody, a priority going forward

In 2010, custodial activities rose 39%, reaffirming the leadership of Attijariwafa Bank in the custodial business, in particular in the UCITS depository and issuers segment.

Thanks to its forward planning, Attijariwafa Bank also consolidated its position as leading operator in the foreign investment business for Moroccan institutional investors with an average monthly volume of around 1.5 billion dirham.

International market activities

In order to help grow trade and financial flows between countries in the region, Attijariwafa Bank established a regional market expertise platform called DAMI enabling the Group to generate an additional overall volume of close to 5 billion dirham in 2010 and to improve the conditions for harmonious development of investment and regional trade.

Habib Bourguiba Avenue - Tunisia

Corporate social responsibility built on values and guiding principles



As a leading regional player, Attijariwafa Bank Group is committed to the economic and social development of the countries in which it operates. The Group bases its efforts on guiding principles and human values, professionalism and corporate social responsibility.

HUMAN CAPITAL

Attijariwafa Bank pays particular attention to its human capital as part of its development process, the goal being to increase the Group's ability to attract, develop and retain employees of all ages in order to meet the challenges of the future.

A Group that hires

Attijariwafa Bank continues its recruitment policy, strengthening its standing amongst young graduates of colleges and universities by means of its participation at job fairs and forums, and arranges more targeted campaigns for experienced candidates. In FY 2010, 763 new employees were hired by the bank, close to 45% of whom were managers.

To underpin its international expansion, in June 2010 Attijariwafa Bank started hiring the second set of graduates from Moroccan colleges and universities, hailing originally from the sub-Saharan countries in which subsidiaries are located. Following a 6 to 12 month training programme and work experience at Attijariwafa Bank, these young people are offered positions with those same subsidiaries.

A sustained effort to build HR tools

Attijariwafa Bank employs best international standards with respect to hiring, with the launch in July 2010 of the first online job site for the Banking Sector in Morocco. This site reflects the desire to facilitate applications by as many people as possible in Morocco and abroad.

Training : a means of improving operational efficiency

Raising the level of expertise of all employees is key to the Group's strategy.

The training programme is adapted and enhanced every year in order to support the bank's plans and to reflect changing needs in terms of technical and business training or leadership courses.

The training programme combines a business training component provided by the Attijariwafa Bank Academy and a component involving managerial and behavioural training, throughout the bank as part of development series. Special training courses, offering expertise in a specific field, round off this programme.

In April 2010, the implementation of a new training mechanism, e-learning, enhanced the manner in which employees learn and brush up on topics.

The launch of this novel training format, and its opening up to all employees, is a first in the Moroccan banking sector, and represents a solution tailored to short-term in-house training needs.

The e-learning is primarily intended to organise special training activities involving a large number of employees.

Career management : forward planning of requirements and developing expertise

Attijariwafa Bank continues its efforts to bring about the personal and professional development of every employee, in line with the Group's current and future needs.

Accordingly, in 2010, the career management system was enhanced with the introduction of a mentoring programme for new hires, with a view to passing on know-how and expertise, and facilitating integration into the corporate culture and the company's values.

With respect to forward planning of job requirements and Expertise, it was decided to implement a computer module with a view to, on one hand, cataloguing all functions and required expertise and, on the other hand, available expertise.

Succession plans, at various levels within the organisation, have been introduced in order to identify, prepare and develop the talent required for the Bank's future development.

A broad range of employee benefits

With a view to the personal advancement of all its employees, since 2007 Attijariwafa Bank has had a policy of the progressive regionalisation of employee benefits.

2010 saw the opening of new health centres in various cities and the launch of a project to establish "social centres" in the regions. These sites, which encompass a health centre, musical and painting activities, provide employees with an environment that enhances their individual and collective well-being.

Finally, Attijariwafa Bank's employee policy puts great store in preventive medicine. Accordingly, more initiatives have been undertaken to reduce potential risks affecting employee health.

QUALITY AND COMPLIANCE

Quality

The Quality initiative plays a central role in Attijariwafa Bank Group's policy by :

• measuring client satisfaction via a highly effective customer feedback system;

• improving process performance, with the implementation of a quality initiative (process mapping, a measurement and oversight system, certification, service contracts, etc.);

• raising awareness and the roll-out of an in-house culture focussed on quality at every stage of the process.

Attijariwafa Bank thus targets the following two main goals : improving client relationships and developing a culture of quality in-house.

Improving client relationships

- Client Feedback Programme

This initiative consists of client satisfaction quality surveys, service commitment barometers, focus groups

and mystery visits. They break down into strategic areas and themes specific to each business.

The client feedback programme makes it possible to take targeted improvement actions per client segment.

- Internal measurement system : Qualimesure

The client feedback programme is supplemented by a process management and internal performance measurement system known as "Qualimesure", reflected in scorecards for meticulous tracking on the ground. The scope of this system is scheduled to be broadened to all of the Group's measurable activities.

- Internal certification per service commitment

As part of a certification per service commitment initiative, Group Quality is introducing a series of service commitment reference bases for corporate banking, banking services for Moroccans abroad, electronic banking, customer care and mortgage lending.

QUALITY AND COMPLIANCE

Rolling out an internal Quality culture

- Quality Awards

2010, named 'Year of Quality', represented a first for the Moroccan banking sector, as reflected in the extreme importance given to client satisfaction, service levels and employee performance.

At end-2010, the Attijariwafa Bank Quality Awards were organised to reward the best performances in the field of service levels and covered 12 measurable themes.

The Attijariwafa Bank Quality Awards marks a departure from static Quality initiatives. It pits the various bank entities and networks against each other and rewards service level improvement efforts with Gold, Silver and Bronze medals.

The client feedback programme and the performance measurement system in "2010 Year of Quality" provided inspiration as regards the modus operandi of the Attijariwafa Bank Quality Awards and made it possible to challenge bank entities with respect to themes such as customer care, sales relationship management, counter transactions, electronic banking, loan application processing times, etc.

- Quality awareness campaign

The quality awareness campaign is part of an initiative dedicated to developing a culture of quality. It is rolled out across all networks and the bank's central sites via a number of channels : computer wallpaper, screensavers and posters.

The campaign is staggered over a period of 14 months and employs a number of awareness raising tactics such as feedback, attitude, customer care, availability, work space organisation, etc.

- Training and raising awareness of reception staff and security guards with respect to customer care.

An initial training course for reception staff and security guards was held on the back of the results of mystery visits and calls across the Attijariwafa Bank's networks and central sites with a view to improving customer care levels.

Compliance

Increased internal control

As part of the strengthening of the internal control system, 2010 saw the roll-out of a number of initiatives designed to permanently raise the level of risk control and management.

Accordingly, the training of those involved in Second level permanent control and an extension of internal control to new activities contributed to a better understanding of the nature and level of the risks incurred by Attijariwafa Bank Group.

A highly effective internal control management system

Internal control activities can be tracked by means of a reporting and planning system covering the activities of the internal auditors (establishment of reference bases and management and reporting systems surrounding the Internal Control System).

2010 made it possible to bring the internal control systems of the "Specialised Financial Services" subsidiaries into compliance and to prepare for the implementation of an Internal Control management and implementation system.

Combating money laundering

2010 was characterised by the major efforts to identify and combat money laundering by means of the operational roll-out of the anti-money laundering system within the Bank. These achievements were reflected in the introduction of a system consisting of standards, operational management rules, procedures, a training policy as well as resources put in place to prevent and manage money laundering risks.

In addition, in 2010 a certain number of African subsidiaries were brought under the central filtering system by means of a mechanism for reporting their international flows, in order to ensure their filtering within a dedicated system. To underpin the anti-money laundering system rolled out and initiate a culture of vigilance amongst all employees, an anti-money laundering training was developed and launched in 2010 (French and Arabic versions) using an e-learning platform.

Regulatory monitoring

The main efforts taken in the field of regulatory monitoring dealt with reviewing regulatory provisions, in synergy with the Organisation & Reengineering unit but also the advice and support of the various bank entities affected with respect to the contractual aspects. The entity helped develop circulars and procedures relating to new banking products and services as well as the monitoring of regulatory developments having regard to circulars from the CDVM (Moroccan financial supervisory authority), the Office des Changes (Moroccan Foreign Exchange Office) and Bank Al-Maghrib (Central Bank of the Kingdom of Morocco).

QUALITY AND COMPLIANCE

Professional conduct

With the goal of its professional conduct commitment being compliance with domestic and international regulatory developments in the field of finance, since January 2004 Attijariwafa Bank Group has had a best practices policy in this area.

Against a background that is still being marked by successive financial crises, the Group was quick off the mark as regards the considerable impact of ethics on the professional and personal conduct of its employees and decided to be best in class in the field of professional conduct.

That is why the proactive policy put in place by the Group was built on respecting a series of values, set out in a general code of professional conduct addressed to all employees.

This code represents a reference base as regards professional conduct and attitude that the Group applies both within and outside the company.

Other codes of conduct, specific to certain business activities, have been addressed to employees working in more exposed roles.

Each code of conduct is accompanied by a training module enabling its presentation to the relevant employees at awareness sessions.

In 2010, Attijariwafa Bank Group strengthened its professional conduct policy with a series of actions following on from the strategy laid down in this field.

2010 provided an opportunity to infuse life into the various codes of conduct within the Group, by means of raising awareness amongst the relevant employees via relevant training sessions.

The Bank also continued to implement its policy covering personal trading by employees in financial instruments, and the roll-out of a professional conduct programme at its African subsidiaries.

2010 : year of professional conduct at CBAO Attijariwafa Bank Group in Senegal.

Since April 2009, major synergistic efforts, under the auspices of the Group Professional Conduct unit in coordination with the social partners, enabled dedicated working groups to implement the professional conduct policy within the Senegalese subsidiary.

That is how, in 2010, CBAO Attijariwafa Bank Group issued all its employees with the professional conduct code put together by local teams, thereby respecting Senegalese culture and domestic regulations.

Following approval of each stage of the process by its Board of Directors, an official ceremony on 28 May 2010 in Dakar marked the launch of the policy.

The introduction of the professional conduct code was accompanied by a major training effort by means of awareness sessions involving all bank employees in Dakar and across the regions, representing a group of some 1,100 employees.

The project involved a number of CBAO Attijariwafa Bank Group employees and was a major success. The whole workforce viewed this as a major moment in the bank's history.

CORPORATE SOCIAL RESPONSIBILITY

Teaching – Attijariwafa Bank Foundation

Aware of the importance of training and qualifications for young people, a veritable source of wealth and development, Attijariwafa Bank Foundation has undertaken a major programme to promote and expand learning in Morocco. A number of projects have been put together and a cooperation agreement signed with various Moroccan universities.

Attijariwafa Universities : A benchmark partnership for ambitious and innovative projects

The Jamiati card, the Jamiati portal and the "Banking and Financial Markets" Masters are three innovative projects developed in partnership with Grupo Santander and which involved a cooperation agreement with Moroccan universities.

- **The Jamiati card : user-friendliness and simplicity in university management**

The first electronic university card in Morocco, it was launched in September 2008 thanks to the innovation capabilities of Attijariwafa Bank's teams.

A verifiable management support tool, the Jamiati card is designed for university students, teaching staff and administrative personnel.

Via interactive kiosks, it provides access to a certain number of university services (access to buildings, checking results and exam dates, managing library loans, applying for certificates....). It offers non-banking services and may also be used as a bank card for those so wishing.

- **Jamiati.ma : the first portal bringing together all Moroccan universities**

A veritable window into the university world, Jamiati.ma provides a space for swapping information, experiences and know-how by bringing together Moroccan and foreign university communities and their professional partners.

Following practical information, other functionality was added to the portal in 2010. The ongoing work to update and develop it has borne fruit with the number of daily visitors rising from 5,000 to 60,000 in 2010.

• **The "Banking and Financial Markets" Masters : training future experts.**

The result of a partnership between the Hassan II University in Casablanca, the University of Cantabria, plus Attijariwafa Bank and Santander via their respective foundations, this course, enhanced by the involvement of university professors and senior executives at the Attijariwafa Bank and Santander Groups, aims to provide students with cutting edge knowledge in the financial sector. In September 2010, this Masters successfully began its fourth year. Following an 18-month academic course and a 6-month work placement the graduates of the second year were awarded a twin Moroccan and European degree.

Preparatory classes : helping, supporting and developing talent

The Foundation took a number of actions to help with Moroccan public preparatory classes, in particular support with the preparation and sitting of the oral component of entrance exams for Major French Colleges and a financial support programme to upgrade libraries in this field.

In 2010, two new scientific centres were fully equipped (management software, provision of books and annual reviews) and the programme was extended to libraries of commercial preparatory classes.

In June 2010, the Foundation organised an intensive one-week course at the Al Akhawayne d'Ifrane University, structured in the form of personalised coaching given by qualified professionals. 78 students qualifying for entrance exams at Major French Engineering Colleges benefited from this oral exam preparation.

At the end of the year, in order to reward successful candidates, Attijariwafa Bank Foundation organised two award ceremonies. 31 students were honoured in Paris following their admission to major French engineering colleges and 25 in Casablanca for their performance in the common national exam and their acceptance at Moroccan Engineering Colleges.

Over the past three years there has been a marked improvement in the number of students accepted into major French engineering colleges : 14 in 2008, 25 in 2009 and 31 in 2010. The Foundation thereby helps improve the performance of young people in this field and in doing so to improve their success rate at entrance exams, promoting equality of opportunity and advancement on the basis of merit and hard work, values close to the heart at Attijariwafa Bank.

Active support with the education of young children

The Foundation's efforts are realised by means of donations to the Al Jisr Association, the sponsoring of a number of rural schools and the involvement of Group management who provide support and advice. Along the same lines, the Foundation helps bring school and work closer together by means of its support for the "Maroc Entreprendre" network, which helps and encourages young people to make their dreams come through.

CORPORATE SOCIAL RESPONSIBILITY

Art – Actua Foundation

Art, a development tool

The Actua Foundation has three core missions : raise interest in art, act as a driver for emerging artists and make art an avenue for exemplary citizenship.

It also helps protect heritage by promoting collections, restoration and indeed the purchase of works of art.

Looking back : the "Hassan El Glaoui, sixty years of painting" retrospective exhibition, a first in Morocco

Organisation of the Hassan El Glaoui exhibition involving some one hundred canvases covering 60 years of the artist's work. A rigorous scientific effort with respect to researching and displaying the works enables the Foundation to give the public a better understanding of the historical importance of this artist who was born in 1924 and his contribution to art in Morocco.

The exhibition was split into three stages : a preview with the support of the Private Bank (June 2010) followed by the fringes of the Festival de Fès des musiques sacrées (June 2010) and finally the Actua art gallery in Casablanca (October – December 2010).

There were a total of 2,300 visitors in two months, including 600 at the private viewing and 200 guided visits.

Académie des Arts : a programme of art and education as part of a long-term conservation phase

The Académie des Arts is a teaching programme of artistic workshops instituted to support public teaching institutions with student development.

Its goal is to raise awareness regarding art amongst students across Casablanca's schools and colleges, while encouraging them to continually practice their artistic skills.

Surrounded by professionals from the world of art and education, the workshops take their tone from the Attijariwafa Bank art collection thanks to its reflection of the history of art in Morocco, and give rise to the traditional art exhibition at the start of the each year.

The long-term goal is to tie in emerging talents by inviting them back to further sessions each year and to look to the widespread application of this initiative across all public schools in Casablanca with the support and expertise of the Actua Foundation.

In 2010, the number of students aged 10 to 14 years rose from 30 to 70. Monitoring of the most talented students is in place, resulting in their involvement since 2008.

Cultural exchange : encouraging pan-African artistic dialogue and adding to the Group's picture collection.

Actua Foundation is looking to develop synergies with Attijariwafa Bank Foundation in order to bring together artists from across the continent and raise the profile and renown of painters from countries in which the Group operates.

A prospecting and purchase plan was put together at end-2010, the first stage of which involved Senegal.

The Foundation thus added some twenty works from 11 Senegalese artists to the Group's picture collection.

Management report 10

CONTENTS

Economic environment

Worldwide: Moderate recovery in the global economy in 2010[1]

Following the dramatic slowdown in global economic growth observed since 2008, the recovery that had started in late 2009 clearly gained momentum in 2010.

Driven mainly by strong economic performance in the emerging markets, world GDP growth reached 5.0% in 2010, according to the IMF's latest forecast for the year, whereas this same rate was negative 0.6% in 2009. This economic rebound was fuelled by higher levels of domestic demand, especially in Germany and the United States, and by an upturn in exports.

Nevertheless, the recovery remains tentative, its strength varying by region and country, and may yet be derailed by a number of threats to growth. According to the IMF, both internal and external re-balancing are required to ensure a solid and lasting recovery. The first involves the strengthening of private demand in advanced economies, thus contributing to budget consolidation. The second is needed around the globe to reduce trade deficits, such as that of the United States, and trade surpluses, particularly those in emerging East Asia.

Quarterly GDP growth in the main OECD countries (percentage change on the same quarter of the previous year)

	Q1-2009	Q2-2009	Q3-2009	Q4-2009	Q1-2010	Q2-2010	Q3-2010	2009*	2010*	2011*
OECD Total	-	-	-	-	-	-		-0.6%	5.0	4.4
Euro area	-5.2	-4.9	-4.0	-2.0	0.8	2.0	1.9	-4.1%	1.8	1.5
France	-3.9	-3.1	-2.7	-0.5	1.2	1.6	1.7	-2.5%	1.6	1.6
Germany	-6.6	-5.5	-4.4	-2.0	2.1	3.9	3.9	-4.7%	3.6	2.2
Spain	-3.5	-4.4	-3.9	-3.0	-1.4	0.0	0.2	-3.7%	-0.2	0.6
United Kingdom	-5.4	-5.9	-5.3	-2.8	-0.3	1.6	2.7	-4.9%	1.7	2.0
United States	-3.8	-4.1	-2.7	0.2	2.4	3.0	3.2	-2.6%	2.8	3.0
Japan	-10.1	-7.0	-6.2	-1.8	5.5	3.5	5.0	-6.3%	4.3	1.6

(*): IMF, January 2011 OECD, January 2011

By geographic region, GDP growth has remained positive overall. Growth rates for emerging and developing economies have improved and are nearing the levels recorded before the crisis. Taken together, their GDP growth is estimated at 7.1% in 2010, with a growth forecast of 6.5% for 2011. Conversely, the advanced economies saw relatively moderate growth of about 3.0% in 2010, with growth expected to reach 2.5% for 2011F.

Growth accelerated slightly in the United States, driven in particular by the manufacturing and services sectors. ISM indicators for these two sectors both rose between November 2009 and December 2010, from 56.6 to 57 points for manufacturing and from 55 points to 57.1 points for services. Domestic demand made only modest gains, due to the slow pace of the recovery in the housing sector and the labour market. In January 2011, the IMF announced US economic growth of 2.8% in 2010E and 3.0% in 2011F.

In the euro area, economic activity has shown gradual improvement, with contrasting results across the different countries of the region. However, strong activity in countries like Germany and France has offset the negative contribution of struggling economies, such as those of Spain, Portugal and Greece. The euro area's full-year GDP growth rate is expected to be 1.8% in 2010E and 1.5% in 2011F. Among other OECD countries, the IMF predicts that Japan's GDP growth will slow from 4.3% in 2010E to 1.6% in 2011F. For the United Kingdom, the IMF anticipates 1.7% GDP growth in 2010E and 2.0% in 2011F.

In it most recent press release, the World Bank revised its 2011 forecasts downwards and now expects global GDP growth to increase by 3.3%. This new estimate reflects a projected slower pace of growth in the advanced economies and a raised forecast for the Middle East and North Africa (MENA) region, which is expected to see a GDP growth rate of 4.3% in 2011F. The downward revision in the growth outlook for emerging-market economies is the result of specific actions taken in certain countries: higher interest rates and wages in China, budget deficit reduction efforts by some European governments, compounded by rising commodity and energy prices.

[1] Source: IMF (International Monetary Fund), WB (World Bank), DPEG (Direction de Politique Économique Générale, the Moroccan Finance Ministry's economic policy department) / BAM (Bank Al-Maghrib, the Moroccan central bank)

Upturn in world trade (goods and services) in 2010:

Following the sharp decline in global trade volumes caused by weak worldwide demand due to the ever-widening circle of bankruptcies as the major international financial markets came to a standstill, world trade recovered momentum in 2010. Volumes traded in 2010E grew 12.0%, after plummeting 10.7% in 2009. Strengthened demand in advanced economies and the emerging markets spurred higher investment and helped boost trade, which bodes well for the prospect of lasting economic growth.

Inflation and oil prices:

- Inflation is expected to remain at low levels worldwide, given the persistence of excess capacity and high unemployment. According to the latest market forecasts, commodity prices are expected to remain stable and downward pressures on wages should gradually decrease. For these reasons, inflation is projected to reach 1.5% in 2010E and 1.6% in 2011F in the advanced economies and 6.3% in 2010E and 6.0% in 2011F in the emerging markets.
- Against the backdrop of uncertainty concerning the resilience of the worldwide economic recovery, oil prices continued their decline in the international market. Based on the most recent estimates by the IMF, crude oil should reach an average of $78.93 per barrel in 2010E, up 28% over 2009. Oil prices are expected to close in on $90 per barrel in 2011.

Euro/US dollar parity:

- After falling below $1.20 in the first half of 2010, thus losing about 15% of its real value since the start of the year, the euro then began to recover strength and was expected to close the year at $1.30. This improvement was due in particular to the easing of concerns over the sovereign debt crisis in the euro area as well as the downward revision of growth forecasts for the US economy.

African economies: context and outlook

The global economic crisis has affected all regions and countries in Africa, but to varying extents. Southern Africa was hit particularly hard. Economic growth in this region had been close to 8% for three years running, but fell to about negative 1% as a result of the crisis. Countries in East and North Africa fared better, although growth slowed somewhat in 2009 to 5.75% and 3.75%, respectively, according to the African Development Bank (AfDB). In West Africa, growth fell to 3%, while Central Africa saw a decline in growth to 2%. Nevertheless, it is worth noting that countries like Ethiopia, the Democratic Republic of Congo (DRC) and Malawi recorded relatively robust growth in 2009, despite the worldwide recession.

AfDB forecasts anticipate a gradual economic upturn across all African regions. However, Southern Africa is expected to rebound at a slower pace than the rest of the continent. Its average growth is projected to reach 4% in 2010/11. In Central Africa, growth should just pass the 4% mark. On the other hand, both North Africa and West Africa will see growth rates of 5%. East Africa has shown the greatest resilience in the face of the worldwide economic crisis and is expected once again to see average growth of more than 6% in 2010/11. Ethiopia will most likely continue to record the continent's most robust growth, ahead of Angola, Uganda, the DRC and Ghana.

Economic indicators:

GDP growth increases from 2.5% in 2009 to 4.5% in 2010

After experiencing weak growth in 2009, the African continent as a whole improved its economic performance in 2010 and ended the year with estimated GDP growth of 4.5%. The recovery in worldwide demand helped to increase prices and revenue from export goods. According to the IMF, favourable conditions in the energy market should boost the economic performance of oil exporting countries.

GDP growth by African region

	2009	2010
Africa	2.5%	4.5%
North Africa	3.8%	4.8%
West Africa	3%	4.4%
East Africa	5.8%	6.2%
Southern Africa	-1.1%	3.4%
Central Africa	1.7%	4.4%

Source: AfDB

Inflation rate disparities across Africa in 2010 following the economic downturn in 2009

In 2010, there were regional variations in inflation rates across the continent. Sub-Saharan Africa saw a downward trend, with a decline of 2.9 points to 7.5%, whereas in the countries of North Africa, inflation has been on a rising trend and is expected to reach 4.2% by year-end 2010, then dropping to 4% in 2011, according to the IMF.

North Africa (except Egypt)

Surface area: 6 million sq.km
Population growth rate: 1.9%

Population : 87,1 Millions
- Morocco: 31.6 million
- Tunisia: 10.4 million
- Libya: 6.3 million
- Mauritania: 3.20 million
- Algeria: 35.6 million

Currencies: dirhams / dinars

Tunisia

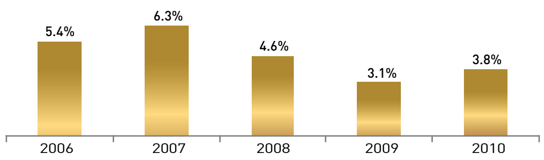
Economic indicators

The Tunisian economy is dominated by the services sector (40% of GDP), followed by industry (30% of GDP) and agriculture (11% of GDP). The main export products are clothing, semi-finished goods and textiles, agricultural products, phosphates, hydrocarbons, mechanical goods and electrical equipment. Imports mainly comprise textiles, foodstuffs, machinery and equipment, and hydrocarbons.

GDP growth is expected to reach 3.8% in 2010, up 0.8% over 2009

According to IMF estimates, Tunisia's GDP is projected to reach 3.8% in 2010. This performance forecast is attributable to: (i) an upturn in industrial output (+7.4% year-on-year in the first half of 2010); (ii) the strengthening of external demand, originating particularly in the EU countries; and (iii) favourable trends in the tourism sector.

Annual GDP growth (%)



Source : IMF

Inflation reaches 5.2% in 2010, up from 3.2% in 2009

After having dropped to 3.2% in 2009, the consumer price index is expected to rise to 5.2% in 2010. In November 2010, Tunisia's central bank predicted an inflation rate of 4.5% in 2010E and 3.5% in 2011F [F].

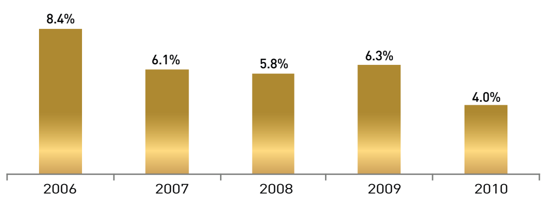
Libya

Economic indicators

GDP growth decreases from 6.3% in 2009 to 4% in 2010

The Libyan economy depends to a major extent upon revenues from the oil sector, which contribute about 95% of export earnings and 75% of government revenue. Despite the drop in world hydrocarbon prices in 2009, the Libyan economy turned in satisfactory results (6.3% GDP growth).

Annual GDP growth (%)



Source : CIA Factbook

In 2010, economic performance declined, reflected in estimated GDP growth of 4%, due to a lower level of investment in the oil sector. In recent years, Libya has pursued reforms designed to reduce its dependence on oil revenue in favour of other sectors, such as manufacturing and construction.

Annual inflation rate rises to 2.4% in June 2010

Following a series of fluctuations in the first half of the year, the inflation rate rose to 2.4% year-on-year in June 2010, against the backdrop of soaring prices, especially for petroleum products.

Mauritania

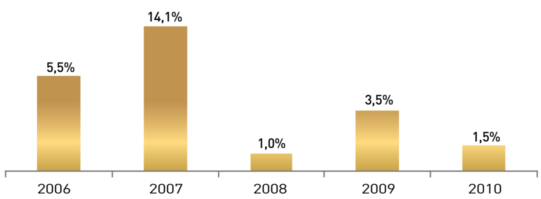
Economic indicators

Mauritania's economy is dominated by industry and services, which account for about 46% and 40% of GDP, respectively, followed by agriculture, at 12% of GDP. Exports largely consist of iron and iron ore and fish and fish products, whereas the country mainly imports machinery and equipment, petroleum products, foodstuffs and consumer goods.

GDP growth is expected to reach 1.5% in 2010, down from 3.5% in 2009

In Mauritania, GDP grew at a rate of 3.5% in 2009, up from 1% in 2008. In 2010, GDP growth is expected to decline by 2 points to 1.5%, approximately.

Annual GDP growth (%)



Source : CIA Factbook

Inflation climbs to 5.9% in 2010, from 3.9% in 2009

In May 2010, inflation reached 7.2%, marking a significant increase from its average January rate of 5%. This change is attributable to higher average prices for foodstuffs and beverages (+0.9%), housing, water, electricity, gas and other fuels (+0.3%), transportation (+0.5%), furniture, non-durable household goods, cleaning products and other household supplies (+0.2%) and sundry goods and services (+0.3%).

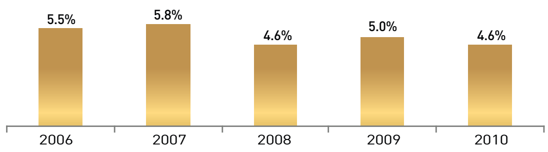
Algeria

Economic indicators

GDP growth rate declines to 4.6% in 2010

At 31 December 2009, economic growth came to 5%, up from 4.6% in 2008. Excluding hydrocarbons, GDP growth reached 9.3% in 2009 compared to 6.1% in 2008, according to the Algerian Ministry of Finance. This growth was driven in particular by good results for the agricultural sector and by strong performance in the construction and services sectors.

Annual GDP growth (%)



(*) IMF forecasts

Source: Algerian Ministry of Finance/IMF

In its World Economic Outlook published in April 2010, the IMF raised its GDP growth forecasts for Algeria to 4.6% in 2010 and 4.1% in 2011. It is worth noting that Algeria's 2010 Finance Bill budgeted a GDP growth rate of 4% (5.5% excluding hydrocarbons).

Inflation rate decreases slightly, from 5.7% in 2009 to 5.4% in 2010

According to Algeria's National Statistics Office, the inflation rate reached 5.7% in 2009, up from 4.4% a year earlier, a change reflected in the 8.2% rise in food prices. Transportation and communication costs rose by 3.6%, compared to 2.7% for housing. Prices for manufactured goods climbed 3.5%, as against 4.1% for services.

At 30 June 2010, inflation reached 5.4%, slightly higher than its level of 5.3% a year earlier. This increase is due in particular to rising food prices, which rose 6.46% year-on-year.

WAEMU: countries of the West African Economic and Monetary Union

Surface area: 3,509,600 sq.km
Population growth rate: 3%
Population: 86,040,000
- Senegal: 12.5 million
- Ivory Coast: 21.4 million
- Mali: 13 million
- Burkina Faso: 15.74 million
- Benin: 9.1 million
- Niger: 14.3 million

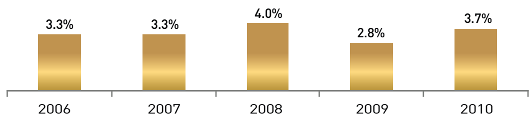
Currencies: CFA franc

Economic indicators for the WAEMU

GDP growth rate increases from 2.8% in 2009 to 3.7% in 2010

Backed by good harvests in 2009/2010, the countries of the WAEMU are expected to attain a GDP growth rate of 3.7% by year-end 2010, up from 2.8% in 2009.

Annual GDP growth (%)



Source : IMF

Annual inflation rate rises to 1.7% in June 2010

In 2010, the rise in general consumer prices drove inflation to 1.7% in June 2010, compared to 0.6% in May and 0.5% in March. This trend is due to a 2.3% increase in prices for local products, whereas prices of imported goods remained stable.

Senegal

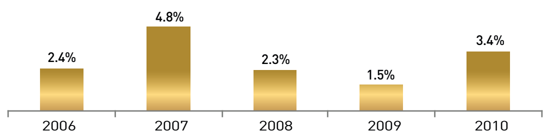
Economic indicators

Compared to other countries in Sub-Saharan Africa, Senegal has few natural resources and its economy is mainly based on fishing and tourism. Services account for 60% of GDP, compared to 23% for industry and 13% for agriculture.

GDP growth is expected to reach 3.4% in 2010, up from 1.5% in 2009

Selon les estimations 2010 du FMI sur l'Afrique Subsaharienne, le Sénégal devrait bénéficier de la reprise de l'économie au niveau mondial pour améliorer les performances de sa croissance qui s'établira à 3,4% en 2010 contre 1,5% en 2009.

Annual GDP growth (%)



Source : IMF

Annual inflation rate rises to 1.3% in June 2010

Consumer prices increased by 1.1% month-on-month in June 2010, after four consecutive months of decreases, due to higher food and beverage prices. Year-on-year, consumer prices rose 1.3% in June, compared to a slight 0.4% decline on average over the first half of 2010. As for imported goods, their prices rose 0.2% month-on-month and 0.6% year-on-year.

Ivory Coast

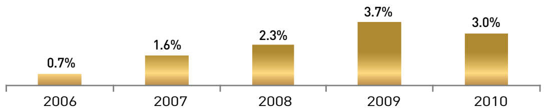
Economic indicators

Ivory Coast's economy is heavily dependent on agriculture and related activities. The main cash crops are cocoa (the world's largest producer) and coffee (Africa's largest producer and among the top five worldwide). However, the services sector has grown considerably in recent years and now accounts for about 50% of GDP, compared to 28% for agriculture and 21% for industry. The country's main imports are consumer goods, foodstuffs and capital goods.

GDP growth rate declines to 3% in 2010

Despite a difficult global economic environment in 2009, Ivory Coast's economy grew by 3.7%, compared to 2.3% in 2008. This positive change is explained on the one hand by a return to political stability thanks to the reunification of the country, ending the divide between the rebel-held North and the army-controlled South, and on the other hand by strong performance across all sectors of the economy (good harvests, increase in industrial output, booming services and hydrocarbon extraction sectors).

Croissance annuelle du PIB (%)



Source : IMF

For 2010, IMF has projected a 0.7 point decline in economic growth to 3%, since the prolonged political deadlock in the aftermath of presidential elections has put a damper on foreign investment.

Slight rise in inflation rate forecast, from 1% in 2009 to 1.4% in 2010

The inflation rate fell from 6.3% in 2008 to 1% in 2009, owing to lower oil and food prices.

According to the country's National Statistics Institute, the first quarter of 2010 saw a positive inflation rate of 0.3% in March, compared to a negative 0.3% in January.

In the second quarter, inflation continued its rising trend, reaching 1.8% in June year-on-year, owing to higher prices for fuel and for food in both markets and restaurants across all WAEMU member countries.

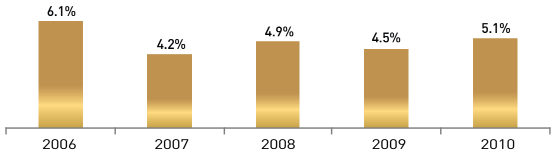
Mali

Economic indicators

GDP growth rate rises to 5.1% in 2010

Mali's estimated GDP growth rate declined to 4.5% in 2009, from 4.9% in 2008.

Annual GDP growth (%)



Source : IMF

Economic activity weakened in the second half of 2010, according to the WAEMU's half-yearly report, as a result of an 11.5% decline in industrial activity year-on-year, representing a 4.3% decline compared to the previous quarter. Extractive industrial activities were down 3.0%, food and tobacco industries slumped 10.3%, timber and furniture industries plummeted 66.6%, paper, paperboard, publishing and printing industries were down 6.9%, and machinery and equipment manufacturing declined by 2.1%.

The IMF forecasts GDP growth of 5.1% in 2010, owing to good harvests and an upturn in both the transportation/communication and construction sectors.

Annual inflation rate rises by 1.1% in July 2010 after being brought down to 2.2% in 2009

Mali's inflation rate dropped considerably from 9.2% in 2008 to 2.2% in 2009, with a clear improvement in the population's purchasing power.

In July 2010, according to the WAEMU's half-yearly report, the inflation rate rose 1.1% year-on-year, due to a 5.8% increase in prices for raw materials and a 0.2% rise in prices for services.

Burkina Faso

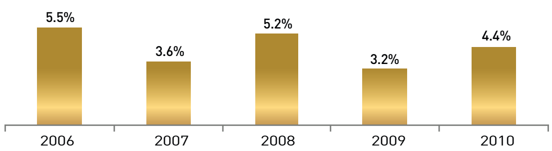
Economic indicators

Burkina Faso has few natural resources and a weak industrial base. Its economy is dominated by services, which account for 49% of GDP. Agriculture represents nearly one-third of GDP and employs 80% of the active population. Industry accounts for 20% of GDP. Burkina Faso's main exports are cotton, livestock and shea butter.

GDP growth rate of 4.4% in 2010

GDP growth was 3.2% in 2009, a moderate slowdown compared to 2008 (5.2%) due in part to the global economic crisis, but also to flooding caused by exceptionally heavy rainfall. Crop production dropped 9.8% compared to 2008. In the area of subsistence farming, cereal yields were 10.5% lower, compared to a 41.1% increase recorded in 2008. Cotton production was down 7.8% over the 2009/2010 harvest, compared to an increase of 14.0% for the previous harvest.

Croissance annuelle du PIB (%)



Source : IMF

According to the IMF, GDP grew 4.4% in 2010, mainly driven by the performance of the primary sector (+3.8%), the secondary sector (+11.7%), especially construction and extractive industries, and the tertiary sector (+4.6%): trade, transportation and telecoms.

Inflation

Overall, price levels decreased considerably in 2009 (2.6%) compared to 2008 (10.7%), as a result of limited price increases for foodstuffs and lower transportation costs.

In July 2010, price levels rose 0.3%, compared to 0.6% the previous month due to higher prices for food and services related to housing and restaurants.

The IMF anticipates a 2.3% decline at year-end 2010, due to the prospect for good harvests in 2010/11.

CAEMC

Surface area: 3 million sq.km

Population growth rate: 2.6%

Population: 39.6 million

- Cameroon: 18.9 million
- Gabon: 1.5 million
- Republic of Congo: 3.7 million
- Central African Republic: 4.5 million
- Chad: 10.3 million
- Equatorial Guinea: 0.7 million

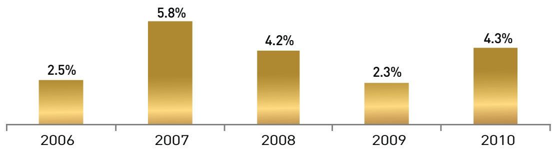
Currencies: CFA franc

Economic indicators

GDP growth rate of 4.3% for the region in 2010, compared to 2.3% in 2009

In 2010, growth picked up in the countries of the Central African Economic and Monetary Community (CAEMC), with a regional GDP growth rate of 4.3%, on the back of stronger exports, higher domestic demand and a rise in foreign investments, especially in Equatorial Guinea, the Republic of Congo and Cameroon.

Annual GDP growth (%)



Source : IMF

Inflation rate reaches 5.1% in 2010, up from 4.7% in 2009

In 2009, the inflation rate for the region reached 4.7%, up 1 point compared to 2008. The IMF projects a rise in the inflation rate for 2010, to 5.1%.

Cameroon

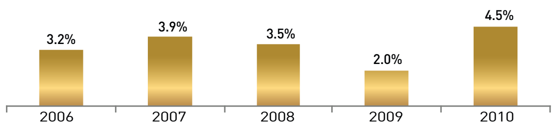
Economic indicators

Cameroon is one of Africa's oil exporting countries. Its economy is dominated by the services sector, which accounts for 40% of GDP, ahead of industry at 30% and agriculture at 20%. The country is well endowed with natural resources, as much in the area of agriculture (bananas, cocoa, coffee, cotton etc.) as in timber, minerals (bauxite, iron, cobalt, nickel, manganese, diamonds), petroleum (oil and natural gas) and hydroelectric power, all of which constitute its main exports.

GDP growth rate increases to 4.5% in 2010

As is the case for other African countries, the global financial crisis resulted in a drop in exports for Cameroon. Domestic demand is still the main driver of economic development, thanks in particular to increases in consumer spending and investments. GDP growth fell to 2% in 2009, down from 3.5% in 2008 (a drop of 1.5 points).

Annual GDP growth (%)



Source : IMF

An economic upturn was seen in the first quarter of 2010, with a mixed improvement in subsistence and market-garden crops and a decline in cash crops within the primary sector, while manufacturing and construction benefited from favourable conditions despite power shortages and the performance of the tertiary sector was buoyed by trade, telecoms and transportation.

According to IMF and CAEMC estimates, Cameroon's GDP growth rate was 4.5% in 2010, owing to the strength of domestic demand.

Inflation rate decreases slightly, to 1% in 2010

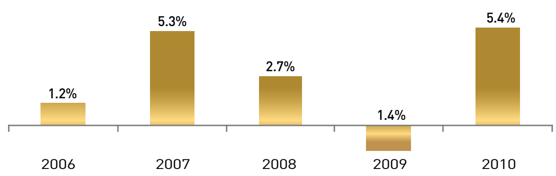
In the first quarter of 2010, prices for household final consumption expenditure rose slightly by 2.2% year-on-year (this increase was 3.9% in the same quarter the previous year), due to measures introduced by the government to fight speculation and ensure regular supplies of essential consumer goods. The Banque des États de l'Afrique Centrale (BEAC) predicts that the annual inflation rate will drop to 2% in 2010.

Gabon

Economic indicators

Gabon's economy is entirely dominated by primary sector activities, which account for 90% of GDP, compared to 1.7% for industry and about 0.7% for services. The country's main exports are oil, manganese, iron and timber.

Annual GDP growth (%)



Source : IMF

Improvement in GDP growth rate, expected to reach 5.4% in 2010

The GDP growth rate declined from 2.7% in 2008 to a negative 1.4% in 2009. As the Gabonese economy is highly dependent on oil exports, the country was hit hard by the drop in prices for petroleum products.

The IMF projects an increase in Gabon's GDP growth rate to 5.4%. This improvement is explained in part by the upturn in commodity prices in the first quarter of 2010, and also by higher demand in the steel and hydrocarbon sectors, together with non-oil sector growth.

Inflation rate decreases in the first half of 2010

The crisis in 2009 led to a sharp fall in commodity prices, bringing the inflation rate to 2.1% in 2009, according to IMF estimates, compared to 5.3% in 2008.

In the first two quarters of 2010, this rate continued to fall, from 1.7% in January 2009 to 0.5% in June 2010, according to the Gabon's National Statistics Office.

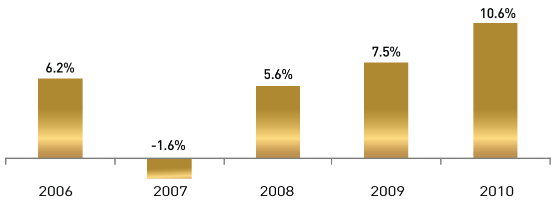
Republic of Congo

Economic indicators

Improvement in GDP growth rate, expected to reach 10.6% in 2010

The IMF's most recently revised forecasts call for a rebound in GDP growth for the Republic of Congo, rising from 7.5% in 2009 to 10.6% in 2010, boosted by increased oil production.

Annual GDP growth (%)



Source : IMF

According to the Republic of Congo's oil minister, in 2010 the country increased its hydrocarbon output to 114,523,33 barrels, 14% higher than in 2009.

Annual inflation rate of 4.4% in 2010

The annual inflation rate fell to 4.4% in 2010, from 6.9% in 2009.

MOROCCO: Economy continues to grow at a healthy rate in 2010

The latest data relating to economic performance nationwide suggest that, on the whole, business activities are well oriented, despite the slow pace of growth experienced by Morocco's main European partners.

According to forecasts issued by the High Commission for Planning (HCP), the national economy is expected to record a growth rate of 4.0% in 2010, down from 4.9% a year earlier. This change is due primarily to the recovery in non-agricultural sectors, which recorded a provisional growth rate of 5.9% in 2010 (up from 1.4% in 2009), reflecting the good performance of the mining, energy and tertiary sectors. However, both the manufacturing and construction sectors are growing at lower rates than before the crisis.

Moreover, the primary sector is expected to close the year with a 7.4% decrease in agricultural value added, compared to an increase of 29.0% in 2009 (although this was an exceptional year), with cereal production nearing 75 million quintals.

Projections for the tertiary sector indicate a growth rate of 6.0%, up from 4.0% in 2009, thanks to the strong performance of the tourism industry and telecoms.

Positive trends in the Moroccan economy are supported by: (i) robust domestic consumption buoyed by government stimulus measures strengthening household purchasing power; (ii) continued increases in public spending (estimated investment rate of 34.8% in 2010); and (iii) assistance provided to those sectors most affected by the crisis through the establishment of a Strategic Monitoring Committee.

Quarterly data relating to GDP growth in Morocco indicate a slower pace of growth for non-agricultural sectors in the third and fourth quarters of 2010, estimated at 4.7% and 4.6%, respectively. This downturn is attributable to the gradual reversal of the effects tied to the weak results recorded in the first two quarters of 2009.

Morocco's quarterly year-on-year GDP growth

Monde	Q1-09	Q2-09	Q3-09	Q4-09	2009	Q1-10	Q2-10	Q3-10	Q4-10*	2010*	2011*
GDP (volume) GDP growth rate	147 641 **2.2%**	154 521 **4.2%**	153 412 **4.8%**	158 280 **8.7%**	**4.9%**	153 482 **4.0%**	159 205 **3.0%**	157 845 **2.9%**	162 678 **2.8%**	**4.0%**	**4.3%**
Agricultural value added (excl. fisheries)	24 576 **30.7%**	26 861 **31.2%**	25 447 **29.4%**	26 689 **31.1%**	**30.6%**	22 592 **-8.1%**	24 807 **-7.6%**	23 473 **-7.8%**	24 700 **-7.5%**	**-7.5%**	**-2.7%**
Non-agricultural value added	105 336 **-2.2%**	109 385 **0.1%**	109 891 **0.9%**	113 586 **5.4%**	**1.4%**	111 681 **6.1%**	114 610 **4.9%**	114 990 **4.6**	118 639 **4.4%**	**5.9%**	**5.4%**

(*) : Forecasts

Source : HCP / BAM

Growth in non-agricultural sectors is estimated at 5.9% in 2010 year-on-year, compared to 1.4% in 2009. This recovery would mainly be due to the upturn in worldwide demand for Morocco's exports and the sector-based development strategies pursued by the government.

Contribution of primary, secondary and tertiary sectors to overall GDP growth

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10
Primary sector	1.7%	3.0%	3.1%	4.6%	-1.7%	-1.8%	-1.4%	-1.3%
Secondary sector	-0.4%	-0.4%	-0.3%	1.2%	2.4%	1.5%	1.2%	0.8%
Tertiary sector	0.7%	1.3%	1.5%	2.4%	2.6%	2.6%	2.6%	2.7%

2011 Finance Bill targets a GDP growth rate of 5% in 2011

The forecasts of the 2011 Finance Bill call for:

- a GDP growth rate of 5%;
- an inflation rate of 2%;
- a budget deficit of 3.5%;
- all based on an average crude oil price assumption of $75 per barrel.

Construction sector: continued moderate growth

The Moroccan construction sector, which first registered the effects of the economic downturn in 2008, regained a more positive footing in 2010. Permeated by the successive phases of acceleration and deceleration, the sector began to show signs of added value improvement from the second quarter of the year, particularly in relation to several quantitative indicators, suggesting a pick-up in domestic demand.

Cement sales, a key indicator for the construction business, recorded a slight decline of 1.76% to 13.4 million tonnes at 30 November 2010, from 13.6 million tonnes for the same period the previous year. This decrease was driven in large part by results in the regions of Tangier-Tétouan and Doukkala-Abda, with a 10.92% drop in sales to 1.58 million tonnes in the former and a 17.22% decline in sales to 0.82 million tonnes in the latter, accounting respectively for 11.8% and 6.2% of cumulative sales volumes from the beginning of the year.

With regard to the financing of this sector, outstanding loans totalled nearly MAD 189.58 billion at 31 December 2010, up 8.9% over year-end 2009. At 30 November 2010, loans granted under the Fogarim scheme came to MAD 9.08 billion, for 62,493 beneficiary households.

S'agissant du financement du secteur, l'encours des crédits immobiliers a totalisé à fin décembre 2010, près de 189,58 milliards de dirhams, en progression de 8,9% par rapport à l'année 2009. Les crédits accordés dans le cadre du Fogarim, au 30 novembre 2010, ont atteint 9,08 milliards de dirhams pour 62 493 de ménages bénéficiaires.

Lending rates applied by banks for real estate loans (excluding taxes) increased by 0.42 points in Q3 2010 (6.13%) compared to Q3 2009 (5.61%) and decreased by 0.12 points compared to Q2 2010.

Between the third quarter of 2009 and the same period in 2010, a total of 52,000 net jobs were created in the construction sector, representing an increase of 5.4%. Of the jobs added, 1,000 were created in urban centres, an increase of 0.3%.

In spite of the many predictions related to the real estate sector and the impact of the worldwide economic crisis, prospects remain buoyant given, on the one hand, the resilience of unmet demand for new homes combined with the government's policy to support domestic demand and, on the other hand, continued investment in structuring projects (infrastructure and public amenities), especially those focusing on tourist destinations, ports, motorways, new cities, etc.

Furthermore, proactive measures have been initiated by the government, exemplified by the inclusion of the real estate sector as a focus in the work of the Strategic Monitoring Committee and the establishment of procedures for reinvigorating social housing programmes within the context of the 2010 Finance Bill through the implementation of:

- a Stimulus Plan for 2010–2020 intended to:
  - provide visibility for investors in social housing over a period of 10 years;
  - avoid the negative lessons of the national programme of 200,000 homes;
  - encourage efforts to build higher quality homes via;
- a new definition of social housing;
- assistance measures targeting buyers and developers.

With respect to its public investment policy, the Moroccan government continues its work under the various programmes in place to boost domestic demand and support economic growth. The initial budget forecast for 2010 amounted to MAD 162.6 billion, an increase of 20.4% compared to 2009. This investment programme covers the following sectors:

Roads and motorways: Extension of the national motorway network to reach approximately 1,500 km by the end of 2011, including segments linking Marrakech with Agadir (233 km) and Fès with Oujda (323 km). Beyond 2011, the national motorway network will be extended an additional 383.5 km.

Railways: Launch of a national high-speed rail network. The master plan for the project includes the construction of 1,500 km of high-speed train tracks throughout the country by 2035, together with the continuation of a refurbishment programme for rail stations.

Ports: Continuation of work on the Tanger Med complex, with the launch of a second port (Tanger Med II) due to be completed in 2012, including two container terminals with a combined capacity of about 5 million twenty-foot equivalent units (TEUs).

Completion of the third terminal for container traffic at Casablanca Port, which will enter into service in 2012.

Transportation: Expansion of national airport capacity to 30 million passengers in 2010. Modernisation of security and navigation systems. Construction of a third runway and a new terminal. Expansion of the Marrakech-Menara airport.

Energy: Diversification of power production sources to ensure adequate energy supplies. Expanding access to energy sources across the entire country. Encouraging the use of renewable energy sources.

Agriculture: Acceleration of high value-added agriculture offering high productivity (launch of more than 700 projects). Developing solidarity in the sector by upgrading and improving incomes (between 600,000 and 800,000 farmers targeted through more than 300 projects). Entry into service of the first "agropole" or food technopole in Meknès (a structured community dedicated to the development of innovation in the food and food production industries), focusing on cereal production, horticulture, as well as dairy and meat production. A second agropole is to completed in Berkane by the end of 2010.

Housing: Investments totalling approximately MAD 52 billion in support of housing, specifically for disadvantaged and middle-income populations. New urban development programmes are to be launched, while work on existing programmes continues in Tamensourt, Tamesna, Tagadirt and Badis.

Energy sector

The oil refining industry continued to demonstrate the strong momentum observed since November 2009, as evidenced by the 17.5% increase in processed petroleum volumes to 5.5 million tonnes at 31 December 2010. Diesel production rose 65%, as a result of the commissioning at full capacity of the new facilities at the Mohammedia refinery and higher demand. Conversely, heavy fuel oil production plummeted 19% (in June 2010), particularly due to lower industrial demand.

At 31 December 2010, energy imports totalled MAD 71.69 billion, compared to MAD 54.14 billion a year earlier. This 32.4% jump is the result of the 33.6% increase in the average price per tonne of imported crude and a 9.4% rise in volumes. Imported volumes came to 5,237 thousand tonnes, for an average price of MAD 4,790 per tonne. By geographic region, Saudi Arabia alone accounted for 55.0% of purchases, followed by Iraq and Russia, representing 23.6% and 14.7% of the total, respectively.

By the end of 2010, power generation had strengthened by 6.1%, compared to an increase of 3.4% a year earlier. This change is attributable to the robust development of thermal and hydro power generation, rising by 23.0% and 32.1%, respectively.

In keeping with the aim of diversifying energy sources on the national level, Morocco is encouraging the use of renewable energies (hydro, wind and solar). The goal is to reduce energy dependence and diversify energy supply nationwide to cover 10% of the country's requirements by 2012.

The following current and near-term power generation projects make use of renewable energies:

- Tangier wind farm, with a production capacity of 140 MW and an expected annual output of 510 GWh. Office National de l'Electricité (ONE), Morocco's power utility, is responsible for both the construction and operation of this facility. The total cost for the project is estimated at MAD 1,800 million;
- Tarfaya wind farm, with a production capacity of 300 MW, due for completion in 2011;
- EnergiPro programme, an initiative launched by ONE encouraging its large customers to develop their own wind farms, with a total installed production capacity of 1000 MW by 2012;
- Ain Beni Mathar combined-cycle thermal solar power plant, located in the eastern region of the country, which came on line at the end of 2009 and has a maximum total production capacity of 472 MW, 20 MW of which is produced from solar energy;
- Tanafnit - El Borj hydroelectric power plant, located near the head of the Oum Er Rbia river, in Khénifra province, with a maximum total installed capacity of 40 MW and an average annual output of 210 GWh (on stream since late 2008);
- Tillouguit hydroelectric power plant, with a production capacity of 34 MW (on stream in 2011);
- Development of two small-scale micro-hydroelectric power plants on the Oued Oum Er Rbia stream.

Mining sector: phosphate industry firmly in positive territory

After having suffered a downturn over the last two years, mining has now returned to growth. This upturn is due to an increase in export demand, especially for crude mining products.

At 30 November 2010, commercial phosphate production increased by 50.4% to 24.4 million tonnes. Exports of phosphates and derivatives grew 96.6% at 31 December 2010, amounting to MAD 35.63 million. This performance is primarily attributable to higher imports by the United States and Brazil making a strong contribution to exported volumes, taking the place of European partners, now accounting for a smaller portion of total exports.

Primary sector

Following an exceptional year in 2009, agricultural revenue shrank somewhat in 2010, reflecting lower yields for nearly all crops.

According to the latest figures published by the Moroccan Agriculture and Fisheries Ministry, cereal production in 2010 amounted to 74.6 quintals, down from 102 million quintals in 2009. Nevertheless, due to the cyclical nature of primary sector activities, this harvest is still 21.8% higher than the average for the past five years. Yields breaks down as follows for the three main cereal crops: soft wheat came to 32.5 million quintals, hard wheat to 16.4 million quintals and barley to 25.7 million quintals.

Due to lower cereal yields and higher local demand, imports of foodstuffs rose sharply to MAD 28.6 billion (+18.2%) at 31 December 2010. This increase is mainly the result of the 26.8% rise in wheat purchases in external markets, totalling MAD 6.95 billion and alone accounting for 24.3% of all imports of foodstuffs.

Against the backdrop of a less than favourable international environment, exports of foodstuffs retreated 2.0% to MAD 24.7 billion. The steep drop in sales of fresh tomatoes in external markets, plummeting 29.5% to MAD 1.72 billion, is the main factor responsible for this decline, given the implementation of a new production calendar for this crop so as to avoid a glut in the markets during the last quarter of the year.

As for the other export crops, those cultivated for the extraction of sugar fell 11%, due to lower yields for both sugar cane and sugar beets as a result of losses caused by flooding in the Akka and Loukous regions early in the year. Overall, fruit and vegetable harvests were down 5%, largely reflecting the impact of lower tomato production (-11% at 30 June 2010).

However, citrus production amounted to more than 1.4 million tonnes in 2009-2010, up from 1.2 million tonnes for the previous harvest.

Fisheries

According to the National Fisheries Office, landed catches for in-shore and artisanal fisheries totalled 1,086,249 tonnes at 31 December 2010, up from 1,067,277 tonnes a year earlier. This 2% increase was largely attributable to the 3% rise in pelagic fish yield to 965,374 tonnes, offsetting lower landed volumes for white fish (-13%), cephalopods (-33%) and crustaceans (-6%).

In value terms, catches for both in-shore and artisanal fisheries rose by 0.8%, driven by the higher values of pelagic fish and crustacean catches, up 8.3% and 2.2%, respectively. Conversely, white fish catches lost 6.8% of their value and cephalopod catches were down 8.4%.

Tourism

At 31 December 2010, Morocco attracted a total of 9.3 million tourists, up 11.4% year-on-year. The number of Moroccans residing abroad (MRAs) having visited their native country during the year reached 4.4 million, an increase of 8.2% over the previous year. The number of nights spent in graded establishments saw an 11.0% increase, to 18.0 million.

By category of visitors, tourists arrivals from several European countries increased: France (+7.6%), Germany (+11.2%), Italy (+20.7%), Belgium (+12.1%) and the Netherlands (+13.6%). By destination, the city of Marrakech alone accounted for 46.2% of total additional person-nights (824,057 person-nights). Agadir ranks second after the Ochre City, totalling 338,408 additional person-nights in 2010.

Tourism: seven investment agreements approved

In September 2010, Morocco's Interministerial Investment Commission approved seven investment agreements relating to the tourism sector. These projects will provide additional capacity of 5,000 beds for an overall budget of MAD 8 billion and will open nearly 1,490 direct and stable job opportunities at the following sites:

- In Oued Laou, two hotels will be built, together with entertainment and leisure facilities and residential units (MAD 790 million);
- Two extended-stay hotel residences will open in Marrakech, part of a project also including entertainment and leisure facilities and residential units (MAD 500 million);
- Dakhla will see the development of two hotels, together with guesthouses and tourist apartments (MAD 591 million);
- The Palais Tazi in Tangier will undergo an extensive renovation for a total budget of MAD 450 million, creating 200 direct and stable jobs;
- The Ramada chain will open two 3-star hotels in Tangier and Marrakech (MAD 200 million);
- Casablanca will see the construction of a new 5-star hotel (MAD 212 million);
- A hotel will be built at the new Port Lixus resort in Larache (MAD 254 million);

Foreign trade: international market for Moroccan products remains robust, despite a slight slackening of demand in the second half of 2010

In line with continuing improvements in world trade, statistics for Moroccan trade with external partners at 31 December 2010 confirm the rise in foreign demand for the country's products. On the one hand, exports are growing at a faster pace, buoyed mainly by the strong foreign sales recorded by the Office Cherifien de Phosphates (OCP) and the upward trend in external demand. In contrast, imports are growing at a much more moderate pace, thus reducing the trade deficit.

At 31 December 2010, foreign trade with Morocco totalled MAD 446.97 billion, up 18.6% compared to year-end 2009. Most of these transactions were with members of the European Union, still the country's largest trading partner, accounting for 60.1% of all trade, followed by Asia with 21.4%, the Americas with 10.8% and Africa with 7.2%.

Among European partners, France retains the top spot, with 17.3% of total foreign trade, amounting to MAD 77.42 billion. Spain ranks second with 13.4% of trade, equivalent to MAD 60.0 billion. China holds the third position with 6.0% of trade, for MAD 26.83 billion. Fourth place is claimed by the United States, with 5.8% of trade, equivalent to MAD 25.85 billion.

At 31 December 2010, merchandise exports amounted to MAD 147.85 billion, a rise of 30.8% compared to 2009. This improvement is notably due to the sizable increase in exports of phosphates and derivatives, up 96.6% to MAD 35.63 billion, fuelled by higher world prices for phosphate products and increasing foreign demand for phosphate-based fertilisers. At 31 December 2010, the share of phosphates and derivatives in total sales reached 24.1%, versus 16.0% a year earlier. Excluding phosphates and derivatives, foreign sales increased 18.3% to MAD 112.22 million, mainly driven by exports of machinery and equipment and consumer goods.

Merchandise imports rose 13.3% to MAD 299.12 billion at 31 December 2010. This increase was largely driven by oil imports (22.5% of the total), which climbed 46.1% to MAD 25.08 billion. Purchases of non-oil goods abroad grew 11.0% to MAD 274.04 billion.

Morocco's deficit on trade in goods thus rose to MAD 151.27 billion, nearly unchanged compared to 2009. The export-to-import coverage ratio for the year was 49.4%, up from 42.8% at 31 December 2009.

In 2010, Morocco's trade in services resulted in a surplus of MAD 41.51 billion, up 4.5% over 2009, comprised of a 14.6% rise in services imported to MAD 63.38 billion and a 6.2% increase in services exported to MAD 104.89 billion.

In all, Morocco's balance on trade in goods and services was a deficit of MAD 87.33 billion, with an export-to-import coverage ratio of 74.3% in 2010, up from 70.7% in 2009.

Tourism revenue and remittances from MRAs

After two consecutive years of decline, tourism revenue returned to the growth track, with a 6.3% increase to MAD 56.15 billion at 31 December 2010. Compared to the average revenue for the first eleven months of the years 2005 to 2009, tourism receipts grew 7.8%.

Travel and tourism expenses by Moroccan nationals living abroad climbed 9.4% to MAD 9.65 billion. The surplus generated from tourism and travel-related activities thus rose to MAD 46.50 billion, from MAD 44.01 billion at 31 December 2009.

Remittances from MRAs totalled MAD 54.10 billion, up 7.7% compared to 31 December 2009. Set against average remittances for the past five years, MRA revenue climbed 9.6%.

Foreign investments and private loans

Taking advantage of the 17% increase in equipment loans and the 3.1% rise in imports of non-aviation industrial machinery and equipment at 31 October 2010, the year saw a steadily upward trend in investment. At 31 December 2010, revenue from foreign investments and private loans surged 19.4% to MAD 37.19 billion.

Revenue from foreign direct investments comprised 87.5% of total transactions, while portfolio investments and private loans accounted for 8.9% and 3.6%, respectively.

Expenses in this area amounted to MAD 24.11 billion at 31 December 2010, increasing 84.8% over their level a year earlier, and were comprised essentially of disposals of foreign direct investments, which accounted for 87.6% of total expenses. The remainder was divided between disposals of portfolio investments and repayments of private foreign loans.

Government finance

The combined impact of the global economic crisis and higher oil prices created considerable pressure on budget expenditure, thus compounding the budget deficit. At 30 November 2010, the budget recorded a deficit of MAD 30.1 billion, up from MAD 3.9 billion for the same period in 2009.

On the whole, financial year 2010 was relatively consistent with the forecasts of the 2010 Finance Bill. At 31 December 2010, tax receipts received were slightly higher than those budgeted in the Finance Bill (103.7%). Non-tax receipts were also higher than expected, 23.6% above the target set in the 2010 Finance Bill. Ordinary receipts were slightly lower than the budget target, at 94%.

Receipts

For the first eleven months of 2010, ordinary receipts came to MAD 170.4 billion, marking only a slight increase of 0.4% compared to the same period in 2009. This change is mainly the result of the 1.7% increase in tax receipts, which amounted to MAD 154.4 billion. These receipts are essentially comprised of: (i) a 14.1% increase in indirect taxes to MAD 79.5 billion and (ii) a 12.7% decline in direct taxes to MAD 54.8 billion.

Conversely, non-tax receipts slumped 15.7% to MAD 13.2 billion, mainly due to the 26.7% drop in receipts from state-owned monopolies to MAD 7.4 billion. This decline is the result of lower dividend payments by Itissalt Al-Maghrib, Bank Al-Maghrib, OCP and Caisse de Dépôt et de Gestion (CDG), which fell from MAD 8.5 billion in November 2009 to MAD 5.5 billion in November 2010. Other receipts were nearly unchanged, at MAD 7.8 billion.

Expenditure

At 30 November 2010, ordinary expenditure climbed 12.6% to MAD 146.9 billion. This increase is mainly due to the heavier burden of equalisation expenses, which surged to MAD 25.9 billion from MAD 11.5 billion for the same period in 2009. This 126.4% increase is related to the rise in oil prices compared to the previous year. Excluding the impact of equalisation expenses, ordinary expenditure increased by 1.6%. Expenditure on goods and services rose 1.3% to MAD 105.3 billion, due to the net impact of the increase in payroll expenses, which climbed 6.1% to MAD 71.4 billion, eliminating the benefit of the decrease in expenditure on other goods and services, which declined 7.3% to MAD 33.9 billion.

Investment expenditure in the state budget edged down 1.5% to MAD 36.4 billion, corresponding to 78.9% of the budget target.

The balance of ordinary receipts and expenditure for 2010 was thus a surplus of MAD 5.4 billion, compared to MAD 23.5 billion for the same period a year earlier.

Money supply measures and liquid investments:

With respect to financial year 2010, M3 money supply, the broadest measure, came in at MAD 903.90 billion, up 4.8% compared to 31 December 2009. This change is comprised of: (i) a 3.9% increase in current accounts, sight deposits and cheques, to MAD 407.05 billion; (ii) a 6.3% rise in bank notes to MAD 145.24 billion; (iii) a 7.3% improvement in sight investments to MAD 93.71 billion; and (iv) a 4.5% hike in other money market instruments, to MAD 259.91 billion.

The money supply thus created is due essentially to the 7.4% rise in domestic credit to MAD 696.31 billion. This change affected all credit categories and especially equipment loans (+16.9% to MAD 135.27 billion), real estate loans (+8.7% to MAD 188.12 billion) and cash facilities and overdrafts (+5.9% to MAD 143.04 billion). Net external assets were nearly unchanged at MAD 193.03 billion.

Net receivables of the central administration increased 3.6% to MAD 94.65 billion, despite the more limited recourse to other depository institutions by the central administration.

Year-on-year, the change in money supply sources was reflected in a 4.5% increase in M1 to MAD 552.29 billion, a 4.9% improvement in M2 to MAD 646.0 billion and a 4.8% rise in M3.

Money supply and liquid investment outstandings were up 22.3% to MAD 329.63 billion, in particular as a result of the 25.3% rise in units in bond mutual funds (PL2), which amounted to MAD 101.6 billion, and the 19.7% increase in treasury bills to MAD 187.4 billion (PL1).

Inflation:

Despite higher commodity prices on international markets, the year saw only a moderate rise in inflation due to the absence of significant inflationary pressures at the level of domestic demand.

Measured on the basis of the change in the consumer price index, by the close of 2010, the inflation rate had risen by 0.9% to 108.4 points. This change is attributable to foodstuffs and non-food products, with the index increasing 1.2% to 114.4 points and 0.9% to 104.2 points, respectively.

On the regional level, the average annual increases in consumer price indices by city varied between 2.5% to 109.4 points for Guelmim and 0.2% to 107.1 points for Kénitra.

The highest index levels relate to the following cities: Tangier (109.4 points), Oujda (109.5 points), Meknès and Guelmim (109.4 points) and Casablanca (109.3 points).

Banking and financial environment

Banking and regulatory environment

MOROCCO: DEVELOPMENTS AND MAIN TRENDS:

Despite a highly challenging international context in 2010, the Moroccan financial sector demonstrated a genuine capacity for adaptation and helped to strengthen the national economy, enhancing its ability to withstand various external shocks. During the year, the Moroccan banking system also extended its network and diversified its operations on the international as well as the national scale.

At 30 June 2010, the Moroccan banking system comprised 83 lending institutions and similar establishments, including 19 banks, 36 financing companies, 6 offshore banks, 12 micro-lending associations, 8 money transfer intermediaries, Caisse Centrale de Garantie and Caisse de Dépôt et de Gestion.

With the advent of postal banking, 6 of the banking sector's 19 banks now have an ownership structure in which the government is a majority shareholder and 7 are units of foreign banks.

Agency openings have continued to rise, with the creation of 1,091 such units in 2009, in the interest of business development but also so as to offer banking services to new segments of the population. At year-end 2009, there were a total of 4,425 banking outlets in Morocco, including 887 postal branches offering banking services, thus amounting to one outlet for every 7,100 inhabitants. The system also operates 18 foreign subsidiaries, with 71 branches and agencies and 58 representative offices. Nevertheless, this banking density still reflects a strong concentration within the main urban centres, to the detriment of rural areas, where outlets only account for 13% of the entire banking network.

The bank penetration rate was 49% in 2010, having risen steadily from 43% in 2008 to 47% in 2009, taking into consideration accounts opened on the books of Barid Al Maghrib, the Moroccan postal service. At the same time, the number of bank cards in circulation increased by more than one million units to 6.3 million. Their popularity today means that the existing installed base of automatic teller machines (ATMs) will need to be expanded. There were a total of 4,144 ATMs in the country at 31 December 2009, thus one machine for every 7,600 inhabitants.

On another front, Moroccan banks have also continued their quest for growth, with the main players expanding further internationally, especially in Europe and across North, Central and West Africa. This strategy aims to ensure closer ties with Moroccan nationals living abroad and to provide services for major corporations in these countries.

Regulations governing the banking sector

Over the past three years, the banking sector has accelerated its modernisation efforts and has made substantial progress in terms of regulatory changes. In 2007, efforts focused on putting state-owned banks back on a sound footing, a process that has now been successfully completed, and on aligning the Moroccan regulatory framework with international standards, particularly in connection with the entry into application of Basel II, using its standardised approach to credit risk, and the adoption of IFRS by Moroccan banks as from June 2008.

In the same vein, the Moroccan central bank reinforced its supervisory role by putting in place new reporting procedures and by raising the solvency ratio to 10% at 31 December 2008. On a consolidated basis, the average solvency ratio of Moroccan banks was 12% in 2009, up from 11.7% in 2008, with a Tier 1 ratio of 9.6%. In addition, Bank Al-Maghrib (BAM) raised banking risk management standards depending on the type of bank and their mapping of risks and now requires that banks apply more rigorous principles in the area of governance and internal control.

These actions with a view to reinforcing the prudential framework for banks, while promoting a proactive approach to risk management, were continued in 2009 and 2010, in order to enhance financial security and stability while anticipating and mitigating systemic risks.

In another area, given the persistent nature of the need for liquidity on the money market and its projected development over the medium term, BAM's Board decided in March 2010 to lower the money market reserve rate from 8% to 6%.

Results of operations for the banking sector in 2010:

The Moroccan banking system's results for financial year 2010 confirmed once again its ability to withstand shocks caused by the global financial crisis. Results of operations and business growth recorded in 2010 attest to this performance.

At 31 December 2010, deposits by banking system customers rose 3.5% to MAD 607.145 billion. Non-interest bearing deposits accounted for 61.2% of bank resources at year-end 2010, thus declining by 0.7 points compared to the previous year in favour of interest-bearing resources. MRA deposits increased 4.5% to MAD 126.460 billion, which represents 20.8% of total bank deposits.

Local economy loans came to MAD 601.115 billion at 31 December 2010, up 7.2% compared to the previous year. They represented nearly 99.0% of resources, versus 95.6% at 31 December 2009. Most of this increase is attributable to the rise in equipment loans (up 18.4% to MAD 136.542 billion) and real estate loans (up 8.9% to MAD 189.576 billion). At 31 December 2010, nearly 95% of all loans satisfied the established criteria to be considered as healthy loans.

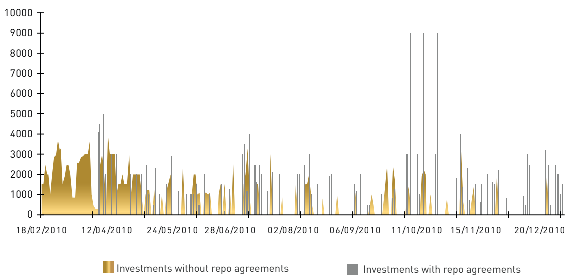
Signed commitments were up 1.6%, to MAD 167.493 billion.

In terms of credit risk, the Moroccan banking system closed the 2010 financial year with amounts due from customers corresponding to non-performing loans totalling MAD 30.889 billion, down 8.2% compared to 31 December 2009. Provisions and reserved charges declined 14.1% to MAD 22.056 billion.

Money market:

In order to resolve internal liquidity shortfalls, which have dogged banks since 2007, with the situation worsening in 2010 (a total of MAD 19.2 billion, up from MAD 16.5 billion in 2009), the Moroccan central bank intervened frequently during the year via its money market regulation instruments. The monetary policy tool most used in 2010 was incontestably the 7-day advance via weekly calls for tender by Bank Al-Maghrib. These weekly capital injections reached an average of MAD 16.7 billion during the year, an amount similar to that observed in 2009. The performance of money market instruments was made possible thanks to the support of the Moroccan treasury. In fact, the month of February 2010 saw the Treasury's intervention in the interbank market through investments both with and without repurchase agreements. This measure took effect on 18 February 2010 and has since provided daily inflows of about MAD 2 billion on average. The Treasury's interventions in the interbank market occurred due to a change in the regulatory framework, which previously had authorised the investment of cash surpluses uniquely with Bank Al-Maghrib. This new measure has therefore afforded the Treasury better management of its finances in compliance with monetary policy as well as the ability to support the actions of the central bank in its role as the supplier of funds for the banking system.

Investments by the Treasury (MAD millions)

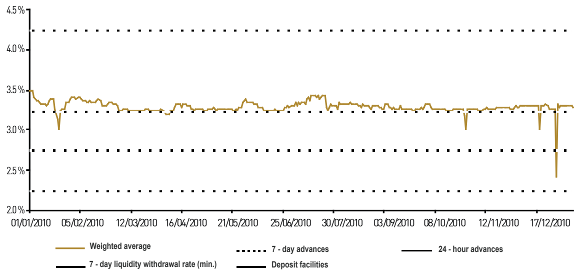


However, despite new liquidity injections by the Treasury, the money market remained under pressure during the first quarter of 2010, with an insufficient liquidity level and rates 10 basis points above the central bank's benchmark interest rate. This situation prompted the central bank to lower the reserve requirement a further 2 points to 6% as from 1 April 2010, with the result that the minimum capital requirement, which opened the year at MAD 31 billion, declined by MAD 6 billion, to close the year at MAD 25 billion. It is worth noting that this measure is the fourth of its type since the 3-point decline in this minimum percentage of deposits to 12% at 1 January 2009.

The impact of this measure was relatively immediate, as bank liquidity requirements began to decrease already in the second quarter. Nevertheless, this benefit did not last long, since bank liquidity shortfalls increased again in the third quarter to MAD 23.4 billion, before easing considerably in the fourth quarter to MAD 15.9 billion. This improvement was due to the broad increase in the volume of investments by the Treasury, following the accumulation of significant cash surpluses by the central bank as the result of a bond issue on the international market in the amount of MAD 11.2 billion.

Furthermore, the central bank held its benchmark interest rate at 3.25% throughout 2010 as inflation had remained at low levels in the major trading partner countries and because pressures relating to domestic demand were minimal, reflected by only a moderate change in the consumer price index.

Weighted average of overnight interbank rates (January – December 2010)

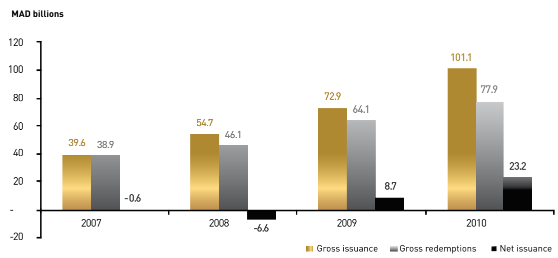


Tensions on the bank system liquidity were kept under control in 2010, as evidenced by a decline in interbank rate volatility to about 7 basis points, versus 27 basis points in 2009. Interbank rates varied only moderately in relation to the benchmark rate. The weighted average of overnight interbank rates for the whole of 2010 was 3.28%, compared to 3.26% in 2009. At the same time, the average volume of interbank transactions declined 8% in relation to 2009, to MAD 2.4 billion.

BOND MARKET:

Owing to measures put in place by the 2010 Finance Bill to ensure fiscal discipline, whose main objectives were to promote economic growth, increase public investment and improve household purchasing power, economic indicators were positive throughout the first half of 2010. However, the government closed the year with a budget deficit of nearly MAD 30 billion, thus approximately 4% of GDP. This deficit is explained by the increase in ordinary expenditure due to higher equalisation expenses, which surged to MAD 25 billion, representing a meteoric rise of 100% compared to the same period the previous year.

Net issuance of treasury securities in the primary market

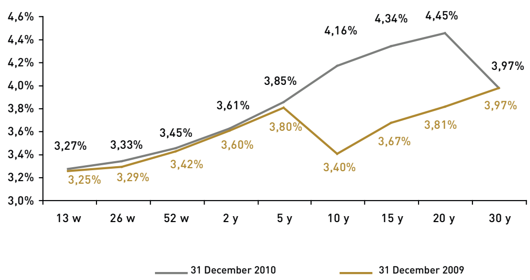


In order to meet its need for financing and in the face of the decline in tax receipts for 2010 compared to 2009, the Treasury significantly increased its issuance volumes on the primary market.

In this respect, the outstanding balance of treasury securities issued at auction amounted to nearly MAD 277.5 million at 31 December 2010, an 8% increase compared to year-end 2009. There was a sharp upsurge in investor demand for treasury securities, rising 42% from MAD 456.4 million at 31 December 2009 to MAD 679.7 million at year-end 2010. Investors found short and medium maturities particularly attractive, accounting for 50% and 43% of securities purchases, respectively, with the remaining 7% for long maturities.

However, mindful of the need to increase the duration of its debt, which fell to nearly 4 years at year-end 2009, the Treasury began once again to make greater use of long-term bank financing. After an absence of three years, the Treasury thus returned to long-term securities with the introduction of a new index of loans with adjustable interest rates rather than the long-term yields of treasury bonds, allowing the Treasury to take position once again on this type of maturity. The breakdown by maturity of the total amount of Treasury issues, which reached MAD 101 billion at 31 December 2010, up 40% over year-end 2009, is in keeping with the Treasury's strategy focusing on cost control and risk management, in particular by way of the mobilisation of greater medium- and long-term resources, thus lowering the recourse to short-term debt, in order to increase the average maturity of debt and mitigate refinancing risk.

Yield rates in the primary market



Yield rates in the primary market underwent two successive phases in 2010. First, there was a bull market at the start of the year with an average increase of 25 basis points over the entire curve, mainly due to the massive recourse to treasury issues for domestic financing. This was followed by a bear market due to the Treasury's comfortable cash position as result of the raising of finance on the international financial market. The successful placement of a €1 billion bond issue was announced in London, with a maturity of 10 years at a spread of 200 basis points over the interest-rate swap curve. The "investment grade" rating assigned to Morocco several months ago by Standard & Poor's appreciably reduced the risk premium associated with the country's debt paper. This premium is now at a level below that demanded by international investors for the debt of countries with deeper coffers than those of Morocco.

Treasury issues on the primary market saw interest rate increases across all segments in 2010. This increase varied between 2 and 8 points for short and medium maturities, and between 64 and 76 basis points for long maturities.

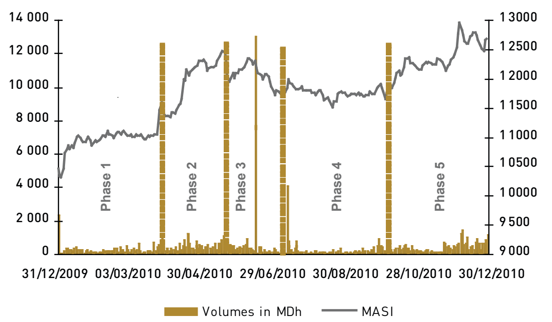
Interest rates

Weighted average rates for 6-month term accounts and certificates of deposit reached 3.42% in June 2010, before closing the year at a peak rate of 3.70%. Emulating this trend, rates for 12-month term accounts and certificates of deposit came to 3.85% in December 2010.

The minimum rate applied by banks for passbook savings accounts climbed 24 basis points from 2.87% in the first half of 2010 to 3.11% in the second half of the year.
The agreed maximum interest rate, which was 14.40% for the period from 1 April 2009 to 31 March 2010, was held at this same level for the period from 1 April 2010 to 31 March 2011.

Stock market

After having closed 2009 on a down note, the Casablanca stock exchange followed an upward trend overall in 2010. Both the MASI and the MADEX attained firmer footing, with annual gains of 21.17% to 12,655.20 points and 22.10% to 10,335.25 points, respectively. This strong momentum reflects investor confidence feeding an inflow of liquidity to the equity market.



The accelerating upward trend was accompanied by significant trading volumes compared to the average recorded in 2009. The average daily volume of trades executed on the market in 2010 reached MAD 411.5 million, 42% higher than the 2009 average. Stock market capitalisation was up 14.0%, reaching MAD 579 billion at 31 December 2010, this despite the delisting of the powerful conglomerate ONA and its parent company SNI.

With regard to initial public offerings, 2010 saw just two new equity issues, initiated by the insurer CNIA Saada and the Tunisian automobile retailer Ennakl. The total amount of capital raised was MAD 857 million.

In analysing the development of the equity market over the course of the year, we distinguish five main phases:

Phase 1: Hesitation (4 January – 25 March)

Continuing the recovery that began in the market in late 2009, as a result of round-trip trades by investors with the aim of raising the value of their portfolios, the market got off to a great start in 2010, with a positive return of 5.4% in the space of three weeks.

Nevertheless, a climate of hesitation and a wait-and-see approach then took root in the market bringing a halt to this consistent increase and pushing the MASI into a period of sharp fluctuations lasting nearly three months. During this time, the MASI recorded a nearly stable return of 0.2% for an average daily volume of MAD 254.4 million to close the period at 11,040.8 points.

The stocks having contributed to this performance were mainly CMT (+54%), Microdata (+41%) and Risma (-12%).

Phase 2: Growth momentum (26 March – 19 May)

The announcement of the plan to merge ONA and SNI under a new, unlisted investment holding company gave a boost to the market. The MASI rallied strongly, climbing 12.9% to 12,457.9 points.

This performance involved very high trading volumes, attesting to significant growth momentum in the stock market. The average daily trading volume surged to MAD 527.9 million, 45% higher than the average for the year as a whole.

Several other large cap stocks made a positive contribution to this increase by turning in excellent results, including Managem (+68%), Cimar (+35.0%) and BCP (+27.4%).

Phase 3: Correction (20 May – 7 July)

After several weeks of strong runs in shares, a profit-taking breather was to be expected. Accordingly, the market saw a decline of 6.2%. This downturn was fuelled in particular by the Moroccan government's announcement that it would sell an 8% stake in Maroc Telecom, coupled with Addoha's plans for a MAD 2.9 billion capital increase. Predicting that the price paid for these two equity issues would be largely below market price, investors engaged in arbitrage trades on the market.

In terms of volumes traded, the market saw sustained increases in activity, recording a daily average of MAD 696 million.

Phase 4: Passivity (8 July – 5 October)

The early part of this phase saw the initial public offering of shares in the Tunisian automobile retailer Ennakl. In the wake of this transaction, the MASI gained 1.7% to reach 11,967 points.

With the onset of the summer period and the first half-yearly earnings announcements by listed companies, the market entered a new phase of uncertainty also characterised by a wait-and-see approach on the part of investors, which lasted for more than two months. Against this backdrop, the MASI lost 1.5% of its value, amid thin trading volumes. The Casablanca stock exchange saw an average daily volume of MAD 280 million, significantly lower than its annual average of MAD 403 million, clearly reflecting a passive stance by investors.

Phase 5: Acceleration (6 October – 31 December)

During the last three months of the year, the market saw a rebound, gaining 8.7%. This trend shift, which had been anticipated for several months, was influenced by several events, all interpreted positively by the market: generally satisfactory half-yearly earnings announcements, the postponement of the government's planned sale of a 8% stake in Maroc Telecom, which put an end to selling pressures on the market, and finally, the merger of Banque Centrale Populaire (BCP) with Banque Populaire Régionale de Casablanca (BPRC), which led to strong levels of investor interest in the new entity and in the banking sector as a whole.

AFRICA: DEVELOPMENTS AND MAIN TRENDS

A slowdown in African banking activity was evident throughout much of 2009. Results were generally lower for a large portion of the continent's major banks due to the economic downturn affecting most countries. Various initiatives were pursued by central banks to spur recovery.

Central banks lower their benchmark interest rates in 2009

On 16 June 2009, the BCEAO lowered its benchmark interest rates, cutting its policy rate by 50 basis points, from 4.75% to 4.25%, bringing the discount rate for all WAEMU countries down from its 2008 level of 6.75% to 6.25%, and the reserve requirement applicable to banks in Benin down from 15% to 9% and in Mali, Nigeria and Senegal from 9% to 7%.

On 2 July 2009, the BEAC also lowered its benchmark interest rates. The open market rate and the marginal lending facility rate were lowered to 4.25% from their level of 4.5% in March 2009. The repurchase rate was brought down to 6%, from its 2008 level of 6.25%.

Rates remain unchanged in 2010

Since the start of 2010, the BCEAO has decided to hold its benchmark interest rates at their 2009 levels. In an environment characterised by continuing slow improvement in local economy loans and weak prospects for economic growth in WAEMU countries in 2010, the BCEAO has chosen to maintain its benchmark interest rates at their current levels: 4.25% for the marginal lending facility rate, 3.25% for the open market rate and 6.25% for the discount rate.

Results of operations for the banking sector

Tunisia

Total deposits at Tunisian banks are expected to reach MAD 213 billion at 31 December 2010, a 16% improvement over the previous year. Loans are anticipated to have risen 11% to MAD 186 billion.

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

WAEMU

Customer deposits within WAEMU member countries are expected to end the year with strong results. Bank deposits in Senegal will grow 12% to MAD 38 billion, while those in Ivory Coast and Mali will increase 16% to MAD 46 billion and 14% to MAD 23 billion, respectively.

The outstanding balance of funds used by WAEMU member countries improved in 2010, reaching MAD 29 billion in Senegal (+10% over 2009), MAD 35 billion in Ivory Coast (+8% over 2009) and MAD 15 billion in Mali (+10% over 2009).

CAEMC

In the CAEMC region, Attijariwafa bank is present in Gabon and the Republic of Congo. The banking sectors of these two countries are expected to see increases in customer deposits at 31 December 2010, rising 10% to MAD 19 billion for Gabon and 20% to MAD 13 billion for the Republic of Congo.

With respect to the uses of funds, the total amounts of projected lending in 2010 are MAD 13 billion for Gabon (+10% over 2009) and MAD 5 billion for the Republic of Congo (+30% over 2009).

Analysis of attijariwafa bank's business activity and results

BUSINESS ACTIVITY IN MOROCCO:

Customer deposits

At 31 December 2010, Attijariwafa bank's customer deposits totalled MAD 157.1 billion, a slight improvement of 1.8% from year-end 2009. This result reflects the combined impact of a 7.7% increase in non-interest bearing deposits to MAD 98.33 billion and a 6.7% decrease in interest-bearing deposits to MAD 58.71 billion. Attijariwafa bank has seen its market share of customer deposits rise to 25.7%.

Non-interest bearing deposits accounted for 62.6% of total customer deposits at year-end 2010. These deposits reflect a 5.9% improvement in cheque accounts to MAD 67.36 billion and a 12.0% increase in current accounts in credit to MAD 23.22 billion. With respect to non-interest bearing deposits, Attijariwafa bank now has a market share of 28.2%.

Interest-bearing deposits declined overall, accounting for 37.4% of total deposits. This negative growth resulted from a 11.9% decrease in term deposits to MAD 39.75 billion, which was not fully offset by a 6.6% increase in savings accounts to MAD 18.96 billion. Attijariwafa bank's market share of interest-bearing deposits has thus reached 21.7%.

Pour leur part, les ressources rémunérées représentent 37,4% du total des dépôts. Leur évolution découle d'une baisse de 11,9% à 39,75 milliards de dirhams des dépôts à terme et d'une hausse de 6,6% à 18,96 milliards de dirhams des comptes d'épargne. La part de marché d'Attijariwafa bank s'établit ainsi dans les ressources rémunérées à 21,7%.

Disbursed loans

Representing 26.2% of local economy loans by the Moroccan banking system, Attijariwafa bank's disbursed loans saw an increase of 10.1% in 2010 to MAD 158.88 billion compared to year-end 2009.

This growth in amounts due from customers was primarily attributable to:

- a 25.1% rise in equipment loans to MAD 43.03 billion;
- a 12.1% increase in real estate loans to MAD 45.07 billion;
- and a 6.5% rise in cash facilities and consumer loans to MAD 46.87 billion.

Non-performing loans amounted to MAD 5.07 billion. Provisions for non-performing loans came to MAD 4.06 billion, thus providing a coverage ratio of 80.1%.

The non-performing loan ratio was 3.25% and the cost of risk was 0.45%.

Attijariwafa bank's proportion of healthy loans increased by 10.1% to MAD 153.81 billion, gaining a market share of 26.7%.

Signed loan commitments

At 31 December 2010, signed loan commitments grew 3.9%, totalling MAD 43.36 billion. Attijariwafa bank's market share for this line of business is now 26.0%.

RESULTS OF THE PARENT COMPANY'S OPERATIONS FOR THE YEAR ENDED 31 DECEMBER 2010

Net banking income

At 31 December 2010, net banking income totalled MAD 8.24 billion, an increase of MAD 1.19 billion or 16.8% compared to MAD 7.05 billion at year-end 2009. This growth was mainly due to the 17.7% rise in the net interest margin to MAD 5.82 billion and the 51.8% surge in other miscellaneous banking income to MAD 855 million.

Net banking income is comprised of the elements shown in the table below:

	December 2010	Share of net banking income	December 2009	Part/PNB	Change	
					MAD millions	%
Net interest margin	5 821	70.7%	4 944	70.1%	877	17.7%
Income from finance leases and operating leases	18	0.2%	14	0.2%	4	26.6%
Fee income	1 074	13.0%	999	14.2%	75	7.5%
Income from market transactions	1 147	13.9%	1 126	16.0%	21	1.8%
Other miscellaneous banking income	855	10.4%	563	8.0%	292	51.8%
Other miscellaneous banking expenses	677	8.2%	596	8.5%	81	13.5%
Net banking income	**8 238**	**100.0%**	**7 051**	**100.0%**	**1 188**	**16.8%**

Net interest margin

Attijariwafa bank's net interest margin grew 17.7% in 2010, to MAD 5.82 billion, corresponding to 71% of net banking income. This improvement was primarily the result of the 8.3% increase in average disbursed loans outstanding to MAD 11.6 billion, combined with the 16 basis point increase in the earning asset yield, which had an impact of MAD 224 million. The net interest margin may be analysed as follows:

- Interest income rose 8.6% to MAD 9.19 billion, as a result of the 12.6% increase (or MAD 851 million) in interest income from loans and advances to customers to MAD 7.62 billion, which more than offset the impact of the 4.2% decline (or MAD 50 million) in interest income from loans and advances to banks to MAD 1.15 billion.
- Interest expense was down 4.3% to MAD 3.37 billion. This decline is attributable to the 10.4% decrease (or MAD 283 million) in interest expense from customer deposits to MAD 2.43 billion. Interest expense from transactions with banks grew 12.2% (MAD 81 million) to MAD 739.08 million.

Income from finance leases and operating leases

At 31 December 2010, income from finance leases and operating leases totalled MAD 18.0 million, representing an increase of 26.6% compared to year-end 2009.

Fee income

Fee income posted growth of 7.5% (MAD 75 million) to MAD 1.07 billion at 31 December 2010. This increase was mainly due to network extensions and launches of new products and services reflecting the changing needs of customers.

Income from market transactions

Income from market transactions rose 1.8%, from MAD 1.13 billion in 2009 to MAD 1.15 billion in 2010. This improvement reflects the combined impact of (i) a 16.3% rise in income from transactions in derivatives to MAD 162.20 million; (ii) a 2.1% increase in income from foreign exchange transactions to MAD 513.6 million; and (iii) a 3.3% decline in income from trading account securities to MAD 429.2 million.

Other miscellaneous banking income

Other banking income surged 51.8% to MAD 855.5 million in 2010. This performance was mainly due to the 52.8% increase in dividends received to MAD 840.6 million, due to the strong results achieved by the Group's subsidiaries.

Other miscellaneous banking expenses

At 31 December 2010, other banking expenses grew 13.5% to MAD 677.0 million, chiefly as a result of the 49.3% increase in fees paid to Wafa Immobilier and Wafasalaf in connection with new real estate and consumer loans.

General operating expenses

In 2010, Attijariwafa bank continued its efforts to streamline its cost structure, a key priority of its "Attijariwafa 2012" strategic plan, and managed to keep a tight rein on general operating expenses, this despite the bank's robust organic growth during the year. General operating expenses thus amounted to MAD 3.11 billion at 31 December 2010, representing an increase of 8.1%. This rise was mainly due to the 9.4% increase in external expenses to MAD 1.3 billion and the 7.0% increase in staff costs to MAD 1.37 billion.

The cost-to-income ratio improved by 3.1 points, falling to 37.8% at 31 December 2010, from 40.9% a year earlier.

	December 2010	December 2009	Change	
			MAD millions	%
General expenses	**2 679**	**2 476**	**202**	**8.2%**
Staff costs	1 378	1 287	91	7.0%
Operating expenses	1 301	1 189	112	9.4%
Obligations under property finance leases	11	12	0.33	2.8%
Depreciation, amortisation and provisions	**423**	**393**	**30**	**7.7%**
Expenses brought forward from prior years	101	-	101	NS
Other general operating expenses	-	-	-	-
General operating expenses	**3 114**	**2 881**	**233**	**8.1%**

Gross operating income

Gross operating income rose 7.0% from MAD 4.83 billion in 2009 to MAD 5.16 billion in 2010. This improvement reflects the combined impact of:

- an increase of MAD 1.19 billion in net banking income;
- a decrease of MAD 596.1 million in income from long-term investments as a result of the recognition in 2009 of capital gains arising from the sale of a minority stake in Wafasalaf;
- and an increase of MAD 232.8 million in general operating expenses.

Income before exceptional items

At 31 December 2010, income before exceptional items grew 1.5% to MAD 4.35 billion, compared to MAD 4.29 billion a year earlier. Net provisions amounted to MAD 697.1 million, an increase of MAD 328.3 million from the prior year-end. This change mainly reflects:

- gross provisions totalling MAD 1.319 billion in 2010, up from MAD 1.284 billion in 2009;
- and total reversals of provisions amounting to MAD 523.75 million in 2010, down from MAD 757.77 million in 2009.

The provision coverage ratio for non-performing loans was 80.1% in 2010.

Net income

At 31 December 2010, net income totalled MAD 3.0 billion compared to MAD 2.80 billion in 2009, an increase of 7.5%. Excluding capital gains arising on the sale of a minority stake in Wafasalaf, net income grew 24.8%.

Equity

Excluding the net profit for the year, equity increased by 10.8% to MAD 16.83 billion, from MAD 15.19 billion in 2009.

Balance sheet total

At 31 December 2010, Attijariwafa bank's balance sheet totalled MAD 227.46 billion, compared to MAD 225.87 billion in 2009, an increase of 0.7%.

Allocation of net income (MAD)

Net income for the year	**3 006 525 205.78**
To the legal reserve	-
To the investment reserve	-
Retained earnings from prior years	6 323 802.09
Distributable income	3 012 849 007.87
Allocation	
Statutory dividend	115 797 576.00
Amount required to bring the dividend per share to MAD 8	1 428 170 104.00
Thus a total distribution of	**1 543 967 680.00**
To extraordinary reserves	**1 462 000 000.00**
Retained earnings	**6 881 327.87**

Outlook for 2011

Against the backdrop of the global financial crisis, Attijariwafa bank achieved remarkable results in 2010.

Owing to the year's accomplishments, the Group has further consolidated its unrivalled leadership position in terms of customer deposits, loan distribution and financial services across all the regions where it maintains operations.

This performance has been made possible by robust business growth, strengthened risk management procedures, improved profitability and continuing international expansion.

In Morocco, 2010 saw strong advances in the business activities of the bank and its specialised subsidiaries, thanks to the considerable efforts deployed to promote a strategy emphasising innovation, network development and the ability to leverage growing synergies across the Group.

In this same vein, a genuine transformation programme has been initiated, with the launches of several large-scale projects during the year. These investments aim to improve operational effectiveness, ensure compliance with changing regulatory requirements, reinforce risk management and support the Group's ongoing development.

As part of its strategy to grow its international presence, Attijariwafa bank launched integration projects in 2010 for four recently acquired subsidiaries (Société Ivoirienne de Banque, Crédit du Sénégal, Union Gabonaise de Banque and Crédit du Congo) and acquired a controlling interest in BNP Paribas Mauritania. Other initiatives are being pursued in order to optimise synergies between the Group and its affiliates in Europe, the Middle East and Sub-Saharan Africa.

In 2010, the Group continued its work towards achieving the priority objectives identified in its "Attijariwafa 2012" strategic plan launched in 2008, thus further consolidating its leadership position for its operations in Morocco and abroad, together with the acceleration of its regional development.

These strategic priorities are as follows: (i) broadening the bank's customer base and its range of products; (ii) enhanced convenience and closeness to customers by extending the reach of the bank's network; (iii) control of operating expenses; (iv) management of risks and profitability; and (v) international expansion.

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

BANKING-RELATED SUBSIDIARIES

Wafasalaf

In 2010, the consumer credit market operated in a context influenced by the entry into effect of several reforms relating in particular to the risks associated with this line of business, the protection of the consumer and a procedure for the settlement of disputes by mutual consent, mediated by the Association Professionnel des Sociétés de Financement (APSF, the Moroccan association of financing companies).

With respect to specific business activities, financing outstanding for automobile purchases declined 4.3% at 31 December 2010 as the new vehicle market ended the year down 5.9%.

The financing market for household equipment purchases saw a steep decline of 27.8% in total outstanding at year-end 2010, reflecting in particular the adverse impact of the general retailer segment.

Against this backdrop, Wafasalaf's overall production was MAD 8.96 billion in 2010, an increase of 9.2% over the previous year. This performance was buoyed by the 23.4% increase in managed production to MAD 4.40 billion. Total loans outstanding grew 10.3% to MAD 19.12 billion as a result of the 29.9% increase in managed loans outstanding to MAD 7.04 billion and the 3.4% rise in contributed loans outstanding to MAD 12.08 billion.

Wafasalaf continued its efforts in the area of business development during the year, with the launches of several advertising campaigns, together with initiatives to develop and diversify the range of products and services offered. As in past years, its objective was to retain its status as a market leader in new product development and spur growth in sales.

At 31 December 2010, Wafasalaf consolidated its leadership position in the consumer credit market, with a 29.8% market share in loan production (up from 28.9% in 2009) and a 29.4% market share in loans outstanding.

Placing a priority on geographic closeness to its customers, Wafasalaf continued its efforts to expand its network of agencies. There are now a total of 41 agencies, three of which were newly opened in 2010: Rabat Hassan II, Mohamed V and Larache. Of this total number, 15 are specifically dedicated to the financing of automobile and household equipment purchases.

With respect to the results of Wafasalaf's operations, net banking income grew 10.9% at 31 December 2010, to MAD 1.0134 billion. Gross operating income rose 12.9% year-on-year to MAD 727.69 billion. The cost-to-income ratio came to 28.2% in 2010, down from 29.5% in 2009. Net income increased 11.1% to MAD 334.8 million.

Wafa Immobilier

The Moroccan market for real estate loans made steady gains in 2010, driven mainly by the strong performance of mid-range properties and social housing. The latter benefited significantly from government involvement in this segment by way of tax incentives.

In this environment, Wafa Immobilier reinforced its market-leading positions in the financing of housing loans and property development. Taking advantage in particular of synergies with Attijariwafa bank and in line with the Group's strategic priorities, Wafa Immobilier's market share came to 23.74% at 31 December 2010, up 67 basis points, with a capture rate of 30%.

At 31 December 2010, Attijariwafa bank's real estate subsidiary saw the approval of 100,000 new loan files. Loans outstanding related to home buyers grew nearly 16% to MAD 29.1 billion at 31 December 2010, from MAD 25.1 billion a year earlier, while loans outstanding related to property development increased 19% to MAD 4.47 billion.

Wafa Immobilier inaugurated a new headquarters building in 2010 and the year also saw the signing of numerous agreements with major public and private sector organisations.

Furthermore, Wafa Immobilier reinforced its status as a preferred partner by taking part in several domestic and international trade fairs, by sponsoring sporting, cultural or social events, and by organising a number of round-table debates bringing together representatives of Morocco's major real estate operators, which attracted wide media attention.

At 31 December 2010, Wafa Immobilier's net banking income increased 7% to MAD 204.5 million. Gross operating income amounted to MAD 90.4 million, an increase of 8% year-on-year. Net financial income thus reached MAD 53.4 million in 2010, 11% higher than its level at year-end 2009.

Wafabail

Amid the continuing slowdown in the Moroccan finance lease market, overall production for this market shed 5.3% at 30 September 2010, dropping from MAD 10.1 billion to MAD 9.6 billion. Thanks to a number of exceptional, large-scale transactions in the last quarter of the year, this trend was reversed, resulting in a slight improvement of 1.1% for the market, with total production rising to MAD 14.3 billion.

Wafabail fared well in its market, making the most of its industry-specific expertise and reinforced synergies with Attijariwafa bank's network. Annual production grew 2.7% to MAD 3.6 billion, thanks to a stronger position in the corporate segment and several major transactions with the market's leading players. Attijariwafa bank's leasing subsidiary achieved a market share of 25.3% at 31 December 2010, versus 24.9% a year earlier.

The subsidiary's lease finance outstanding posted a significant increase of 11.9% year-on-year, to MAD 9.2 billion.

In terms of profitability, Wafabail recorded net banking income of MAD 265.8 million, an increase of 1.8% compared to 2009. Its cost-to-income ratio remained in check at 23.4%. Gross operating income came to MAD 204.4 million. Net financial income was MAD 93.2 million.

Continuing optimisation of business lines

For the Group's leasing subsidiary, 2010 saw the implementation of a number of projects to meet the following objectives:

- the identification of new growth channels with the adoption of a three-year strategic plan;
- the optimisation of refinancing costs with the launch of a financing company bond issue in the total amount of MAD 2 billion, of which MAD 1.1 billion was raised in 2010;
- better management of risks with the deployment of new internal control procedures in keeping with an approach designed to ensure sustainable improvements;
- a significant improvement in the net collection ratio, to 90% for new unpaid amounts, owing to an intensification of collection efforts and the move to a more aggressive stance applied on two fronts: the borrower and the domiciliary bank;
- continuing efforts to ensure optimum operational effectiveness through business and accounting information system transformation projects;
- compliance with new regulatory requirements, with the roll-out of the entity's credit reference agency and the qualification of non-domiciled customers.

Attijari Factoring Maroc

Over the course of 2010, the factoring market expanded by 14%, significantly below the average pace of growth seen in the past 10 years (18%). This slowdown reflects difficulties experienced by certain sectors making use of factoring in the past, such as textiles, construction and transportation, as well as a net increase in risk affecting the main players.

As was in the case for the past three financial years, Attijari Factoring's production far outpaced the average performance of the sector, recording growth of 18%.

This improvement paints a mixed picture by subsegment:

- Domestic factoring turned in very good results. Its production surged 28%, from MAD 3.158 billion to MAD 4.029 billion. This increase is due to good segment diversification and satisfactory optimisation of existing contracts.
- Despite a significant drop in demand from major foreign customers (who have suffered the effects of the global financial crisis) and a sharp decline in the credit quality of foreign buyers, the export segment achieved a 9% increase in production at the close of the year.
- Conversely, import production slumped 33%. As in the past year, this decline is the result of the types of transactions offered by our foreign partners and the risk characteristics of these transactions.

At 31 December 2010, Attijari Factoring Maroc's market share is expected to reach 41%, up from 39% in 2009 and 36% in 2008.

Finance and invoices outstanding saw increases of 10% and 14%, respectively.

With respect to the company's main financial indicators, net banking income rose by 10% to MAD 41.4 million, mainly as a result of the good performance of fees. General operating expenses were kept in check at MAD 8.4 million. Gross operating income thus totalled MAD 33.8 million, an increase of 13% compared to 2009. Attijariwafa bank's factoring subsidiary closed the year with net financial income of MAD 19.4 million, an increase of 13%.

Wafa LLD

The long-term rental market stagnated in 2010, with a total fleet of 20,000 vehicles. The year also saw the entry into effect of higher tariffs and the introduction of measures entailed by the new highway code.

Amid this environment, Wafa LLD managed a net fleet of 4,099 vehicles (addition of 1,054 new vehicles and sale of 1,016 vehicles). Its estimated market share thus rose to more than 20%.

In terms of results, Attijariwafa bank's long-term rental subsidiary posted revenue of MAD 165.4 million at 31 December 2010. Net income came to MAD 7.1 million.

Wafacash

In 2010, Wafacash operated in an environment suffering the adverse effects of the global financial crisis, although its impact on the domestic economy was limited. The Moroccan market saw the arrival of new players and the launches of competing products.

For Wafacash, 2010 saw a number of key events, including:

- the signing of a non-exclusive agreement with Western Union;
- the offer of MoneyGram services within its network beginning in February 2010;
- the offer of Cash Express services within Attijariwafa bank's network beginning in February 2010;
- the introduction of the Carte Bikhir as a new component of the Hissab Bikhir offer in July 2010;
- the acquisition of the Cash Com network of 61 agencies, followed by the opening of 56 additional agencies.

The total volume of flows handled by Wafacash reached MAD 22.7 billion in 2010, up 29% compared to the previous year. There were a total of nearly 8 million transactions during the year, an increase of 31% compared to 2009.

By type of product, this improvement breaks down as follows:

- international transfers rose 5.5% in terms of the number of transactions and 5.7% in volume;
- domestic transfers increased by 37% in terms of the number of transactions and by 36% in volume;
- manual foreign exchange grew 16% in terms of the number of transactions.

Wafacash posted net banking income of MAD 163 million in 2010, nearly unchanged compared to 2009, reflecting the downward trend in fees collected by the Western Union money transfer business and lower foreign exchange gains due to the depreciation of the US dollar.

Nevertheless, effective control of general expenses (down 13% compared to 2009) enabled Attijariwafa bank's money transfer and financial services subsidiary to record gross operating income of MAD 74.2 million, up 15.2% compared to year-end 2009, this despite a significant programme of investments.

Net income thus totalled MAD 43.75 million, versus MAD 43.01 million in 2009, an increase of 2%.

With respect to its medium-term prospects, Wafacash aims to adopt an aggressive strategy focusing on growth and value creation, achieved through specialisation, diversification and differentiation.

Restructuring and private equity: Attijari Invest

With total funds in excess of MAD 4 billion raised from major Moroccan and foreign investors and some ten directly or indirectly managed investment funds, Attijari Invest is one of Morocco's leading private equity firms.

The main highlights of 2010 were:

- The reorganisation of Attijari Invest's business activities around three divisions: Private Equity, Real Estate and Infrastructure;
- The revitalisation of the Agram Invest agricultural fund, whose investment period had expired in 2009. The fund was able to be renewed with a new configuration for its pool of investors under Attijari Invest's exclusive management. Investments by Agram Invest will help industrial and smaller food producers to adapt to the requirements of "Plan Maroc Vert", Morocco's Green Plan, a strategy intended to bring better opportunities to small- and large-scale farmers;
- The award of a management mandate, as the successful bidder in response to a call for expressions of interest launched by Caisse Centrale de Garantie at the request of the Moroccan Ministry of Industry, Trade and New Technologies (MICNT), covering one of two public-private funds dedicated to the financing of Moroccan SMEs, a fund with a target capitalisation of MAD 500 million.
- The structuring of two new investment funds as part of a strategy to provide support to specific business sectors on the national level:

1. Created at the behest of MICNT, Maroc Numeric Fund was launched as part of the "Maroc Numeric 2013" plan, an e-government strategy focusing on greater integration and wider use of information technology in public services.

The aim of this fund is to assist companies operating in the field of new technologies, information technology and communications, providing either seed capital, start-up assistance, or later-stage financing. Attijari Invest serves as an active partner in the administration of Maroc Numeric Fund, which has a total investment budget of MAD 100 million, and sits on all of its governance bodies;

2. Foncière Emergence is a MAD 1.05 billion investment fund dedicated to the acquisition and/or development of real estate assets, whether industrial facilities, distribution centres and warehouses, or office buildings. Assets held by the fund will mainly be situated within "integrated industrial platforms" (plateformes industrielles intégrées) as defined by Morocco's Pacte National pour l'Emergence Industrielle (PNEI, a national agreement in support of industrial emergence).

Attijari Invest thus benefits from a very diversified offering, suited to supporting Moroccan companies throughout the entire business lifecycle. It is also wide-ranging in terms of business sectors, phases of intervention and investment amounts.

INVESTMENT BANKING SUBSIDIARIES

Corporate finance: Attijari Finances Corp

In 2010, Attijariwafa bank's investment banking subsidiary further strengthened its market-leading position in M&A advisory services, by concluding the following strategic deals:

- Advisor to Hightech Payment Systems (HPS) for its acquisition of ACP Qualife;
- Advisor to Wafacash for its acquisition of Ténor Distrib's cash business;
- Advisor to Attijariwafa bank for the joint acquisition by the Group and Banque Populaire of an 80% stake in BNP Paribas Mauritania;
- Advisor to SNTL for the creation of a joint venture by SNTL and the Maersk subsidiary Damco.

In the area of market transactions, Attijari Finances Corp greatly expanded its participation in the equity capital market and maintained its strong presence in the debt capital market, through its involvement in the following deals:

- Advisor to the Tunisian automobile retailer Ennakl Automobiles for its dual listing on the Tunis and Casablanca stock exchanges, these two equity issues amounting to a total of MAD 771 million;
- Advisor to CNIA Saada for the initial public offering of its shares on the Casablanca stock exchange in the total amount of MAD 645 million;
- Advisor to Douja Promotion Groupe Addoha in connection with its MAD 3.0 billion capital increase in cash;
- Advisor to Alliances Développement Immobilier (ADI) for its share repurchase programme in the amount of MAD 605 million;
- Advisor to Hightech Payment Systems (HPS) in connection with its MAD 37 million reserved capital increase;
- Advisor to Alliances Développement Immobilier (ADI) for its combined issue of ordinary bonds and bonds convertible into shares in the amount of MAD 1 billion;
- Advisor to Autoroutes du Maroc in connection with two bond issues totalling MAD 3.0 billion;
- Advisor to Douja Promotion Groupe Addoha in connection with its MAD 2.0 billion bond issue;
- Advisor to Attijariwafa bank (AWB) in connection with its MAD 1.2 billion subordinated bond issue;
- Advisor to Wafabail in connection with its MAD 2.0 billion issue of financing company bonds;

In terms of results, Attijari Finances Corp posted revenue of MAD 56 million at 31 December 2010, up from MAD 51.3 million a year earlier.

General operating expenses came to MAD 44.2 million in 2010, a 32% increase over the previous year.

Operating income totalled MAD 12.6 million, down 33% year-on-year.

Income before exceptional items came to MAD 43.5 million in 2010, up 10% compared to the previous year. Net income thus totalled MAD 39.7 million, up from MAD 33.3 million in 2009, representing growth of 19%.

Attijari Finances Corp results (MAD thousands)

	2009	2010	Change
Revenue	**51 335**	**55 983**	**9%**
Total operating proceeds	52 413	56 812	8%
Total operating expenses	33 603	44 202	32%
Net operating income	**18 810**	**12 610**	**-33%**
Net financial income	20 873	30 923	48%
Income before exceptional items	39 683	43 532	10%
Net income	**33 333**	**39 676**	**19%**

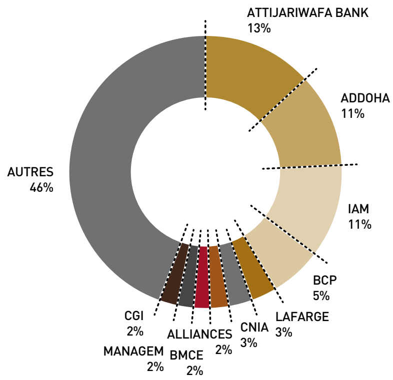
Securities brokerage: Attijari Intermédiation

After a 4.9% decline in 2009, the Casablanca stock exchange performed well in 2010. The MASI climbed 21.1% to 12,655.20 points. These gains were due to the good performance, with respect to fundamentals, of the main listed stocks, primarily those in the mining, banking and construction sectors, but also a renewed interest on the part of major investors in the Moroccan market overall.

The year also saw the delisting of ONA and SNI shares following the merger of these two entities, with the aim of releasing a portion of the free float of certain mature listed subsidiaries into the market at a later date. This sizable transaction made a significant contribution to stock exchange performance in 2010 through prices granted in connection with the buy-out offer and to a greater extent on market activity in terms of trading volumes.

At 31 December 2010, the total volume of trades thus surged 65.3% to MAD 238.7 billion. The equities compartment saw total transactions of about MAD 163.4 billion, up 47.6% compared to 2009, 63.6% of which were handled through the Central Market. In this latter compartment, the main transactions of 2010 concerned the following stocks:

Main Central Market transactions in 2010



Attijari Intermédiation consolidated its leadership position with a market share of 28.4% in 2010, for a total securities volume of MAD 67.7 billion.

Attijariwafa bank's securities brokerage subsidiary outperformed the Central Market in 2010, with a 55.0% rise in volume, versus 44.6% for this compartment of the Casablanca stock exchange. It thus gained a market share of 29.0%.

Volumes and market share by market (MAD millions)

	Market volume	Attijari Intermédiation volume	Market share (%)
Central Market	103 980	30 119	29.0
Block trades	59 458	6 069	10.2
IPOs	1 674	1 161	69.4
Total equities	**165 112**	**37 349**	**22.6**
Other	73 596	30 354	41.2
Total	**238 708**	**67 703**	**28.4**

One of the highlights of 2010 was the recovery in initial public offerings with the notable admission to trading on the Casablanca stock exchange of Ennakl Automobiles SA and CNIA Saada Assurance for a total value of MAD 837.3 million.

In September 2010, the central depository Maroclear rolled out its new settlement platform, the culmination of a two-year project. This new system allows for the automated flow of exchanges between the various affiliates.

At the same time, the Casablanca stock exchange introduced its new listing platform offering high availability (better system performance).

The smooth functioning of market transactions in 2010 inaugurated a new development phase for Attijariwafa bank's securities brokerage subsidiary, providing a rich and diversified foundation for the offer of investment selections and advisory services to the entity's wide range of partners ideally tailored to the current market environment. Backed by the considerable experience of its staff, further complemented by the broad spectrum of expertise available within the Group, Attijari Intermédiation improved its commercial position in 2010 across its entire customer base, particularly among institutional investors, and retained its status as the leading brokerage firm for Moroccan equities.

In keeping with the growth strategy of its parent company, Attijari Intermédiation also expanded its presence abroad in 2010, participating in the development of Attijari Intermédiation Tunisia, which is now one of the main brokerage firms in the Tunisian market. Across the Middle East, Attijari Intermédiation continued its efforts in the active promotion of Moroccan equities in 2010, in close collaboration with Attijariwafa banks's representative office in this region. Owing to its cross-functional focus, this representative office used the Group's wide range of solutions as a springboard to continue building its intricate knowledge of this region.

Financial results of Attijari Intermédiation (MAD thousands)

	2009	2010	Change (%)
Revenue	76.739	102.617	33.7%
Operating expenses	43.823	31.282	-28.6%
Operating income	32.916	72.044	118.8%
Net income	**25.225**	**54.703**	**116.8%**

Securities brokerage: Wafabourse

Specialising in online brokerage services, Wafabourse consolidated its position in this market in 2010 by offering new services to its customers. In 2010, Wafabourse became the first Moroccan brokerage firm to offer online subscriptions for initial public offerings.

Among online brokers in 2010, the firm achieved a 29.0% market share in terms of volumes and a 36.0% market share in terms of the number of orders executed. Wafabourse posted revenue of nearly MAD 6 million in 2010, up 15% compared to the previous year.

Alongside this performance, Attijariwafa bank's online brokerage subsidiary worked during the year on the deployment of a new online brokerage platform able to better meet the Group's growth ambitions in the service of individual investors. As from January 2011, this new platform will enable the firm to offer a comprehensive range of savings products and services to the Group's customers.

Asset management: Wafa Gestion

In an increasingly competitive environment, Wafa Gestion maintained its status as a market leader in 2010, with assets under management totalling MAD 63.009 billion and a market share of 28.01%.

The following were among the highlights of 2010 for Wafa Gestion:

- Enhanced presence among institutional investors as a result of successful bids in response to two calls for tender: the launch of a new equity fund on behalf of the Caisse Interprofessionnelle Marocaine de Retraite (CIMR), the Moroccan government pension fund, and the signing of a new management mandate with Dar Ad-Damane for the management of a fund investing exclusively in bonds;

- Participation in a project for a Moroccan equity savings scheme in collaboration with Banque des Particuliers et des Professionnels, with two eligible funds (Attijari Actions and Attijari Moucharaka);
- Launch of a communications campaign to promote a new range of mutual fund products intended for the general public;
- Organisation of the 11th edition of an annual institutional investment seminar involving the participation of treasurers, chief financial officers and managing directors of major corporate customers on the theme "Banking liquidity and money market instruments";
- Renewal of the M2 (mor) rating assigned to the firm by Fitch Ratings.

In 2010, Wafa Gestion had average assets under management of MAD 60.165 billion, an increase of 19.33% over the previous year, with additional assets of MAD 9.747 billion, thus corresponding to more than 50% of assets brought to the market during the year.

Owing to these achievements, Wafa Gestion posted revenue of MAD 244.7 million in 2010, up 12.92% from the previous year, gross operating income of MAD 91.7 million and net income of MAD 71.5 million, representing an increase of 19%.

Wafa Assurance

Insurance sector

In 2010, the Moroccan government introduced a new highway code, a key element in its strategy to reduce the number of traffic accidents and improve road safety. To accompany the entry into force of this new code, Fédération Marocaine des Sociétés d'Assurance et de Réassurance (FMSAR), the Moroccan association of insurers and reinsurers, launched a communications campaign in October 2010.

On the regulatory front, a decree issued on 20 December 2010 has served to supplement and amend the existing Moroccan Insurance Code. This new decree introduces adjustments relating in particular to the rules for the spreading of assets allocated to insurance transactions and for assets attributable to technical reserves.

Wafa Assurance

To better serve the automobile insurance market, Wafa Assurance added to its product range, introducing Wafa oTo Taalim for teachers and the Wafa Premium pack for private individuals. Tous Risques Iktissadia, another new product launched in 2010, offers drivers with lower purchasing power an all-risks insurance solution with a choice of several specified ceilings for coverage.

With respect to business development, Wafa Assurance pursued a number of initiatives during the year: (i) partnerships with automobile dealers; (ii) agreements with public institutions and private companies to meet the needs of their employees; and (iii) building synergies across the Group, in particular an offer in conjunction with the automobile loans distributed by Wafasalaf.

Alongside these actions, Wafa Assurance expanded its network, welcoming 40 new agents having passed the professional insurance agent's examination in 2010, out of a total of 43 applicants presented by the insurer.

As a result, Wafa Assurance's exclusive network numbered 155 agencies at 31 December 2010. The insurer also collaborates with 144 insurance brokers, including 20 new partnerships entered into over the course of 2010.

In the corporate insurance market, 2010 saw an intensification of Wafa Assurance's business development efforts, in line with the targets set in its 2012 strategic plan:

- a good renewal campaign in 2010, with a high capture rate for businesses whose terms had been under renegotiation in the last quarter of 2009;
- the successful integration of ONA's insurance portfolio, which was transferred to Wafa Assurance with effect from 1 January 2010;
- and the acquisition of many leading corporations as clients, over and above those included in the portfolio transferred by ONA.

Furthermore, Wafa Assurance launched a communications campaign targeting institutional investors as a complement to the development of its presence in the corporate insurance market.

The life insurance market was the focus of a second strategic change of direction in 2010, to complete the process begun in 2009. This has involved a reorganisation of the existing range of life insurance products, resulting in the addition of a number of new products.

Wafa Assurance now offers a product range better aligned with the various needs of its customers, more straightforward in design and easier to understand, as much for the distribution network as for customers.

With respect to the 2009 financial year, Wafa Assurance's contracts enjoyed popularity with customers thanks to their 4.95% yield for savings products and their 5.05% yield for pension products. This product distinction was made for the first time in 2010 in order to favour long-term insurance products.

Among developments spurring the creation of new business lines, Attijariwafa bank, Wafa Assurance and Inter Mutuelles Assistance signed a partnership agreement in November 2010 in support of the creation of an assistance company in Morocco. The authorisation filing is in the process of being examined by the Moroccan Insurance Directorate.

This partnership is at the heart of the strategy shared by the two groups with the aim of building an African regional assistance group, drawing upon Attijariwafa bank's distribution capacity in Africa and Europe, as well as the expertise and the international service provider network of Inter Mutuelles Assistance.

This partnership is intended to allow Attijariwafa bank to:

- enhance assistance solutions provided to its customers in Morocco;
- distribute assistance products in Europe meeting the needs of Moroccan nationals living abroad as well as other nationals from the African continent living abroad;
- serve the Group's African strategy and reinforce Attijariwafa bank's position through the creation of subsidiaries in the area of assistance;

• meet the needs of Wafa Assurance's customers for automobile assistance products.

With respect to its human capital and its governance structure, in 2010 Wafa Assurance simplified its organisation and reinforced its managerial staff and the supervision of its human resources.

Furthermore, in line with the development of its business, Wafa Assurance created and filled 45 new job positions in 2010, bring the insurer's total workforce to 451 employees at 31 December 2010.

Lastly, mindful of the need to build competencies among its personnel, the insurer continued to place considerable emphasis on training in 2010, with 427 staff members offered at least one training course during the year, thus covering nearly 95% of its total workforce.

Results of Wafa Assurance in 2010

Revenue

In 2010, Wafa Assurance posted total revenue of MAD 4.499 billion, an increase of 4.7% from the previous year.

Revenue for the life insurance segment came to MAD 2.261 billion, down 12.4% compared to 2009. The insurer's savings products were responsible for this decline, which results from the following factors:

• the voluntary curtailment in savings products with single or exceptional premiums, in favour of long-term savings products with regular premiums;

• the timeframe required for the introduction of the new range of life insurance products and their adoption by the network.

In contrast, the term life insurance business saw sustained growth of 23.0% in 2010 and recorded revenue of MAD 573 million for the year.

Revenue for the non-life insurance segment came to MAD 2.237 billion, a surge of 30.3% compared to 2009. This increase was mainly driven by excellent sales performance in the corporate insurance market and the strong results achieved by automobile insurance products with consumers and independent professionals.

Consequently, the non-life business increased its share in the insurer's total revenue, from 39.9% in 2009 to 49.7% in 2010. This change reflects the combined impact of the decline in savings products and strong revenue growth for the corporate and automobile insurance segments.

Claims paid and management expenses

Claims paid and management expenses amounted to MAD 4.071 billion in 2010, an increase of 8.9% over their level in 2009.

Claims paid and management expenses for the non-life insurance segment came to MAD 1.570 billion in 2010, a jump of 46.4% compared to 2009. This increase results mainly from business growth but also reflects the consequences of the flooding experienced in Morocco in late November 2010.

In the life insurance segment, claims paid and management expenses totalled MAD 2.501 billion in 2010, down 6.2% from 2009. This decline is mainly due to the decrease in savings products.

Operating expenses for underwriting

Operating expenses for underwriting came to MAD 702 million in 2010, an increase of 12.7% compared to 2009.

Acquisition costs for contracts rose 22.1% in 2010 to MAD 384 million. For the non-life insurance segment, the ratio of acquisition costs to earned premiums remained virtually stable at 11.9% in 2009, versus 12.4% in 2009.

In contrast, the ratio of acquisition costs to earned premiums for the life insurance segment rose 1.4 points to 5.4%. This increase was driven by the rise in fees on assets under management.

Administrative expenses came to MAD 320 million in 2010, up 3.9% compared to 2009.

In 2010, Wafa Assurance achieved major productivity gains thanks to better control of its administrative expenses, for both life and non-life business.

For the non-life insurance segment, the ratio of administrative expenses to earned premiums shed 2.7 points to 11.7%.

For the life insurance segment, the ratio of administrative expenses to average assets under management declined from 0.64% in 2009 to 0.57% in 2010.

Cost of reinsurance

The net cost of reinsurance came to MAD 27 million in 2010, declining by MAD 84 million compared to 2009. This significant improvement is attributable in large part to the non-life insurance segment, for which the cost of reinsurance fell by MAD 100 million, to MAD 29 million in 2010.

Investment income

In 2010, Wafa Assurance's investment income benefited from solid returns in the equity market, rising 12.2% to MAD 1.335 billion. In 2009, investment income reflected the impact of the disposal of a 24% stake in Crédit du Maroc, generating capital gains of MAD 738 million, with a portion of these gains amounting to MAD 280 million considered as exceptional in nature.

Investment income related to the non-life business came to MAD 652 million in 2010, down 25.4% compared to the previous year, due to this segment's share in the exceptional capital gains arising on the Crédit du Maroc disposal. Excluding this item, investment income for the non-life business would have posted an increase of 9.8%.

Investment income related to the life business totalled MAD 582 million in 2010, up MAD 303 million compared to the previous year, in which the insurer had consciously elected not to generate any capital gains.

Technical reserves

At 31 December 2010, technical reserves came to MAD 17.972 billion, up 10.5% year-on-year.

Technical reserves for the non-life insurance segment accounted for MAD 6.534 billion of the total, with the remaining MAD 11.439 billion attributable to the life insurance segment. These reserves thus increased 14.3% and 8.5% year-on-year.

Results and proposal for allocation of income

At 31 December 2010, Wafa Assurance's non-life and life businesses posted pre-tax profit of MAD 934 million, down from MAD 989 million a year earlier, a decrease of 5.6%. Pre-tax profit for the non-life insurance segment was MAD 768 million, while that for the life insurance segment was MAD 167 million:

- For the non-life business, the improvement in the results of operations was negated by the decline related to the exceptional capital gains recorded in 2009 on the disposal of the 24% stake in Crédit du Maroc. Excluding the impact of these capital gains, net underwriting income for the non-life business would have risen by 17.5%;
- Net underwriting income for the life business saw a significant increase of 201% due to the surge in net financial income for this segment (+108%) and the development of the term life business (+23.0% in terms of revenue).

Taking into account net non-underwriting income of MAD 93 million as well as a corporate income tax expense of MAD 303 million, Wafa Assurance generated net income of MAD 724 million in 2010, up from MAD 677 million in the previous year, an increase of 6.9%. Excluding the impact of the share in the exceptional capital gains on the disposal of the 24% stake in Crédit du Marco, net income rose 44.8% in 2010.

SUBSIDIARIES IN AFRICA

Attijariwafa bank's international retail banking subsidiaries closed the 2010 financial year with positive results in line with the initial budget targets specified within the Group's strategic plan.

Tunisia

Attijari bank Tunisia successfully continued its expansion in 2010, as reflected both by its business activities and its results. Customer deposits reached MAD 18.87 billion at 31 December 2010, an increase of 16% year-on-year. Loans outstanding rose by 15% to MAD 16.38 billion. At 30 September 2010, Attijariwafa bank's Tunisian subsidiary achieved a market share of 9.4% in deposits and 7.6% in loans.

In terms of this entity's results, net banking income grew 13.0% to MAD 986.3 million, while net income saw a substantial 24% rise to MAD 342.8 million.

In the area of business development, Attijari bank Tunisia further expanded its network in 2010. With 20 new agencies opened during the year, the bank operated a total of 169 agencies at 31 December 2010. Further diversification of products and services was also a focus of Attijari bank Tunisia's activities in 2010 and the year also saw several launches of innovative products in the Tunisian market.

WAEMU member countries

Attijariwafa bank maintains operations in WAEMU member countries through the following subsidiaries: Compagnie Bancaire de l'Afrique Occidentale (CBAO), Crédit du Sénégal (CDS), Banque Internationale pour le Mali (BIM) and Société Ivoirienne de Banque (SIB).

In 2010, Attijariwafa bank's WAEMU subsidiaries recorded satisfactory results overall:

In Senegal, CBAO saw its customer deposits increase by 6% to MAD 8.91 billion. Its loans outstanding rose 3% to MAD 6.98 billion. As for CDS, in 2010 its customer deposits and loans outstanding rose 6% to MAD 1.71 billion and 8% to MAD 1.67 billion, respectively.

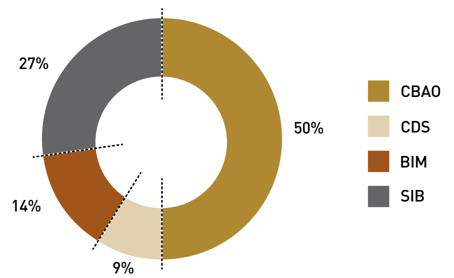
In terms of results, CBAO closed the year with net banking income of MAD 734.6 million and net income of MAD 129.2 million, whereas CDS posted net banking income of MAD 141.2 million and net income of MAD 35.9 million.

In Mali, BIM's customer deposits rose 18% to MAD 3.2 billion. Loans outstanding increased 3% to MAD 2.36 billion. In 2010, BIM posted net banking income of MAD 217.8 million and its net income came to MAD 20.8 million.

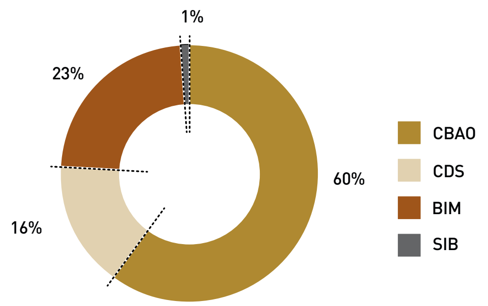
As for SIB, its customer deposits increased 28% to MAD 3.49 billion and its loans outstanding rose 36% to MAD 3.66 billion. SIB's net banking income rose 20% to MAD 411.0 million compared to 2009. Net income strengthened by 21% to reach MAD 103.5 million in 2010.

Taken together, Attijariwafa bank's subsidiaries in WAEMU member countries reported net banking income of MAD 1.51 billion, a 2.2% increase compared to 2009. Their net banking income totalled MAD 289.4 million, representing a slight decrease from the total of MAD 298.8 million recorded in 2009. These results break down as follows:

Contribution by member country to total net banking income for WAEMU subsidiaries at 31 December 2010



Contribution by member country to total net income for WAEMU subsidiaries at 31 December 2010



CAEMC member countries

Attijariwafa bank maintains operations in CAEMC member countries through the following subsidiaries: Union Gabonaise de Banque (UGB) and Crédit du Congo (CDC).

At 31 December 2010, UGB's customer deposits totalled MAD 3.88 billion and its loans outstanding came to MAD 2.55 billion, corresponding to year-on-year increases of 13% and 18%, respectively. Its net banking income grew 17% to MAD 381.7 million and the bank posted net income of MAD 105.6 million, an increase of 47% compared to 2009.

CDC closed the 2010 financial year with a 37% increase in customer deposits to MAD 3.02 billion and a 13% rise in loans outstanding to MAD 828 million. Its net banking income increased 14% to MAD 235.2 million. The bank reported net income of MAD 75.7 million, a jump of 70% compared to 2009.

Consolidated results

Attijariwafa bank has published its consolidated financial statements under IFRS since 30 June 2007.

At 31 December 2009, the Group's scope of consolidation was enlarged with the acquisition 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.

The Group's scope of consolidation remained unchanged in 2010 and the integration of these four new subsidiaries was carried out on a full-year basis, in contrast with the approach used in 2009, when new acquisitions were consolidated for the first time in the second half of the year.

Analysis of consolidated business activity

Analysis of consolidated business activity

At 31 December 2010, consolidated customer deposits totalled MAD 273.7 billion, an increase of 6.9% year-on-year. This improvement breaks down as follows:

- customer deposits in Morocco rose 5.4% to MAD 229.2 billion;
- customer deposits in Tunisia grew 15.6% to MAD 18.9 billion;
- customer deposits in WAEMU member countries increased by 12.0% to MAD 17.3 billion;
- customer deposits in CAEMC member countries climbed 22.6% to MAD 6.9 billion;
- customer deposits in Europe held steady at MAD 1.4 billion.

Consolidated loans outstanding amounted to MAD 219.4 billion, up 9.5% over 2009. This increase was mainly due to:

- a 9.0% rise in loans outstanding in Morocco to MAD 183.5 billion;
- a 15.3% increase in loans outstanding in Tunisia to MAD 16.4 billion;
- a 10.3% rise in loans outstanding in WAEMU member countries to MAD 14.7 billion;
- a 16.5% jump in loans outstanding in CAEMC member countries to MAD 3.4 billion.

Consolidated results for Attijariwafa bank

Balance sheet total

At 31 December 2010, Attijariwafa bank's balance sheet total crossed the MAD 300 billion mark for the first time, reaching MAD 306.66 billion, an increase of 5.6% compared to year-end 2009.

Total assets were comprised of loans and advances to customers (65.3%), available for sale financial assets (9.8%) and financial assets measured at fair value through profit or loss (7.8%). These three types of assets together accounted for nearly 83% of the balance sheet total.

Total assets increased by MAD 16.31 billion, as a result of the following changes:

- an 11.9% increase in loans and advances to customers to MAD 200.22 billion;
- a 15.9% increase in available for sale financial assets to MAD 29.92 billion;
- a jump of more than 100% in amounts payable in respect of policyholder surpluses to MAD 816.3 million.

The increase on the liabilities side of the balance sheet was mainly due to:

- a 3.5% increase in amounts due to customers, which alone accounted for 65.7% of total liabilities;
- an 81.2% increase in issued debt securities, which accounted for 4% of total liabilities.

Consolidated equity

Consolidated equity increased 13.1% year-on-year to MAD 28.3 billion.

Consolidated net banking income

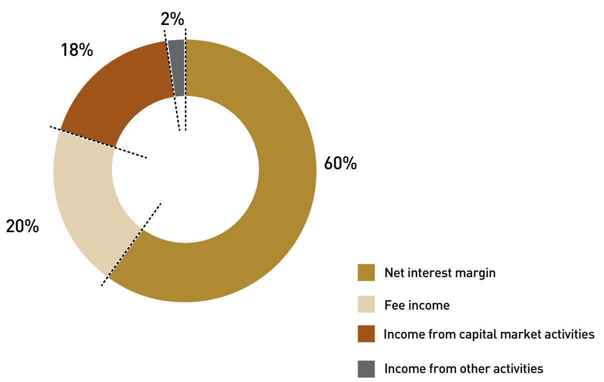
Attijariwafa bank's consolidated net banking income rose 10.6% in 2010 to MAD 14.67 billion. This increase reflects the combined impact of:

- a 20.8% increase in the net interest margin to MAD 8.9 billion;
- a 30.6% jump in fee income to MAD 2.88 billion;
- a 15.9% decline in capital market activities to MAD 2.58 billion.

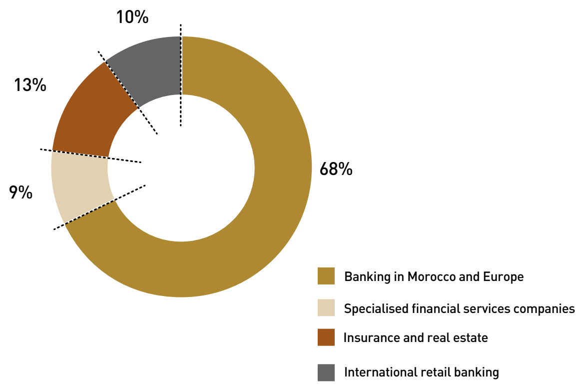
On a pro forma basis and excluding the impact of capital gains recorded in 2009, consolidated net banking income rose by 12.6%.

At 31 December 2010, the composition of consolidated banking income was as shown in the chart below:

Composition of consolidated net banking income at 31 December 2010



Contribution by business activity to the Group's share of net income at 31 December 2010



This strong increase in the various components of consolidated net banking income is attributable to the parent company's accomplishments as well as major contributions by the Group's subsidiaries during the year.

Gross operating income

Gross operating income rose 5.0% to MAD 8.24 billion (+17.9% at constant structure). General operating expenses increased by 6.4% on a pro forma basis and excluding the impact of capital gains recorded in 2009. The cost-to-income ratio was 43.8%.

Cost of risk

The cost of risk rose 23.3% to MAD 1.22 billion. As a percentage of total loans outstanding, the cost of risk increased slightly by 0.06 points to 0.58%. Non-performing loans amounted to MAD 10.94 billion for a total outstanding of MAD 208.35 billion. The non-performing loan ratio declined by 0.1 points to 5.3%.

Consolidated net income

At 31 December 2010, consolidated net income totalled MAD 4.74 billion, up 3.3% compared to year-end 2009. At constant structure, consolidated net income grew by 15.4%.

Net income – Group share

All in all, the Group's share of net income grew by 4.1% to MAD 4.10 billion. On a pro forma basis and excluding the impact of capital gains recorded in 2009, the Group's share of net income increased by 18.6%. This improvement is the result of concerted efforts during the year by Attijariwafa bank's various affiliates as well as the Group's subsidiaries active in specialised financial services, international retail banking and insurance.

Return on equity (ROE) came to 20.4% in 2010. The return on total assets remained stable at 1.6%.

GLOBAL RISK MANAGEMENT

CONTENTS

Organisation and objectives of risk management

Attijariwafa bank's approach to risk management is based on professional and regulatory standards, international guidelines as well as recommendations made by supervisory authorities. Risks are managed centrally by the Global Risk Management division, which operates independently of the bank's other divisions and business lines and reports directly to the bank's Chairman and Chief Executive Officer.

This architecture embodies the universal principle applied to risk management by the Group and underscores this function's complete autonomy in relation to the bank's other divisions and business lines. By virtue of this independence, Global Risk Management enjoys optimal objectivity when considering proposals for risks to be assumed and when assessing internal control procedures and results.

The main objective of Global Risk Management is to ensure coverage and supervision of all risks associated with the Group's business activities so that they may be measured and monitored. Risk monitoring is performed by the Global Risk Management function on a continual basis, most often by adopting a proactive stance, in contrast to the work of the Internal Audit function, whose activities are pursued at specific times during the year and from a retrospective viewpoint.

Specifically, Global Risk Management's remit includes formulating recommendations concerning risk policies, analysing loan portfolios on a forward-looking basis, approving loans to companies and individuals as well as trading limits, and guaranteeing the quality and effectiveness of risk monitoring procedures.

There are three main categories of risk:

- Credit and counterparty risk: the risk of total or partial default by a counterparty with whom the bank has entered into either on- or off-balance sheet commitments;
- Market risk: the risk of loss due to adverse fluctuations in market conditions (interest rates, foreign exchange rates, equity and commodity prices, etc.);
- Operational risk: this category encompasses computer-related risk, legal risk, the risk of human error, tax risk, trade risk, etc.

The organisation of the Global Risk Management division has been modelled on the classification of risks as provided by the Basel II regulatory framework. Its structure consists of three specialised units: Counterparty Risk, Market Risk and Operational Risk.

a) The main responsibilities of the Counterparty Risk unit are as follows:

1. Upstream stages

- Analysing and investigating requests for the assumption of risk submitted by the bank's various sales teams with respect to the counterparty/transaction paradigm;
- Evaluating the substance and validity of guarantees;
- Assessing the importance of the relationship in terms of business volumes as well as the reasonableness and commercial justification of the requested financing.

2. Downstream stages

- Reviewing all loan commitments on a regular basis so as to categorise the components of the portfolio by type of risk;
- Examining weekly authorisation and utilisation statements;
- Identifying limit overruns, taking the necessary corrective measures;
- Checking for early warnings of potentially distressed loans and identifying payment incidents;
- Working closely with the entities within the network to recover these amounts;
- Determining the provisions to be recognised for non-performing loans.

b) The main responsibilities of the Market Risk unit are to detect, analyse and monitor the bank's interest rate and foreign currency positions, to optimise these positions through formal authorisations and to remain vigilant with regard to any departure from these positions;

c) The main responsibilities of the Operational Risk unit are to detect, analyse and monitor the various operational risks associated with banking business activities (human error as well as computer-related, tax and legal risks)

In late 2008, the Global Risk Management division created a new unit dedicated to risk management systems and procedures, with the aim of the aligning the bank's tools with best practices within the industry, in particular the Basel II regulatory framework. This unit was assigned three main responsibilities:

1. Design of internal credit rating models in line with Basel II recommendations;
2. Establishment of standards and methods to be applied by Global Risk Management;
3. Steering of projects relating to risk management, particularly projects implementing Basel II guidelines.

General provisions

1. Governance and organisation

The governance practices followed by the Group for risk management and the organisation of all related processes are developed in the context of a framework that sets forth and ensures the systematic application of management principles approved by the bank's decision-making bodies.

In order to ensure the best possible coordination of joint initiatives, key responsibilities in risk management have been clearly defined.

The main corporate bodies and functions involved in risk management are:

1. Board of Directors;
2. Executive Management;
3. Group Risk Committees;
4. Global Risk Management.

Responsibilities of the Board of Directors

In the context of Attijariwafa bank's business activities, the responsibilities of the Board of Directors include:

- Defining and performing regular reviews of the Group's business strategy and risk management policies;
- Discerning the main risks to which the bank is exposed in its business activities;
- Validating overall limits for assumed risk and ensuring that Executive Management and the Group Risk Committees take the measures required to identify, measure, monitor and control these risks, with the understanding that risk limits must be set in relation to the bank's equity capital;
- Approving the organisational structure;
- Ensuring that Executive Management regularly evaluates the effectiveness of internal control procedures.

Responsibilities of Executive Management

As the Group's collegial executive body, Executive Management's responsibilities include:

- Implementing the strategy and policies approved by the Board of Directors;
- Implementing the processes and resources required to identify, measure, monitor and control risks related to the Group's business activities;
- Establishing and maintaining the organisation responsible for managing day-to-day business operations and for monitoring risks;
- Establishing internal control standards and methods;
- Keeping the Board of Directors informed of the main findings and conclusions arising from the measurement of risks to which the bank is exposed;
- Involving the Board of Directors in the management of the bank's business activities by submitting for its approval all policies developed for the management of risks.

Responsibilities of Group Risk Committees

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

Headed by the Chairman and Chief Executive Officer, this committee reviews and authorises large-scale transactions exposing the Group to risk beyond a specific threshold level (loans, recovery, investments, purchases, etc.).

This committee also monitors trends in risk indicators and determines short-term objectives in the area of risk management.

Group Credit Risk Committee

The Group Credit Risk Committee is authorised to review and approve all of Attijariwafa bank's commitments up to a limit of MAD 600 million.

Acting upon proposals submitted by the Correspondent Banking function, this committee also determines counterparty limits for the Group's international banks.

Market Risk Committee

The Market Risk Committee is the internal body responsible for monitoring all types of market risk and reaching decisions in relation to these risks. Its responsibilities include:

- Monitoring and analysing market risks and their development;
- Ensuring compliance with supervisory indicators, specific management rules and predetermined limits;
- Setting limits for the various product lines as part of the bank's overall strategy.

Responsibilities of Global Risk Management

Global Risk Management's role is to supervise methodologies and to monitor counterparty, market and operational risk. Its main responsibilities include:

- Formulating recommendations concerning risk policies;
- Examining requests for lending and trading limits before submitting them to the appropriate committee;
- Monitoring counterparty, market and operational risks in the context of an assessment of the bank's overall exposure;
- Validating the principles applied for risk management procedures and measurement methods, ensuring in particular that they are consistent across the Group;
- Validating the internal models and software tools used to determine valuations for financial instruments.

2- Risk management process

The risk management process comprises four main stages involving the participation of several Group functions:

- risk identification;
- risk measurement;
- risk monitoring;
- risk control.

- Risk identification

The risk identification stage involves drawing up a comprehensive and detailed inventory of risks and factors related to each risk.

This inventory is updated on a regular basis to account for developments in risk-inducing factors and changes arising from any shift in management strategy or policies.
The Control and Methods unit is responsible for risk identification as much in relation to the bank's day-to-day operations as to the launch phases for new products or business lines. In support of its work, Control and Methods receives regular reports and notes from the Internal Control function.

- Risk measurement

The risk measurement stage involves determing likelihoods for the occurrence of risks and their financial consequences in relation to the bank's positions or assets;

The risk measurement methods in use by the Group are inspired in large part by the sound practices laid down by the Basel Committee and comply with prudential guidelines under the supervision of the Group Risk Committees and Global Risk Management.

Attijariwafa bank is committed to implementing state-of-the-art techniques for risk management, thus incorporating the latest developments in the application of its internal methods.

- Risk monitoring

The risk monitoring phase involves all measures taken by the bank to limit risk to acceptable levels.

- Risk control

This final stage encompasses the surveillance and steering of the risk management process and enables new areas of risk to be identified, adjusting limits as these risks evolve.

I – CREDIT RISK

A – Credit policy

I- General principles

The aim of Attijariwafa bank's general credit policy is to define the framework governing business activities exposed to counterparty risk.

Counterparty risk is the risk of financial loss relating to the failure of an obligor to honour its contractual obligations and is involved in the bank's lending activities as well as in other activities exposing the bank to the risk of default by a counterparty or an issuer, in particular capital market or settlement/delivery transactions.

The provisions of this general credit policy apply to all of the bank's operations on a permanent basis. They are subject to change whenever justified by developments in the economic and financial circumstances affecting the markets.

These provisions may be supplemented by specific policies relating to certain business activities or Group entities. They are also accompanied by credit risk tolerances that are reviewed regularly.

Attijariwafa bank's credit policy is based on ten basic principles:

I.1 Ethics and compliance: the Group requires strict adherence to the ethical principles defined in its internal code of conduct as well as to all regulatory provisions governing its business activities.

I.2 Functional independence between risk structures and operational entities in order to safeguard risk quality and objectivity in decision-making processes.

I.3 Responsibility for risks: each business unit is fully responsible for its own credit risks. This responsibility is also shared by the loan-granting bodies.

I.4 Collegial decision-making: all credit-related decisions must be reviewed and signed by at least two parties, the manager authorised to approve the transaction from the commercial standpoint and the manager responsible for risk-related aspects of this transaction. This dual authorisation process serves to promote comparative assessment. The referral of disputes to a higher level in the hierarchy is possible in some cases when opinions diverge.

No loan-granting decision will be made unilaterally unless a specific delegation authorising such an action has been delivered by the Board of Directors.

I.5 Appropriate returns: each risk assumed by the bank must earn an appropriate return. Pricing structures must always reflect the rating of the risk assumed.

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

I.7 Separation of the management function from the risk control function.

I.8 Prudence must be brought to bear at all times and expert advice must be sought whenever doubts or ambiguities arise in relation to specific transactions.

I.9 Prior analysis by the New Product Committee of any potential counterparty risk associated with new product launches or new business lines.

I.10 Restrictive rule: no financing may be granted on behalf of a counterparty having benefited from debt forgiveness or having been downgraded as a result of amounts due in dispute. The rating system is discriminatory for this type of customer and will assign a rating removing the counterparty from consideration for credit.

II. Structuring principles applicable to counterparty risk

General principles for the assumption of risks

The assumption of risk must be in keeping with approved risk strategies. These strategies, which are tailored to the specific requirements of each business line and business development plans, are based on:
- overall trading limits;
- intervention criteria;
- a system of delegations.

The strategies are also broken down by:
- business line;
- entity;
- industry sector;
- country.

Compliance with these strategies is the responsibility of the business lines and is controlled by Global Risk Management. Any decision to assume risk requires an in-depth analysis of both the counterparty and the transaction and must be evaluated with regard to its risk/return ratio. The decision reached must be consistent with the risk strategy for the business line concerned and in keeping with applicable limits.

II.1 Selection of counterparties

The Group only enters into business relationships with counterparties enjoying a good reputation. Sales teams are responsible for collecting pertinent information on customers, refusing to transact business with any customers listed in databases for negative reasons (prohibited from opening bank accounts or writing cheques, involved in disputes).

If a counterparty refuses to honour its signature with the Group or the banking system as a whole, it may not apply for any new loans from the Group. In the absence of swift resolution of the disputed debt, the Group ceases to honour its commitment to the counterparty in question.

If an agreement by mutual consent results in debt forgiveness, the counterparty may no longer request any financial assistance from Attijariwafa bank (unless otherwise agreed by the Major Risks Committee).

With respect to customer deposits, sales personnel must also verify that funds derive from a respectable source and were not obtained using unlawful means.

The final decision to enter into a commitment with any counterparty is based on the rating assigned by the Group's internal rating system and an independent opinion submitted by Global Risk Management. The appropriate credit committee serves as the ultimate decision-making authority.

II.2 Structure of transactions

Lending activity presupposes the complete understanding of the structure of lending transactions in relation to the following points:

Purpose: the economic justification for lending transactions must be demonstrated;

Structure: transactions must be clearly explained and perceived and their monitoring must be guaranteed;

Maturity: maturities of loan commitments must be in keeping with guidelines laid down for their category. For example, equipment loans must normally have a maturity of seven years, unless otherwise agreed for residential equipment loans in connection with a policy of matching maturities with liabilities;

Transparency: the procedure for granting loans must be consistent with ethical guidelines;

Security: the repayment capacity of counterparties must be analysed and confirmed;

Personal loan guarantees or collateral: loans must be backed by collateral or personal guarantees. The economic value of pledged assets must be validated by experts and regularly updated. Similarly, the assets of guarantors must be itemised and this inventory must also be regularly updated;

Notice of loan conditions: formal notice of loan conditions must be delivered to customers so as to safeguard the interests of all parties.

III. Specific risk management procedures for lending activities

Due to their core significance but also the risks they involve, the bank's lending activities are governed by a specific set of risk management procedures organised around three key priorities:

- compliance with prudential guidelines laid down by Bank Al-Maghrib;
- rating of counterparties to promote careful selection and rigorous monitoring of risks;
- sector-based diversification to limit concentration risk.

III.1 Prudential guidelines

Credit risk associated with the bank's lending activities is managed through compliance with prudential guidelines intended to limit the impact of this most significant of banking risks. These guidelines relate to all three phases: before, during and after the assumption of risk:

Before the assumption of risk:

At this stage, the bank must ensure compliance, on a constant basis, with a minimum solvency ratio of 10%. This involves pairing growth in lending activities with the increase in the level of equity capital (creation of loans of up to 10 times the bank's equity capital amount) in order to limit the bank's debt level, which is also a factor with the potential to weaken its financial structure.

Assuming the risk :

This phase is governed by regulatory provisions relating to:

- the examination of loan applications in relation to a minimum checklist;
- compliance with the maximum exposure ceiling, limited to 20% of the bank's equity capital to the benefit of a single beneficiary (individual or group);
- the need to reduce concentration in portfolio commitments so as to limit the risk burden;
- the obligation to ensure compliance by lending activities with all legal and tax provisions, codes of conduct and other guidelines.

After the risk has been assumed :

Major risks incurred in relation to a single beneficiary (individual and/or group) are subject to specific monitoring procedures over and above any applicable regulatory constraints (not to exceed 20% of equity capital and mandatory declaration to Bank Al-Maghrib for any amount in excess of 5% of equity capital).

Specific management procedures apply to counterparties for whom the bank has reached its regulatory ceiling for commitments, involving close collaboration between the sales teams and Global Risk Management in order to allow the Group to take advantage of possible financing opportunities providing gains in profitability without increasing its exposure.

At the same time, the portfolio of commitments must be regularly reviewed and requalified so as to organise this portfolio in terms of healthy loans, loans under surveillance and non-performing loans for which appropriate provisions have been recognised.

The effectiveness of these guidelines must be guaranteed through the implementation of internal control procedures encompassing:

- the measurement of the bank's exposure and that of its subsidiaries with respect to commitments (both loans made under formal commitments and undrawn confirmed lines of credit) and with respect to counterparty risk for market transactions;
- the control and surveillance of risks at the Group level thanks to the precise identification of third parties exposed to risk in order to ensure the consistency and exhaustiveness of reporting procedures relating to risk monitoring and the allocation of loans to Basel portfolio types;
- stress tests as a tool for the simulation of the bank's capacity to withstand a decline in the risk quality of its portfolio of commitments due to adverse developments in the economic environment.

III.2 Concentration risk:

In relation to credit risk, concentration risk refers to the risk associated with an exposure that may give rise to significant financial losses able to threaten the financial solidity of an institution or its ability to continue pursuing its core activities. Concentration risk may arise from an exposure to:

- individual counterparties;
- interest groups;
- counterparties within a single industry sector or a single geographic region;
- counterparties whose financial results depend upon the same type of business or the same basic product.

The Group's policy promoting international expansion involves risks due to a concentration of counterparties within a single geographic region. This concentration is associated with a specific management of limits (in terms of exposure and delegations of authority) and warning levels.

The risk of individual concentration and of concentration relating to interest groups is governed by the provisions of the Moroccan central bank with regard to the division of risks. This presupposes that risks related to groups be managed using a standardised process based on a very broad definition of business groups. It also involves a concerted approach with the appropriate business lines so as to:

- define overall exposure limits and types of surveillance;
- consolidate all information relating to groups of counterparties within a single database.

Furthermore, the translation of a sector-based policy into procedures for the distribution of loans takes into account:

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

2. The quality of its assets (loss experience and rating);

3. The upside potential of the economic context (ascertained through economic intelligence, information issued by professional advisory committees or federations, provisions of the Moroccan finance bill, etc.) in order to mark out the course of business development plans and retain an optimal risk profile at the level of the bank's portfolio of commitments in terms of sector-based concentration.

The regular review of the bank's exposures in light of developments in economic conditions facilitates decision-making processes and provides for dynamic adjustments in quantitative, and even qualitative, limits by:

- pursuing growth in sectors with high potential for development;
- focusing on industries where the penetration rate is relatively high or in relation to which the bank lacks good visibility;
- backing away from waning sectors (adverse prospects, high loss experience, etc.).

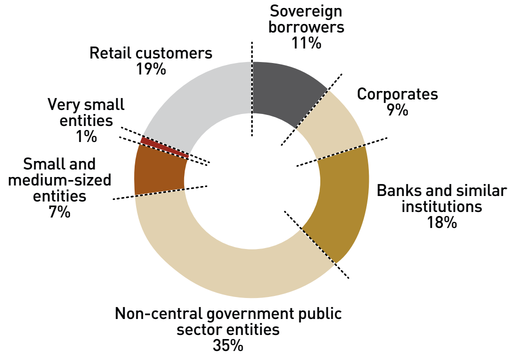
These quantitative sector-based limits are set against each other in concerted fashion by the different sales teams (in accordance with business development plans) and Global Risk Management, before being approved by the authorised bodies. They must apply as much to applications for reconsideration as for new relationships. Proposed limit overruns must be submitted to this same body for authorisation and the setting of new limits.

III.2.1 Diversification by type of counterparty:

Diversification is an essential component in the bank's risk management policy, which involves assessing the total exposure to any one beneficiary. The scope and variety of business activities pursued by the Group play a role in this process. Any relationships with the potential for concentration are assessed on a regular basis, resulting in corrective actions where appropriate.

The Group's current diversification by type of counterparty is shown in the chart below.

Attijariwafa bank's exposure by type of counterparty at 31 December 2010



III.2.2 Sector-based diversification

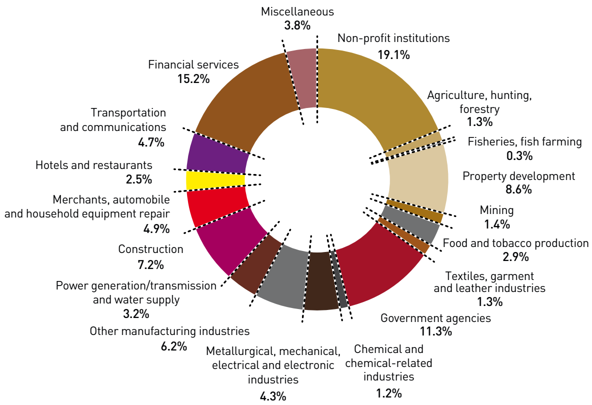
The same attention is paid to the bank's risk exposure by industry sector, combined with forward-looking analysis, which enables the bank to manage its risk exposure in a proactive manner. This approach is based on research providing an assessment of sector trends and identifying factors able to explain the risks to which counterparties are exposed.

At 31 December 2010, the breakdown of Attijariwafa bank's loan commitments by sector as a percentage of total loan commitments was as follows:

- Financial institutions, holding companies and insurance companies accounted for 19% of the total, nearly stable compared to 2009. Loans and advances made to this sector carry a very low level of risk (96% of loans and advances made to specialised financial institutions are to subsidiaries of the Group or to Caisse de Dépôt et de Gestion).

- Construction and building materials accounted for 7.6%, remaining virtually unchanged compared to 2009. Signed loan commitments represented more than 50% of total loan commitments to this sector.
- Property development accounted for 8.6%, nearly stable compared to 2009. Since 2006, loans to this sector have risen strongly due to the bank's strategic decision to finance a number of large-scale housing projects.

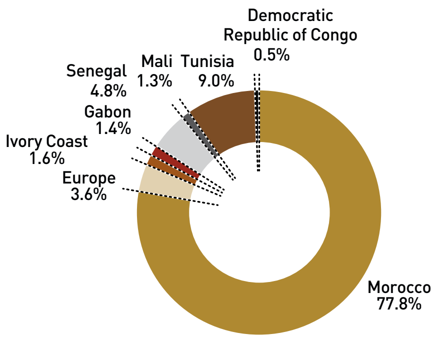
Attijariwafa bank's exposure by industry sector at 31 December 2010



III.2.3 Geographical distribution

The geographical distribution of the Group's loan commitments reveals a very large concentration in Morocco, which accounted for 78% of total loans at 31 December 2010. The remainder was divided between Tunisia (9%), Europe (4%), Senegal (5%) and other African countries (4%).

Attijariwafa bank's exposure by country at 31 December 2010

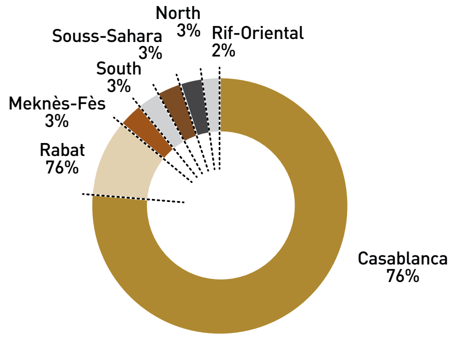


In Morocco, the Casablanca region alone accounted for 76% of the bank's total loan commitments in 2010, followed by the Rabat region (10%), the regions of Meknès-Fès, Souss-Sahara and Rif-Oriental, each accounting for 3% of total loan commitments, with other regions at 6%.

This concentration is due to the following factors:

- the Casablanca and Rabat regions constitute the country's economic, financial and administrative backbone;
- the accounts for the main infrastructure projects carried out in the provinces are domiciled in Casablanca and Rabat.

Attijariwafa bank's exposure within Morocco by region at 31 December 2010



B - Procedures

1- Decision-making processes

a- Scope of powers:

The Group's decision-making processes relating to its lending activities are based on a set of delegations, which involves obtaining the approval of an appointed representative of the risk management function. This approval is always given in writing, whether by obtaining the appropriate signatures or within the context of an official meeting of a credit committee.

Delegations of powers 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 set forth within the general credit policy. Any exception must be referred to the next higher level in the hierarchy.

With respect to the bank, the decision-making bodies as validated by the Board of Directors are as follows (classified in terms of rising order of authority):

- Select committees of Global Risk Management (3 levels);
- Corporate and Investment Banking Credit Committee;
- Group Credit Committee;
- Major Risks Committee, headed by the Chairman and Chief Executive Officer, which is the ultimate decision-making body in terms of credit and counterparty risk.

With respect to the Group's subsidiaries, powers are defined as a function of the level of risk. Beyond these thresholds, decision are reached by the bank's various committees.

b- Processes:

Applications and proposals :

After making contact with the customer and proceeding with an initial evaluation of the latter's business activity and/or income, the agency's sales manager puts together a credit proposal using a dedicated software tool. The sales manager then puts together an administrative file for the proposal, including all documents required by Bank Al-Maghrib and by the bank's internal guidelines relating to loan commitments.

This proposal must include all information required for the decision-making process at the level of Global Risk Management.

Analysis and decision-making process :

The credit proposal is sent to the analysts in the Global Risk Management division, who perform an initial and thorough diagnostic review of the relationship, focusing on the following elements:

- the counterparty's business activity and profitability;
- the counterparty's ability to make repayments;
- the financial structure of the package proposed;
- the background of the relationship;
- the quality of the guarantee or collateral backing the loan;
- the profitability of the transaction;
- the rating determined according to the bank's internal rating system.

In order to improve the bank's due diligence in terms of risk management, the analysis of loan application files is supplemented by sector-based research carried out by the Economic and Sector-based Research unit.

The main objective of this research is to analyse macroeconomic trends by conducting targeted studies across all industry sectors so as to contribute to the definition of the bank's credit policy in its broad outlines.

This analysis is then scrutinised by a risk management specialist from the Global Risk Management division. This individual reaches the appropriate decision within the strictly personal scope of powers delegated, before presenting a proposal to the relevant decision-making body for approval.

Notice of decision:

This new procedure, which is part of a project to upgrade the credit certification process, has enabled the Group to formalise the terms and conditions underlying its credit decisions, providing greater transparency by clarifying relationships with customers to avoid misunderstandings. This approach also safeguards the mutual interests of both parties.

Further improvements are being made in this area, including the introduction of a contract for the opening of a line of credit and/or a specific notification letter for some types of financing, especially real estate loans.

Revisions:

Proposals to revise lines of credit are made by sales teams, in the same way as proposals to open new lines of credit. However, a revision may be requested by a Global Risk Management committee whenever this division's monitoring system reveals discrepancies that would justify either an upward or downward revision in the authorised amounts.

The analysis and decision-making cycle is the same as that used for approving a new loan.

Related legal entities:

The loan approval process for related legal entities follows the same rules and procedures as those applied for other customers.

c - Management of loan files:

Content and management of loan files

Customer loan files include the following documents:

- customer relationships documents;
- documents pertaining to the guarantee or collateral;
- administrative documents;
- the operational services document.

Under the terms of the Bank Al-Maghrib directive dated 1 April 2005, loan files for corporate customers must also include the following items:

- the minutes of the Annual General Meeting having approved the company's financial statements for the year just ended;
- the company's summarised financial statements;
- the report of the Statutory Auditors certifying that the financial statements provide a true and fair view of the company's financial position and its assets and liabilities;
- receipt for the filing of the summarised financial statements and the report of the Statutory Auditors with the clerk of the commercial court.

Loan applications are kept on file at the agency where they were submitted. For research purposes, copies of all original documents are sent to the various central departments in need of this information to approve the credit decision.

It should be noted that credit proposals and decisions as well as all relevant documents are kept on file by the Global Risk Management division.

In addition to the filing and management of physical documents, Attijariwafa bank has established a digital filing system providing access to financial statements and other information over a number of years. This system's search engine allows users to conduct detailed research using a set of predefined criteria.

d - Management of guarantees and collateral

Sales units submit guarantee or collateral proposals as part of the overall credit proposal. Guarantees or collateral are therefore negotiated with the customer beforehand as coverage for credit risk.

These guarantees or collateral are evaluated together with the credit proposal itself. This assessment is made on the basis of a number of elements of information and documents submitted as part of the process for evaluating the credit proposal. The main types of guarantees or collateral accepted by the bank and the methods used for evaluation are as follows:

- Personal guarantees, which are assessed in relation to a recent detailed inventory of the guarantor's assets presented using a predetermined format;
- Mortgage guarantees, which are assessed on the basis of:
  - a valuation report issued by an expert appointed by Attijariwafa bank for guarantees equal to or greater than MAD 1 million;
  - a report by a bank manager backed up by a visit report for guarantees in amounts lower than MAD 1 million;

At the loan file's annual renewal, the expert may perform an updated valuation of the mortgage-backed assets, if necessary.

- Pledges of the tangible and intangible assets of a business, which may also be backed up by a valuation report;

- Goods pledged, which are generally accompanied by an inventory statement, and may in some cases be inspected by accredited organisations;
- Equipment financed and pledged, whose valuation is corroborated by invoices and evidence of payment.

Management of guarantee or collateral files:

The original deeds of guarantee are kept on file by the Guarantees Administration unit at the bank's head office.

Requests for the release of guarantees or collateral follow the same procedure as credit proposals, once approval has been granted by the Commitments Control unit. Any authorised change to a guarantee or collateral thus has an impact at the level of the credit decision.

To ensure full operational control, the processing of releases is centralised with the Guarantees Administration unit, once the authorised signing parties have indicated their approval.

The AGMA project, launched by Attijariwafa bank in 2007, aims to modernise the bank's system for the management of guarantees and collateral by centralising the associated files and setting up a computerised system for both additions and releases.

2. Surveillance of distressed loans:

As part of Attijariwafa bank's new organisational structure, the Credit Risk Surveillance and Control unit has primary responsibility for the surveillance and detection of distressed loans.

Adopting a preventive stance, this unit monitors the health and quality of the bank's commitments on a permanent basis.

As a key element in the risk management process, this preventive approach involves anticipating any decline in risk quality and making the appropriate adjustments.

In the performance of its duties, this unit may:

- Monitor the authenticity of commitments, ensuring their consistency with the purpose of the credit and compliance with authorised limits, examining payment incidents, reviewing amounts due, etc.
- Detect loans showing signs of persistent weakness (known as distressed loans) based on a certain number of warning indicators;
- Monitor developments in key risks in conjunction with the network (distressed loans, largest and/or most sensitive commitments);
- Determine which loans need to be downgraded in light of current regulations governing non-performing loans;
- Monitor the outcome of certain specific risks in conjunction with the network, especially temporary admissions, advances to companies bidding for public contracts and advances for goods purchases.

This unit is organised into three sub-units, reflecting the network's current organisational structure:

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

The intended objective of these various forms of control is to anticipate risks that may arise from limit overruns, payment incidents, or a significant drop in customer transactions. Staff must react quickly to identify the problems experienced by the customer in question in a timely fashion and find the appropriate solutions.

3- Provisions:

With a view to identifying sensitive loans and those for which provisions should be recognised in accordance with applicable regulations, a comprehensive review of the bank's portfolio is conducted on a quarterly basis using a system of indicators. This system has been developed by Attijariwafa bank with reference to the non-performing loan classification criteria laid down by Bank Al-Maghrib's Circular 19, together with additional prudential criteria adopted by the bank.

These warning indicators may be grouped into four categories, all of which apply rules for detection consistent with regulations in force:

- 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, the bank uses a set of recently introduced proactive ratios as part of this system, determined in relation to specific balance sheet items. These ratios make it possible to identify precursors of a decline in risk quality at an earlier stage.

All loans thus detected and classified are reviewed, at a second stage, in the context of committee meetings convened for the monitoring of distressed loans and bringing together other bank representatives from the Network, Credit and Recovery functions.

These committee meetings serve to monitor the development of non-performing loans on a regular basis and may result in any one of the following actions:

- regularisation, meaning that the loans in question are reclassified into the "normal" category;
- rescheduling or restructuring, in the case of economically and financially viable business relationships;
- definitive downgrading of the loan into one of the non-performing loan categories, once formal notice has been made to the customer involved;
- classification of a loan as in need of continued monitoring if it is not yet eligible to be officially downgraded according to regulatory criteria but is deemed as requiring particular attention by staff involved, due to its risk sensitivity, with the recognition of provisions for general risks, where applicable.

Non-performing loans are valued and recognised in accordance with current banking regulations. They are divided into three distinct categories:

- pre-doubtful loans;
- doubtful loans;
- impaired loans.

If provisions are considered as necessary with respect to a given loan, the customer is officially informed of this status by the bank entity having granted the loan.

In addition, mortgage guarantees in amounts equal to or greater than MAD 1 million are systematically evaluated before being taken into account in the calculation of provisions.

It should be noted that, for prudential reasons, the Group's credit policy requires that most non-performing loans be classified immediately as impaired and that appropriate provisions be recognised.

Furthermore, the Risks and Accounts Committee meets regularly to examine the current circumstances of loans classified as non-performing and those requiring particular attention for other reasons, as a result of the detection of potentially adverse indicators.

4. Corrective portfolio measures

To improve the effectiveness of recovery efforts for distressed loans, a settlement procedure for out-of-court recovery has been established by the Group. This system is structured around two units, one for the network's corporate and investment banking entities and another for its retail banking entities.

These units, which report to Global Risk Management's risk and recovery units for loans to corporate customers and loans to private individuals, independent professionals and small businesses, are responsible for:

- monitoring the authenticity and quality of all the bank's loan commitments on a permanent basis;
- monitoring the implementation of corrective measures for any deficiencies, mainly via the network, or directly with the customers in question;
- adopting a proactive approach aimed at avoiding any decline in risk quality.

C-Internal credit rating system

Attijariwafa bank's internal credit rating system serves as an aid in the assessment of risks, in the credit decision process and in the monitoring of risks. It is one of the tools used to detect a decline or improvement in risk quality at each regular portfolio review.

Already in June 2003, a first generation of internal credit rating systems was developed by Attijariwafa bank with the technical assistance of the Group's international financing entity and the consultancy firm Mercer Oliver Wyman. This initial system was based on two parameters: a rating scale with six scores (A, B, C, D, E and F) and estimated probabilities of default. This first model was restricted to five financial factors characterising credit risk.

In 2010, the Group rolled out a new internal rating model at the level of the bank's information system in line with Basel II requirements. This model designed for the assessment of corporate banking customers takes into account qualitative and behavioural elements, in addition to financial information. It covers most of the bank's loan commitments. The design of the new model relies on the analysis of uniform categories of risk and statistically recognised analyses.

This rating system is based chiefly on the concept of a counterparty rating, corresponding to the counterparty's probability of default within one year. This rating is assigned to a risk class in the rating scale, which consists of eight risk classes including one in default (A, B, C, D, E, F, G and H).

Attijariwafa bank risk class	Description
A	Very good
B	Good
C	Fairly good
D	Average
E	Mediocre
F	Poor
G	Very poor
H	Default

The rating system currently in use has the following characteristics:

a) Scope: corporate loan portfolio, excluding local authorities, holding companies and property development companies;

b) Attijariwafa bank's rating system is based chiefly on the counterparty rating, corresponding to the counterparty's probability of default within one year.

c) The calculation of this rating is based on the combination of three types of scores:

- The financial score, which takes into account several financial factors related to the size, pace of growth, debt position, profitability and financial structure of the corporate customer;
- The qualitative score, which is based on information relating to the market, the environment, the share ownership structure and the management of the company. These elements of information are provided by the network;
- The behavioural score, which is based on the specific character of the account.

d) All counterparty ratings are subject to approval (at each rating) by the appropriate credit committee in accordance with current delegations of power.

e) The probability of default only assesses the solvency of the counterparty, independent of transaction characteristics (guarantees/collateral, ranks, clauses, etc.).

f) The model's risk categories have been calibrated in relation to the risk classes used by international rating agencies.

g) The rating is assigned to a risk class in the rating scale, which consists of eight classes grouped into three categories:

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

h) Use of internal rating: the internal rating system is now an integral part of the assessment and credit decision process. From the moment when a credit proposal is submitted for processing, the rating is taken into account. Furthermore, the risk rating will determine which level of authority is required to reach the credit decision.

i) Updating of ratings: counterparty ratings are re-examined at each renewal of the loan file and at least once a year. However, for corporate customers whose loan files are under surveillance (class F, G or pre-recovery), the counterparty rating must be reviewed every six months. In general, once any significant new information is received, the relevance of the counterparty rating must be re-evaluated, so that it may be raised or lowered, if necessary.

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

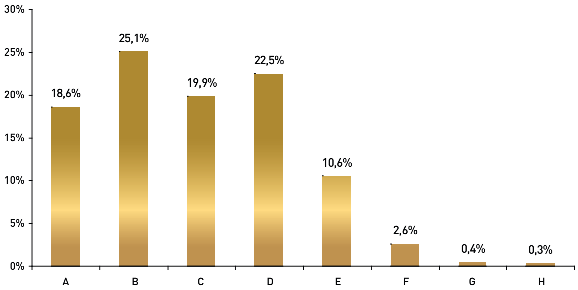
• test the predictive power of the rating model;

• ensure that probabilities of default are correctly calibrated.

With respect to risk quality surveillance, the Risk Management Systems unit produces a regular report on the mapping of risks analysed from various viewpoints (commitments, industry sector, pricing, networks, amounts due, etc.) and aims to improve the portfolio's coverage ratio.

In terms of commitments, the distribution of risks relating to corporate customers is as follows:

Distribution of bank commitments for corporate customers by risk class at 31 December 2010 (*)



(*) Excluding government agencies, holding companies and property development companies

The Group is currently developing a rating system for property development companies organised around two main dimensions (customer / project).

This approach is in keeping with the need to ensure compliance with Basel II advanced measurement approaches.

II – Market risk

Market activities are an area in which risk management plays a major role and is a key factor in boosting profitability and performance.

Attijariwafa bank has implemented and maintains a set of procedures and measures to anticipate and mitigate market risks and to improve risk control.

A– Management of market risks

1- Market risk categories

The major types of market risk are:

• interest rate risk;

• foreign exchange risk;

• equity risk;

• commodity risk.

- Interest rate risk:

Interest rate risk relates to the risk of fluctuations in either the value of positions or future cash flows arising from a financial instrument due to changes in market rates of interest.

- Foreign exchange risk

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

From a technical standpoint, foreign exchange risk is measured in relation to the bank's foreign exchange position, which includes:

• spot foreign exchange transactions;

• forward foreign exchange transactions;

• currency lending and borrowing;

• foreign exchange options.

Limits used in the management of foreign exchange risk comprise:

• end-of-day limit positions for each currency;

• end-of-day overall limit position;

• short limit position;

• stop-loss limit.

These limits are determined in accordance with regulatory limit requirements.

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

At 31 December 2010, the bank's total forward foreign exchange position amounted to MAD 21 billion with the following maturities:

(MAD millions)	< 3 months	3–6 months	> 6 months
Cash flow hedges	15 900	1 063	3 784

At 31 December 2010, the bank's foreign exchange option position amounted to MAD 5.1 billion.

- Equity risk:

Equity risk results from fluctuations in the value of a portfolio of equities due to adverse market trends in share prices.

- Commodity risk:

Commodity risk is engendered by fluctuations in positions due to adverse changes in commodity prices in the various markets where the bank is active.

2. Monitoring and control measures

Control of market risk involves comparing the various risk measures with their corresponding limits. This is a permanent responsibility for trading room staff responsible for each product line.

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

• Control and Methods unit of Capital Markets;

• Market Risk unit of Global Risk Management;

• Internal Control.

The Control and Methods unit reports to Capital Markets, but remains independent from the front office and sales teams. Internal Control reports to Capital Markets concerning management issues and to Group Compliance concerning operational issues.

Rôles des différents intervenants :

Control and Methods

The Control and Methods unit is responsible for Level 1 control. Its operational functions are defined by the applications for which it has administrative responsibility. Its main tasks are:

• Producing and analysing data relating to risks and to the economic value or income derived from the bank's positions on a daily basis;

- Ensuring the reliability of market inputs used to calculate economic value or income and risks (interest rates, exchange rates, equity prices, commodity prices, swap quotations, etc.);
- Developing methods for calculating risks and economic value or income, ensuring that they are comprehensive and suited to the nature of the risks incurred;
- Designing measures for limits and risk calculation methods in collaboration with Global Risk Management;
- Monitoring market limit overruns and informing the hierarchy in the event that they occur;
- Ensuring that front office operations comply with accepted market practices and the guidelines set out by the bank;
- Validating pricing systems used by front office staff.

Global Risk Management (Market Risk):

Global Risk Management is responsible for Level 2 financial control, fulfilling in particular a supervisory role in relation to methodologies and market risks. Its main tasks are:

- Validating the principles underlying the methods and measures proposed by the Control and Methods unit, in particular by ensuring that the methods used across the Group are consistent, issuing recommendations where appropriate;
- Internal and external reporting on market risks;
- Validating the methods developed internally and the software models used to value loan
- Validating the various authorisations and limits requested for the different product lines.

Market Risk Committee:

This committee, which meets once each quarter, brings together the individuals responsible for the different levels of control as well as the front office managers. The Market Risk Committee validates new limit applications and adjustments to proposed limits. It also reviews any limit overruns noted.

3. Management of limits

Limits are set by the Market Risk Committee for each type of exposure over a one-year period, but they may be revised in accordance with the requirements of individual product lines or to take into account changes in market conditions.

Limit applications made by the trading room's different product Responsibility for ensuring compliance with limits rests with:

– the Control and Methods unit;

– Global Risk Management.

The Control and Methods unit monitors exposures on a permanent basis, measures risks and compares the results with predetermined limits. It produces the relevant reports on a daily basis, which it forwards to:

- Executive Management;
- Global Risk Management;
- Internal Control.

Any limit overruns are immediately noted in these reports and the unit proposes the appropriate measures to be taken to regularise the situation.

Counterparty limits are revised:

- annually, at the renewal of files on counterparties maintained by Global Risk Management;
- on an ad hoc basis, depending on changes in the counterparty's business activity and risk profile.

At the annual review, the Control and Methods unit examines the defined limits and compares them with what actually occurred during the year just ended. In collaboration with the Capital Markets function and the other sales teams, the unit proposes any adjustments necessary for the following year.

In the case of ad hoc adjustments, those involved in setting limits may request that limits granted to a particular counterparty be revised in light of changing circumstances. Revisions may involve raising, lowering or eliminating limits.

All revision requests are centralised with the Control and Methods unit, which examines their impact on trading room operations before forwarding them to Global Risk Management.

4. System for managing market risks

In order to satisfy regulatory reporting standards, Attijariwafa bank has selected Fermat, an IT solution that meets both internal and regulatory requirements for calculating capital adequacy in respect of market risk, determining the bank's solvency ratio, measuring market risks incurred, etc.

In 2007, through the use of Fermat, the bank adopted the standardised approach under Basel II.

In addition to Fermat, Attijariwafa bank has developed in-house applications for measuring and quantifying market risks associated with the various trading room products.

B – Methodology for measuring market risks (internal model)

1- Value at risk (VaR)

Value at risk (VaR) measures the maximum expected loss in the value of a portfolio of financial instruments at a particular confidence level over a given holding period under normal market conditions.

Attijariwafa bank's VaR model was developed by Global Risk Management and covers dirham-denominated interest rate risk, foreign exchange risk in the spot and forward markets as well as equity risk. This model is made available through an in-house application based on the RiskMetrics method developed by JP Morgan.

This method offers various advantages: (i) ease of use, (ii) ability to account for existing correlations between asset prices, and (iii) consideration of both recent and historical price fluctuations.

The RiskMetrics method is based on a matrix of variances and co-variances of returns on portfolio assets as well as portfolio composition. Each day, Global Risk Management produces a detailed report retracing all VaR calculations and providing a trend analysis, with a verification of regulatory and internal limits.

Dirham-denominated instruments	Position (MAD)	VaR (1 day)	Regulatory VaR (10 days)
Foreign exchange	2 768 450 029	1 754 527	5 548 301
Equity interests	107 870 990	1 756 124	5 553 352
Fixed income (excluding mutual funds)	3 373 030 709	2 033 952	6 431 923

2 - Back-testing

The model allows for back-testing, a technique used to test the model's validity for calculating VaR. This involves assessing the relationship between the estimates of potential loss provided by the VaR model and the actual profits and losses realised by the bank's traders.

3. Stress-testing

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

III – Country risk:

With respect to the 2010 financial year, the Risk Surveillance and Reporting unit consolidated all monitoring and surveillance activities for Attijariwafa bank and its subsidiaries in banking and financial services, also establishing procedures for the management of country risk.

1 – Monitoring and surveillance of counterparty risk at the Group level

L'activité de suivi & surveillance de la situation globale de la The monitoring and surveillance of the overall position of the bank and its subsidiaries is now consolidated in the form of a regular risk report, which allows Global Risk Management to assess:

a. growth in the bank's activities so as to ensure that business development is on a healthy and profitable track and is not exposed to concentration risk at the level of the portfolio of loan commitments;

b. performance indicators for each entity, mainly with regard to profitability and loss experience;

c. regulatory compliance in accordance with the prudential framework in each country where the bank maintains operations.

This reporting procedure, in the form of a quarterly review of banking and financial services subsidiaries, gives a truly granular perspective on these entities, since it is fundamentally concerned with identifying countries or regions at risk and formulating recommendations to mitigate risk.

2. Measures and procedures for the management of country risk:

The deployment of the bank's international growth strategy, together with the provisions of Bank Al-Maghrib's Directive 1/G/2008, have prompted the establishment of measures and procedures for the management of country risk, given the increasingly international aspect of the Group's overall risk exposure.

This system is based on:

a. The **identification and assessment** of international risks: Attijariwafa bank pursues its banking and banking-related activities both in its domestic market and in foreign countries through subsidiaries, and in some cases through branch offices. In this respect, its exposure to international risks encompasses all types of commitments entered into by the bank as a creditor entity vis-à-vis non-resident counterparties both in dirhams and in foreign currencies. Specifically, this involves:

a-1- cash advances and signed loan commitments on behalf of non-residents;

a-2- exposures in connection with trade finance activities:

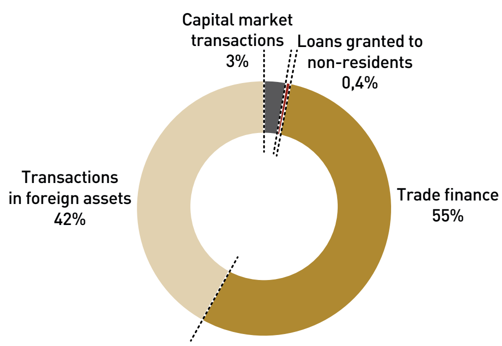
- confirmation of export bills of exchange issued by foreign banks;
- counter-guarantees received from foreign banks;
- Attijariwafa bank's nostro accounts showing a credit balance with foreign correspondent banks as well as the nostro accounts of foreign correspondent banks showing a debit balance in the bank's books;

a-3- transactions in foreign assets:

- foreign financial holdings;
- counter-guarantees issued by Attijariwafa bank on behalf of its subsidiaries in support of their business development;
- foreign branch allocations;

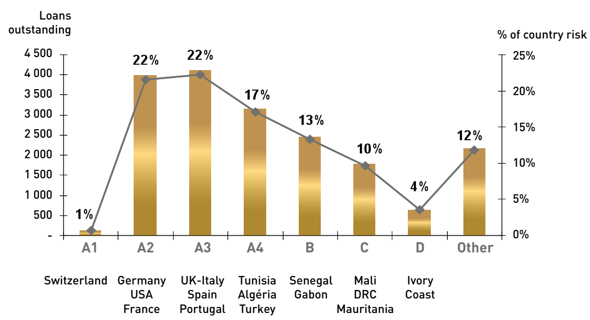
a-4- capital market transactions entailing counterparty risk: spot and forward foreign exchange transactions, foreign exchange swaps, structured products, commodities, currency deposits.

At 31 December 2010, the composition of the bank's exposure to country risk was as shown in the chart below, with trade finance activities accounting for 55% of total risk, reflecting both the increasing openness of the Moroccan economy and the bank's dynamic business growth in the area of external trade. The bank's foreign operations were the second-largest contributor to its exposure, representing 42% of country risk, in line with the Group's international development strategy.



b. The restatement and calculation of country risk exposure following the risk transfer principle, which serves to reveal the regions and countries involving the highest risk exposure (in value terms and as a percentage of the bank's equity capital) as well as the classification of the corresponding risks:

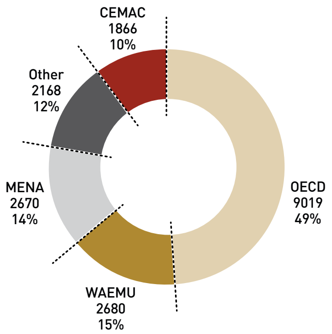
Distribution of Attijariwafa bank's country risk exposures (Coface country rating system)



At 31 January 2011, 62% of the bank's exposure to country risk was therefore concentrated in countries with a risk profile rated between very good (A1) and acceptable (A4, the rating also assigned to Morocco). The remainder primarily relates to the bank's strategic investments in connection with the acquisition of African banking subsidiaries.

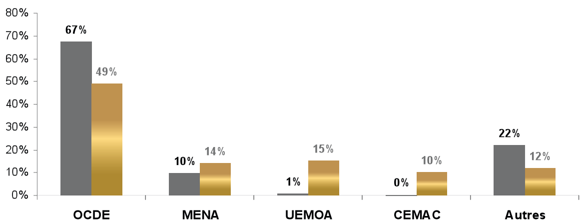
Furthermore, the bank's international loans to customers in OECD countries accounted for nearly half of the overall exposure, as this group includes a number of Morocco's main economic partners, responsible for a sizable share of the country's external exchanges.

Concentration of country risk exposures by region



In the MENA, WAEMU and CAEMC regions, the bank's exposure corresponds to the acquisitions of banking subsidiaries as growth drivers in keeping with the Group's development strategy.

Concentration of Attijariwafa bank's country risk compared to regional representation in Moroccan trade



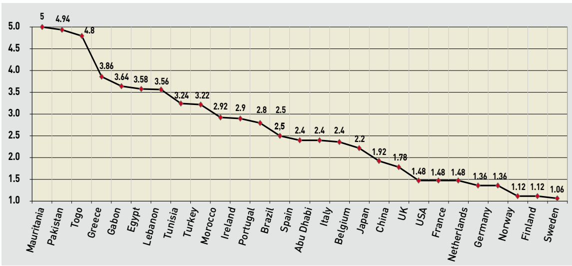
c. **Consolidation** rules for country risk exposures giving an overall perspective on the Group's total commitment as well as an analysis of commitments per country of each subsidiary and the head office.

d. The preparation and dissemination of a **weekly report** on country risk trends, summing up all notable events having occurred during the week (e.g. changes in ratings assigned by international agencies) with an update of the "World" database to reflect the most recent ratings assigned by Standard & Poor's, Moody's, Fitch, Coface, the OECD, the bank's internal rating system as well as credit default swap prices in each country (see attached report).

e. The development of an **internal rating system** for country risk assigning scores as indicators of each country's vulnerability. This score is based on a multi-criteria assessment combining:

- macroeconomic indicators (public balance, exterior debt, foreign exchange reserves and GDP) of the country's economic and financial solidity;
- ratings by external agencies (S&P, Coface and OECD ranking) using a wide range of both quantitative and qualitative variables;
- market data, mainly credit default swaps as protection against issuer default and in this respect as an indicator of the probability of default associated with each country.

The bank's internal system rates countries on a scale of 1 to 5, where 1 represents an excellent risk profile and 5 presents a country at risk.



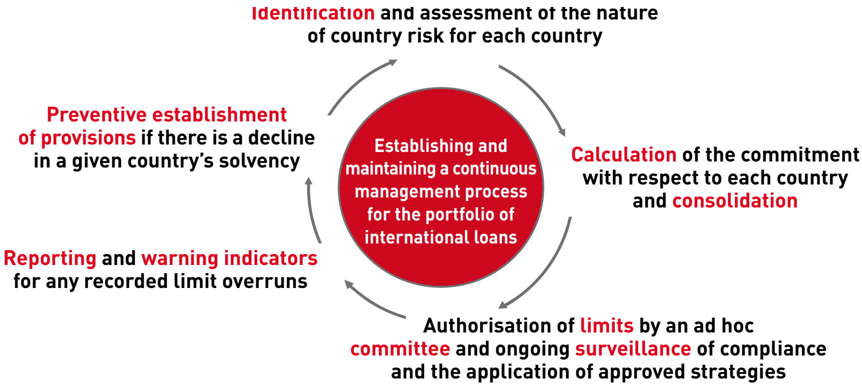
f. **The allocation of limits**, calibrated as a function of the county's risk profile and the bank's level of equity capital is broken down by region, by country, by sector, by type of activity, by maturity, etc.).

g. **The monitoring and surveillance** of compliance with limits.

h. Establishing provisions for country risk if there is adverse development in exposures (occurrence of risk events, debt rescheduling, default, recourse to debt relief measures, etc.).

i. **Stress-testing**, performed to ensure that the bank is able to withstand extreme risk factors (occurrence of political risk events in Tunisia and Ivory Coast) and to measure their impact on the bank's equity capital and profitability.

In conclusion, country risk is managed using a set of procedures that provides coverage of international risks from their genesis to their final outcome:



IV – Operational risk and business continuity plan (BCP)

A – Operational risk

Background

The establishment of a set of procedures for managing operational risk is a measure in compliance with the Basel II regulatory framework and its transposition to the Moroccan context in the form of Bank Al-Maghrib's Directive DN/29/G/2007 of 13 April 2007.

The aim of this set of procedures is to identify potential sources of risk and ensure the measurement, monitoring, control and mitigation of these risks. The objectives of this system include:

- Ensuring that the policy is applied consistently across the Group, in terms of standards, methods and tools;
- Instilling in each business line a genuine operational risk management culture.

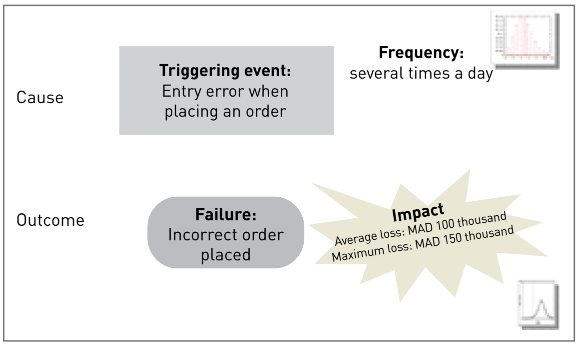
This project is steered by the Operational, Legal, Information System and Human Risk unit, created as part of the Global Risk Management function in 2008. This unit entered its operational phase in April 2009.

Methodology adopted:

Operational risk modelling

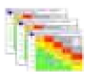
Operational risk is defined by Bank Al-Maghrib as "the risk of losses resulting from inadequacies or failures relating to internal processes, personnel or systems, or to external events". This definition includes legal risks, but excludes strategic risk and the risk of damage to the Group's reputation.

Risk can be represented as the link between a triggering event (the cause) and a failure (the outcome), which may or may not be associated with financial or other consequences.



The aim in modelling operational risk is to represent in a standardised fashion the events that may result in an operational failure and to be able to assess them using objective, documented and uniform criteria:

- frequency of occurrence;
- impact due to the occurrence of a risk event.



The mapping of risks therefore identifies all risks represented by this model for any given organisational entity (a division, a business line, a subsidiary, etc.).

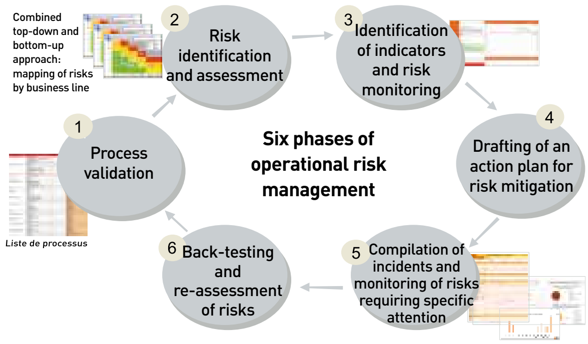
Methodological approach

The methodology adopted for the implementation of Attijariwafa bank's operational risk policy within each of its business lines comprises the following phases:

1. **Process validation**: this step involves dividing each business line's activities into macro-processes and key processes so as to identify specific risks.
2. **Risk identification and assessment**: each operational risk identified is graded according to the frequency of occurrence of risk events and the resulting impact, thus producing a mapping of business-related operational risks (an assessment based on the opinions of experts within each business line). Particular attention is given to major risks during this phase.
2. **and 4. Identification of indicators and action plans**: indicators and action plans are associated with major risks. The aim is to limit the frequency of occurrence of incidents and/or to mitigate their impact.
5. **Compilation of incidents and monitoring of risks requiring specific attention**: organisational procedures for compiling incidents and monitoring operational risks are implemented at the level of each business line in order to:

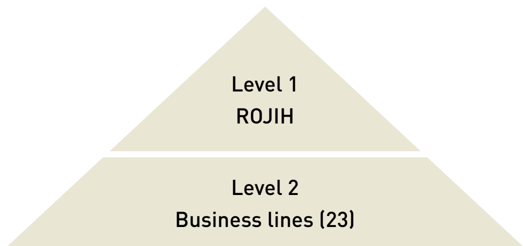
- understand the causes of incidents;
- determine appropriate actions to be taken to mitigate operational risk;
- establish a historical database of incidents and losses;
- guarantee the consistency of the entire process.

6. **Back-testing and re-assessment of risks**: this phase will only be carried out after each business line has worked under the policy for a full year. Back-testing is used to reconcile incidents having occurred within each business line with the assessment of operational risks initially identified during the risk mapping process.



Organisational process

Attijariwafa bank's operational risk policy is structured around a central unit known as ROJIH (Operational, Legal, Information System and Human Risks), which reports to Global Risk Management. There are two distinct levels of management:



- **Level 1 / ROJIH**: responsible for the measurement and control of operational risks. Its remit includes informing each business line of its current level of operational risk and assisting with the implementation of action plans.

- **Level 2 / Business lines**: responsible for identifying and compiling incidents as well as the implementation of measures to hedge against risk.

Within each business line, the main participants in operational risk management are known by the following acronyms:

RRO : Operational risk coordinators (at the level of the business line)

CRO : Operational risk correspondents (at the level of the business line)

MRO : Operational risk managers (at the level of the ROJIH unit) also known as **GRO** (Operational risk administrators)

RM : Business line manager

R.R.O

Detection and warning

- **Detect** incidents: identify the typical operational risk incidents experienced
- **Alert** the next level in the hierarchy: the CRO
- **Communicate** essential risk identification information to the CRO

C.R.O

Control and entry of data

- **Determine** whether the information forwarded by the RRO is relevant and sufficiently comprehensive
- **Enter** all information pertaining to incidents and losses in the database
- **Compile** information in order to quantify and qualify the risk

RM

Validation with the business line's operational risk committee

- **Check** incidents and losses entered on a regular basis
- **Validate** the data used for reporting purposes with the business line concerned and reconcile with other systems, particularly accounting data

M.R.O

DISSEMINATION OF INFORMATION

Main committees

The operational risk policy involves the work of a number of committees:

➤ **Operational Risk Committees in the business lines,** which meet at least once each quarter and have the following objectives:

- Review of operational incidents and losses during the previous period;
- Monitoring of risks requiring specific attention using indicators and appropriate action plans;
- Assessment of changes having an impact on operational risks and launch of ad hoc action plans;
- Validation of updates to reference documents, where applicable (processes, risk mapping).ROJIH Committee, which meets on a monthly basis and has the following objectives:
- Verification of the implementation of operational risk management procedures within each of the Group's entities;
- Identification of changes in risk mapping (validated by the Operational Risk Committees in the business lines);
- Examination of major risks arising at the Group level and proposals of updates to related action plans;
- Drafting of reports to be submitted to Executive Management and the bank's other administrative bodies.

➤ **Audit and Accounts Committee,**

- Audit and Accounts Committee, which meets on a regular basis and has the following objective:

- Preparation of a progress report on the operational risk management system presented to the bank's shareholders.

Overview of achievements in 2008/2009

The operational risk policy was successfully implemented in all business lines and subsidiaries listed below.

Business lines
1. Corporate Banking (2008
2. CTN Capital Market Transactions (2008)
3. CTN Foreign Currencies (2008)
4. CTN Loan Commitments (2008)
5. CRT Dirhams (2008)
6. CTN Electronic Banking (2008)
7. Customer Service (2008)
8. Group Recovery (2008)
9. CTR (2008)
10. Retail Banking (2008)
11. Group Communications (2008)
12. Organisation and Re-engineering (2008)
13. BMF Siège (2008)
14. Group Quality (2008)
15. Legal and Advisory (2008)
16. Procurement, Logistics and Security (2008)
17. Group Information Systems (2008)
18. Investment Banking (2008)
19. Capital Markets (2008)
20. Group Human Resources (2008)
21. Custodial Services (2008)
22. Global Risk Management (2008)
23. Group Finance (2008)

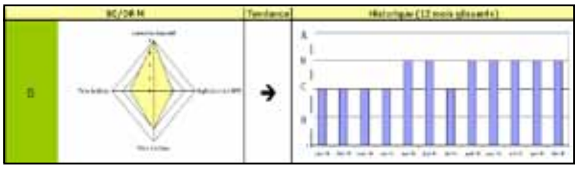
Subsidiaries
1. Wafasalaf (2008)
2. Wafacash (2008)
3. Wafa Immobilier (2008)
4. Attijariwafa bank Europe (2008)
5. Wafa bail (2009)
6. Attijari Factoring (2009)
7. Wafa LLD (2009)
8. Wafa Bourse (2009)
9. Attijari Intermédiation (2009)

(X): year of risk mapping design and validation

A total of 23 operational risk mappings have thus been established covering all of the bank's business lines with 581 risks identified, including 148 requiring specific attention.

➤ **Implementation of Attijariwafa bank's operational risk charter**

In the second half of 2009, the ROJIH unit developed and implemented a tool to assess adherence to the bank's operational risk policy in each of the 23 business lines, in accordance with Attijariwafa bank's newly introduced operational risk charter. This tool is designed to assist business lines and subsidiaries in making the operational risk policy part of their day-to-day operations.



Achievements in 2010

➤ **First review of the operational risk mapping for the full scope of Attijariwafa bank's operations**

Following the close of the 2009 financial year, Attijariwafa's operational risk mapping was updated to reflect incidents recorded during the year. As a result, the mapping now includes a total of 606 risks, including 166 risks requiring specific attention.

This update to the risk mapping reflects:

- the analysis of reporting on incidents not associated with identified risks;
- the introduction of new products and/or processes.

➤ **Operational risk incidents for the full scope of Attijariwafa bank's operations**

In 2010, there was an improvement in reporting on incidents by the business lines applying the operational risk policy. At 31 December 2010, the database included no less than 7,600 incidents, including 4,794 incidents reported in 2010, versus 1,563 incidents reported in 2009.

It is clear that the many information sessions designed to raise awareness among those involved in operational risk management in each of the business lines concerned have begun to bear fruit.

Two action plans have been adopted to better anchor an operational risk culture within Group practices:

- a change management plan promoting awareness of operational risk across the Group;
- the acquisition of an enterprise software package for the management of operational risk.

In 2011, apart from devoting particular attention to the comprehensive reporting of incidents, a key priority will be to address the quality of information provided in relation to these incidents (implementation of a process for the reporting of losses, creation of a report on the comprehensiveness of incident reporting reviewed by the business line managers on a regular basis).

➤ **Change management**

After having deployed an internal assessment tool verifying adherence by business lines to the operational risk policy, set forth in the form of an operational risk charter in 2009, the ROJIH unit developed an intranet portal in collaboration with Group Communications. This portal aims to raise awareness of operational risk among all Group employees.

➤ **Software solution for the management of operational risk**

The ROJIH unit has decided to install an enterprise software package for the management of operational risk. In order to promote better control of the bank's risk profile, this information systems tool will be used by both Operational Risk and Internal Control staff.

To this end, Attijariwafa bank acquired a licence for the eFront software package in January 2010, which will be deployed over the course of 2011.

➤ **Continuing implementation of operational risk policy within the subsidiaries**

In 2010, two subsidiaries were added to the list of those having implemented an operational risk management system:

- CBAO Senegal (194 identified risks, including 38 requiring specific attention)
- Attijari Bank Tunisia (257 identified risks, including 57 requiring specific attention)

➤ **Preparations for the adoption of regulatory methods**

With a view to the adoption by the bank of regulatory approaches for the calculation of equity capital to be allocated for the management of operational risk (in particular the standardised approach), the ROJIH unit organised a number of workshops in 2010 in conjunction with the Organisation & Re-engineering unit. The aim of these workshops was to satisfy one of the criteria for the transition to the standardised approach: the breakdown of Attijariwafa bank's net banking income by Basel II business lines. A proposed approach in this vein resulting from these workshops will be tested and confirmed over the course of 2011.

The transition to the standardised approach, and then to the advanced measurement approach, will allow:

- the validation of an additional component in our knowledge and control of the bank's risk profile;
- the optimal allocation of equity capital through the adoption of an appropriate approach in terms of Basel business lines.

➤ **Actions planned for 2011**

- Updating of the risk mapping following the compilation of incidents during 2010;
- Acquisition of an enterprise software package for the management of operational risk and internal control;
- Implementation of a communications and change management plan for the Operational Risk function;
- Transition from the basic indicator approach to the standardised approach for the calculation of regulatory capital requirements for operational risk.

B– Business continuity plan

Background:

The BCP project was launched in May 2008 with a specifications phase, followed by an advisory phase involving the assistance of several internationally recognised consultancy firms.

The implementation of Attijariwafa bank's project to establish a business continuity plan (BCP) was launched on 2 February 2010. Work on this BCP project was pursued throughout 2010 and during the first half of 2011 by a project team comprised of both internal Attijariwafa bank staff and external consultants.

The establishment of a BCP, which is the responsibility of the ROJIH unit (Operational, Legal, Information System and Human Risks) enables the bank to supplement the operational risk procedures put in place in 2009 and which resulted in the development of an operational risk charter as well as a complete mapping of operational risks.

By adopting a business continuity plan, the Group guarantees the continuity of its business activities and the ability to honour its commitments when any of the following occur:

- a major operational crisis or disturbance affecting a large urban or geographical area;
- a disturbance affecting physical infrastructure;
- a natural catastrophe;
- an external attack;
- a major information systems failure;
- a major interference in the bank's ability to function resulting from a significant absentee rate (e.g. pandemic);
- a failure affecting a critical service.

Objectives and methodology of the BCP project: the creation of a Business Continuity Management function

Six components of the business continuity plan

Descriptions of BCP components

The Crisis Management Plan defines the crisis structure, the procedures for the activation of the BCP, the specific crisis management measures relating to human resources and both internal and external communications.

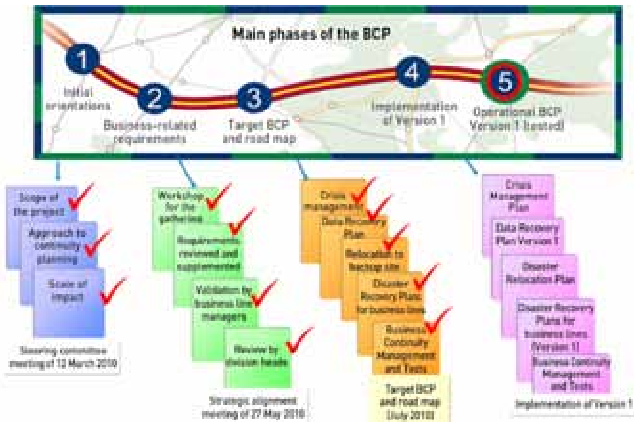
The Data Recovery Plan describes the backup solutions for information systems, networks, telecommunications equipment as well as the procedures for their implementation in the event of a loss and the return to normal operating conditions. This involves technical recovery plans (for information systems and telecommunications equipment) in the event of a loss.

The Disaster Relocation Plan describes the solutions for the replication of disaster-affected services at internal or external backup locations. The Disaster Relocation Plan also defines all the necessary procedures and logistical measures for the replication and operation of activities under limited operating conditions.

The Disaster Recovery Plans for business lines describe the recovery procedures for each business line to be followed in the wake of a disaster as well as the limited operating conditions, where applicable. These plans also specify the condition for a return to normal operating conditions after the crisis situation.

The Operating Conditions Maintenance Plan and the testing plan are designed to ensure the long-term viability and effectiveness of the BCP.

Version 1 of the BCP is scheduled to be implemented in the first half of 2011.



Asset-liability management

Structural risks related to asset-liability management (ALM) involve the risk of economic value losses or declines in future interest margins due to duration gaps affecting interest rates or mismatches in the bank's asset-liability maturity profiles.

Asset-liability management provides indicators for monitoring the risk and expected return for various balance sheet products and outlines management rules to limit the exposure of the bank's balance sheet to risks and to ensure optimal management of its positions.

The ALM approach involves a process of identifying, evaluating and managing risk positions assumed. One of the fundamental tasks of the ALM approach is to define rules for resolving mismatches of certain balance sheet items through economic and financial analysis.

A– ALM conventions and models

Attijariwafa bank's ALM models and conventions are based on the economic reality of the bank's assets and take into account market and economic factors influencing the behaviour of the bank's balance sheet lines.

These financial assumptions are dynamic and are reviewed at least once a year in order to reflect actual developments in the bank's loan/deposit structure.

In order to measure liquidity, interest rate and foreign exchange risks effectively, it is essential to have access to a detailed understanding of the intrinsic characteristics of contracts, namely the maturity, 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 "hidden" options (e.g. early repayment options) and customer behaviour (especially in terms of how long a deposit account is held open) have also been modelled.

The approach used is based on the production and forecasting of balance sheet items over time (both static and dynamic) until assets are wound down and new assets are produced in accordance with the bank's budget and strategic plan.

Financial ALM modelling of the balance sheet focuses on:

- Maturity structure of the balance sheet:
- in accordance with contractual terms for those items with a maturity;
- on the basis of statistical research for items without a maturity;
- on the basis of budgetary and strategic assumptions for a dynamic perspective;
- Customer options and behaviours:
- repayment options (lending activity) and options for deposit withdrawal (deposits activity);
- behaviours in relation to extensions, renegotiation, etc.

B– Interest rate risk

Adverse fluctuations in the yield curve may have a negative impact on the bank's future interest rate sensitive income. (e.g. the impact of a rise in interest rates on the cost of the bank's short-term financing collateralised against assets with 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. Management of interest rate risk

The management of interest rate risk aims to ensure that adverse movements in interest rates do not negatively impact anticipated interest margins or reduce equity capital.

The Group's interest rate policy is to secure a fixed rate for its assets rather than a variable rate determined by the market or a rate determined in advance and locked in for a given period. The determination of these positions enables the bank to calculate its sensitivity to changes in the term structure of interest rates (sensitivity being defined as the change in the net present value of these positions in the event of an unfavourable trend in the yield curve).

The bank's interest rate policy consists in reducing risk exposure in order to limit the sensitivity of both its income and the value of its assets, through hedging strategies relating to certain activities and certain maturities.

Attijariwafa bank manages its interest rate gaps (structural interest rate surpluses) by reinforcing 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 31 December 2010 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-9.1	-2.5	+4.2	+7.1	+16.8

Simulations of various interest rate shock scenarios are carried out to determine the impact of such scenarios on net banking income and on the economic value of equity capital.

At 31 December 2010, the sensitivity of a 200 basis point parallel shock in interest rates was 0.4% on net banking income and MAD 322 million on the economic value of equity capital, thus 1.75% of regulatory capital.

C– Liquidity risk

In managing liquidity risk, the objective is to ensure that the bank will be able to meet its commitments solely through the use of its assets and without difficulty, taking into account the extent to which the bank is able to convert its deposits, particularly in the event of massive withdrawals of customer deposits, a high level of loan distribution, a crisis of confidence or a contraction in overall market liquidity.

Liquidity risk is managed within the framework of the bank's ALM procedures established to manage both its day-to-day liquidity needs and in the event of a crisis in liquidity.

1. Management of liquidity risk:

The management of liquidity risk involves:

- measuring risk by analysing the contractual or modelled term structure of loans and deposits, thus highlighting liabilities or liquidity gaps at different maturities.
- a conversion policy better suited to the quality of deposits taken and loans financed;
- the establishment of 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 either from the sale of the asset in question on the market, or the use of the security on the repo market, or the presentation of the security to Bank Al-Maghrib. At 31 December 2010, the bank's total liquidity reserves were valued at MAD 23 billion.

A treasury committee has been established to monitor and manage short-term liquidity risk by surveying market conditions on a regular basis, verifying the bank's intrinsic ability to meet potential liquidity needs and manage its liquidity ratio.

2. Liquidity stress tests:

Liquidity stress tests are used to evaluate the bank's resilience in the face of extreme liquidity circumstances, and to ensure that this resilience is consistent with Attijariwafa bank's predetermined tolerance level.

At Attijariwafa bank, three types of crisis scenarios are prepared:

- an idiosyncratic stress scenario (specific to the bank);
- a systemic stress scenario (resulting from a crisis in the refinancing system);
- an overall stress scenario (combination of the two previous stress types).

3. Exposure:

Cumulative liquidity gaps at 31 December 2010 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-9.9	+12	+14.6	+16.6	+23.2

The banks 1-month refinancing capacity in 2010 was due to the issuance of Bank Al-Maghrib advances as well as interbank repurchase agreements and borrowing.

Beginning at the 6-month mark, 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 the portion of the net interest margin denominated in foreign currencies, of asset impairment (whether receivable or payable), of 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 that need to be managed on a regular basis:

- Structural foreign exchange risk, resulting from long-term investment in assets denominated in foreign currencies. These primarily correspond to the bank's equity investments abroad, totalling MAD 5.8 billion at 31 December 2010.
- Operational foreign exchange risk, which mainly relates to 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 forward foreign exchange contracts.
- Transactional foreign exchange risk, which relates to transactions denominated in foreign currencies originated and managed by the bank's traders on its own account.

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

ALM governance principles applied by the bank

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

The duties of the ALM Committee include defining the overall framework of ALM policy with respect to liquidity, interest rate and foreign exchange risk, working capital management, and the bank's financing and investment strategy in consideration of market conditions.

The ALM Committee, which is headed by the Chairman and Chief Executive Officer, therefore meets on a quarterly basis to deliberate and decide on the following issues:

- Organisation and monitoring of the Group's ALM function;
- Validation of ALM methodologies and conventions;
- Setting of ALM limits and surveillance of compliance with these limits;
- Supervision of overall interest rate risk, foreign exchange risk and liquidity risk;
- Setting of internal rules in respect of financial risk and balance sheet management;
- Ensuring that prudential rules are applied;
- Definition of the bank's investment and financing strategy.

Pillar III : quantitative and qualitative information

The publication of financial information regarding regulatory capital and risk-weighted assets is conducted on consolidated basis in compliance with article 2 of circular 44/G/2007. Other information are published on individual basis for the parent company's perimeter and the significant subsidiaries in compliance with article 8 of the same circular.

The third pillar of the Basel agreement has the aim of promoting market discipline via the publication of a series of data completing the financial communication. The purpose of this communication is to allow market players to assess the items of essential information on regulatory capital, exposure to each risk category, risk assessment approaches and therefore, the capital adequacy of the bank.

1. Equity risk management and capital adequacy

1-1 Breakdown of regulatory capital

At 31 December 2010 the Attijariwafa bank Group regulatory capital consisted of Tier 1 capital and Tier 2 capital, determined as follows:

Core capital (Tier 1) corresponds to consolidated equity adjusted for certain items known as "prudential filters". The main adjustments consist of deducting the planned dividend for the year, as well as goodwill and other intangibles

Supplementary capital (Tier 2) comprises mainly subordinated debt. A discount is applied to subordinated debt with a maturity of less than five years, and subordinated debt included in Tier 2 capital is capped at the equivalent of 50% of Tier 1 capital.

For the purpose of calculating regulatory capital, the amount of stocks held in the capital of credit institutions and similar bodies in Morocco and abroad and the entities practicing operations akin to banking activity in Morocco and abroad are deducted by half of Tier 1 and half of Tier 2.

(In thousands of dirhams)

	12/31/2010	12/31/2009
Core capital	**19 841 997**	**17 239 035**
Items to be included in core capital	**26 871 781**	**24 220 129**
Corporate capital or allocation	1 929 960	1 929 960
Reserves	21 327 411	18 968 468
Minority creditor interest	3 614 410	3 321 701
Item to be deducted from core capital	-7 029 784	-6 981 094
Regulatory Deduction	-185 244	-137 982
Core capital after deduction (Tier 1)	**19 656 752**	**17 101 053**
Supplementary capital	**9 908 115**	**8 993 928**
Including :		
Underlying value added resulting from the holding of investment securities (AFS)	1 060 945	746 847
Subordinated debt witch initial term above or equal to five years (*)	8 460 000	7 880 000
Regulatory Deduction	-185 244	-137 982
Supplementary capital after deduction (Tier 2)	**9 722 871**	**8 855 946**
Total of regulatory capital after deduction of investments in credit institutions and finance companies	**29 379 623**	**25 956 999**

(*) Within the limit of 50% of tier 1 prior to deduction of investments in credit institutions and finance companies

At the end of December 2010 the Tier 1 of the Group before deduction of 50% of investments in credit institutions and finance companies, amounted to 19 841 997 K MAD. The supplementary capital (Tier 2) before deduction of 50% of investments in credit institutions and finance companies, amounts to 9 908 115 K MAD. The total of regulatory capital after deduction of investments in credit institutions and finance companies amounts to 29 379 623 K MAD, i.e. up by 4,09% vs. June 2010.

1-2 Capital adequacy (ICAAP)[1]

In the framework of Pillar III, Attijariwafa bank has set up a forecasting process for monitoring and evaluation of the adequacy of capital so as to make sure that own funds permanently cover risk exposure in compliance with the rules put forth by the regulator.

Furthermore, projects are currently in progress for adoption of best practices.

1-3 Capital requirement

At 31 December 2010, the capital requirement in the framework of Basel II for Attijariwafa bank Group amounted to 20 116 508 thousand MAD. This is calculated by the standardised approach for credit, counterparty and market risks and basic indicator approach for operational risks.

(in thousand of MAD)

	12/31/2010	12/31/2009
Credit and Counterparty Risk	**17 677 569**	**16 590 233**
Credit Risk (*)	17 513 104	16 304 009
Market Risk	**494 504**	**437 654**
Operational Risk	**1 944 436**	**1 611 797**
Total	**20 116 508**	**18 639 685**

(*) including credit risk for other assets (fixed tangible assets, various other assets and equity shares).

	Pilar I	
	Risk Covered	Measurement methodologies
Credit and Counterparty Risk	√	Méthode Standard
Market Risk	√	Méthode Standard
Operational Risk	√	BIA (Basic Indicator Approach)

1-4 Capital Adequacy Ratio

At 31 December 2010, the Group's core capital amounted to 7.82% and the Group's capital adequacy ratio stood at 11.68% vs. 11.64% one year earlier.

(in thousand MAD)

	12/31/2010	12/31/2009
Core Capital	19 656 752	17 101 053
Total Regulatory Capital	29 379 623	25 956 999
Risk-weighted assets	251 456 355	232 996 062
Tier 1 Ratio	**7,82%**	**7,34%**
Capital Adequacy Ratio	**11,68%**	**11,14%**

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

2-1 Method for assessment of items in the negotiation portfolio

The shares, currency securities, raw materials on the organized market, raw materials on the over-the counter market are assessed at the market price.

The foreign exchange options are assessed using the Garman-Kohlhagen model.

2-2 Net credit risk on derivative instruments

The counterparty credit risk on derivative instruments at 31 December 2010 amounted to 2 520 724 thousand MAD. The breakdown of this exposure per segment is as follows:

(in thousand MAD)

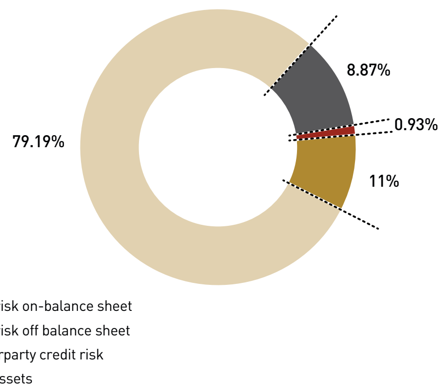
Exposure category	Counterparty Credit Risk
Non-central government public sector entities	8 962
Bank	639 891
Corporate	1 871 870
Total	**2 520 723**

2-3 Impact of degradation of external credit quality ratings on the amount of real securities to be provided

In compliance with circular 26/G/2006, Attijariwafa bank opted to risk weight all corporate claims at 100% without regard to external ratings.

2-4 Level of exposure pursuant to counterparty risk

The counterparty risk represents 0.93% of the total counterparty credit/risk. It concerns repos, reverse repos and OTC derivatives in the banking and transactions in the trading book.



2-5 Counterparty credit risk: exposures covered by collateral

The total amount of eligible collateral on counterparty credit risk is 10 073 169thousand MAD.

The cash collateral mainly impact the repos and reverse repos. In the Standardised Approach, the cash collateral on repos or reverse repos on sovereigns is not applied because the bank's exposures to its central bank denominated and funded in domestic currency are weighted by 0%.

(in thousand MAD)

Exposition at default	Collateral
Exposition at default	Collateral
17 308 025	10 073 169

2-6 Counterparty credit risk on credit derivatives : Exposure covered by guarantees

The total net exposure for credit derivatives is of 2 520 724 K MAD including 53 919 K MAD covered by eligible guarantee.

(in thousand MAD)

Exposition at default	Guarantees
2 520 724	53 919

2-7 Guarantees

(in thousand MAD)

	Guarantees
Sovereign	13 279 626
Multilateral development banks	70 722
Entities engaging in operation similar to banking activity in Morocco and abroad	2 421 509
Other entities scoring a rating equals to at least "A"	18 273
Total	**15 790 130**

2-8 Credit Concentration Risk per Mitigants

(in thousand MAD)

	Exposition At Default	Eligible Guarantee	Eligible Collateral
Sovereign	41 726 234	1 179 340	326 905
Institutions	19 167 622	11 525 946	1 506
Credit institutions and similar establishments	24 663 113	587 232	3 200 474
Large Entreprises	189 644 844	2 056 466	7 046 653
Middle and small Entreprises	16 654 129	264 015	168 120
Very small Entreprises	1 927 842	174 975	31 420
Private individuals	57 469 528	2 156	56 263
Total	**351 253 311**	**15 790 130**	**10 831 339**

3. Information in individual basis for significant subsidiaries

The information concerning the solvency ratio of the main subsidiaries of the Group are presented as follows :

Attijariwafa bank

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank	Bank Al Maghrib	10%	18 149 781	167 759 068	10,82%

Attijari bank Tunisie

(in thousand Tunisien dinar)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	8%	303 447	2 646 424	11,47%

BCT : Banque Centrale de Tunisie

Attijariwafa Europe

(in thousand Euros)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa Europe	CBF	10%	27 133	232 652	10,66%

CBF: Commission Bancaire Française

Wafasalaf

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Salaf	Bank Al Maghrib	8%	1 373 757	11 818 221	11,62%

Wafabail

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Bail	Bank Al Maghrib	8%	750 321	6 917 968	10,85%

Wafa Immobilier

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	8%	104 382	172 197	60,62%

Attijari Factoring

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari Factoring	Bank Al Maghrib	10%	123 248	1 065 973	11,6%

Wafa Assurance

(in thousand MAD)	Supervisor	Margin	Minimum of Solvency Margin	Ratio
Wafa Assurance	DAPS	5 121 616	1 084 489	472,23%

DAPS : Direction des Assurances et de la Prévoyance Sociale

CBAO

(in hundred FCFA)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
CBAO	BCEAO	8%	63 215	427 652	14,78%

BCEAO: Banque Centrale des Etats de l'Afrique de L'Ouest

4. Entreprise 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.

Bord of directors

The Board of Director (BD) consists of a group of artificial 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 secretary.

Any artificial person who is member o the BD appoints an individual person to represent him/her. The organization, operation and 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 Director General. The Committee meeting together once per week provides a summary view of the operational activities in the different sectors and the preparation of questions to be submitted to the Board of Directors in a joint approach.

Member office	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

4-2 Executive Committee

The executive committee also chaired by the Chairman and Chief Executive Officer, provides the operational and administrative management of the Group. Meeting at bi-monthly intervals the executive committee consists of the members of the general management and persons in charge of the principal fields of activity.

Membres	Fonction	Date of taking
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Chief Executive Officer – Financing, Investment Banking and Capital Markets and financial subsidiaries Division	2003
Mr. Omar BOUNJOU	Chief Executive Officer– Retailing Banking Division	2003
Mr. Ismail DOUIRI	Chief Executive Officer– Finance, Transformation and Operations division	2008
Ms Wafaa GUESSOUS	Buying, Logistics and Secretary to the Board	2007
Mr. Youssef ROUISSI	Financing	2005
Mr. Mouâwia ESSEKELLI	Chief Executive Officer- Attijariwafa bank Europe	2008
Mr. Brahim SAID	General Audit	2007
Mr. Abdellatif SEDDIQI	Rationalization of structure	2007
Mr. Abdeljaouad DOSS BENNANI	Group Finance	2004
Mr. Omar GHOMARI	Group Human Capital	2007
Mr. Hassan BEDRAOUI	Group Information Systems	2007
Mr. Hicham SEFFA	Services and Customer Processing	2007
Ms Mouna KADIRI	Group Communications	2007
Mr.Talal EL BELLAJ	Global Risk Management	2007
Mr.Saâd BENJELLOUN	Corporate Banking	2007
Mr. Chakib ERQUIZI	Capital Markets	2007
Mr. Said SEBTI	Personal and Professional Banking	2008
Mr. Abderrazak LAMRANI	Group Compliance	2009
Ms Noufissa KESSAR	Private Banking	2008

4-3 Other Committee emanating from the Board of Directors

• Strategic committee :

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Hassan BOUHEMOU	Representing SNI
Mr. El Mouatassim BELGHAZI	Vice-chairman, representing ONA
Mr. Antonio ESCAMEZ TORRES	Vice-chairman
Mr. José REIG	Representing Grupo Santander

• Major Risk Committe :

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Hassan BOUHEMOU	Director, SNI representative
Mr. José REIG	Representing Grupo Santander
Guest Members	
Mr. Talal EL BELLAJ	Global Risk Management Manager
Mr. Said ENNABIH	Counterparty Risk Manager

• Audit and Accounts Committee :

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

Members	Function
Mr. Hassan OURIAGLI	Director
Mr. José REIG	Director
Mr. Abed YACOUBI-SOUSSANE	Director
Guest Members	
Mr. Abderrazak LAMRANI	Group Compliance Manager
Mr. Brahim SAID	General Audit Manager
Mr. Abdeljaouad DOSS BENNANI	Finances Group Manager
Mr. Talal EL BELLAJ	Global Risk Management Manager

• Appointment and Remuneration Committee :

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

Members	Function
Mr. Mohamed Mounir EL MAJIDI	Representing SIGER
Mr. El Mouatassim BELGHAZI	Vice-chairman
Mr. Hassan BOUHEMOU	Representing SNI
Mr. José REIG	Representing Grupo Santander

Resolutions of the Ordinary General Meeting | 10 |

31 december 2010

• Resolution I

The General Meeting, having heard the reports of the Board of Directors and of the Statutory Auditors for the financial year ended 31 December 2010, expressly approves the summary financial statements for the financial year then ended as presented to it, as well as the transactions reflected in these financial statements or summarised in these reports, which show earnings of MAD 3,006,525,205.78.

• Resolution II

The General Meeting, having heard the special report of the Statutory Auditors on the arrangements falling within the scope of Articles 56 et seq. of Act 17/95 on limited liability companies as amended and supplemented by Act 20/05, approves the findings of said report and the arrangements detailed therein.

• Resolution III

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

– Net income for the financial year	3 006 525 205.78 DH
– Allocation to the legal reserve	-
– Allocation to the investment reserve	-
– Earnings brought forward	6 323 802.09 DH
• DISTRIBUTABLE EARNINGS	**3 012 849 007.87 DH**
• ALLOCATION:	
– Mandatory dividend under the Articles of Association 6%	115 797 576.00 DH
– Sum required to raise the dividend per share to MAD 8	1 428 170 104.00 DH
• REPRESENTING A TOTAL DISTRIBUTION OF	**1 543 967 680.00 DH**
– Allocation to extraordinary reserves	1 462 000 000.00 DH
– Retained earnings	6 881 327.87 DH

Accordingly, the Ordinary General Meeting resolves to distribute a dividend, representing income for a year and a day, of MAD eight per share to be disbursed from 4 July 2011 at the Bank's HQ, in accordance with current regulations.

• Resolution IV

The General Meeting sets the amount of directors' fees to be allocated to members of the Board of Directors for FY 2011 at MAD 4,000,000.

The Board of Directors shall divide this sum amongst its members in whatever manner it sees fit.

• Resolution V

The General Meeting sets the amount of directors' fees to be allocated to members of the Board of Directors for FY 2011 at MAD 4,000,000.

The Board of Directors shall divide this sum amongst its members in whatever manner it sees fit.

• Resolution VI

The General Meeting takes note of the resignation as director of Corporacion Financiera Caja de Madrid formally recorded by the Board of Directors at its meeting of 17 December 2010 and fully and definitively releases it from any liability with respect to its management activities during its term of office.

The General Meeting would like to thank it for its contribution to the Bank's development.

• Resolution VII

The General Meeting takes note of the resignation as director of FIII (Financière d'Investissements Industriels et Immobiliers), following its merger into ONA and the merger of ONA into SNI.

• Resolution VIII

The General Meeting, having noted that the directorships of SNI, represented by Mr. Hassan Bouhemou, and of Mr. Abed Yacoubi Soussane expire at the end of this meeting, resolves to renew these terms of office for the six-year period set out in the Articles of Association and which will accordingly expire on the date of the General Meeting called to approve the financial statements for FY 2016.

• Resolution IX

The General Meeting resolves to appoint Mr. Hassan Ouriagli as director for the six-year period set out in the Articles of Association. His term of office will accordingly expire on the date of the General Meeting called to approve the financial statements for FY 2016.

• Resolution X

The Ordinary General Meeting notes that the term of office of the Statutory Auditors is expiring and resolves to appoint Deloitte and Mazars, respectively represented by Mr. Fawzi Britel and Mr. Kamal Mokdad, for the financial years ending 31 December 2011, 2012 and 2013.

• Resolution XI

The General Meeting fully empowers the bearer of an original or a copy hereof for the purposes of carrying out all filing or other formalities required by law.

CONSOLIDATED FINANCIAL STATEMENTS

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Year ended december 31st, 2010

ERNST & YOUNG
37 Bd. Abdellatif Ben Kaddour
20 050 Casablanca - MOROCCO

Deloitte.
288, Bd Zerktouni
20000 Casablanca - MOROCCO

(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
AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2010

We have audited the consolidated financial statements attached of Attijariwafa bank which include the balance sheet as at December 31st, 2010, the income statement, the comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and the notes including a summary of the main accounting policies and other explanatory notes.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements mentioned in the first paragraph above give, in all their material aspects, a fair view of the financial position of the Group Attijariwafa bank as of December 31st, 2010, as well as of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Casablanca, March 23rd, 2011.

The statutory auditors

ERNST & YOUNG
Bachir TAZI
Partner

DELOITTE AUDIT
Ahmed BENADELKHALEK
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 31/12/2008.

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 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 2010. Furthermore, the Group did not elect to apply early the new standards, amendments and interpretations adopted by the International Accounting Standards Board (IASB) where their application was merely optional in 2010.

The key changes in terms of impact notably on system organisation 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.

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 control.

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 where:

- 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. (Full consolidation; proportional consolidation and equity accounting).

A subsidiary is brought within the scope of consolidation even where its business activities differ from those of other Group entities.

With respect to full consolidation, IAS 27 does not establish a presumption of control for subsidiaries that are between 40% to 50% owned. In such cases, control must be demonstrated.

Furthermore, entities under joint control (joint ventures) are either proportionally consolidated or accounted for under the equity method.

1.2.1.1 Options taken by Attijariwafa bank:

Definition of scope:

In order for companies to be brought 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 where it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities

The consolidation of special purpose entities and more specifically exclusively controlled funds was covered by SIC 12.

Pursuant to this interpretation, dedicated UCITS are consolidated.

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 recognised under held-for-sale assets, and 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 IAS 27, 28 and 31. 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.

1.2.1.2 Divergences with Moroccan standards::

The choice of consolidation method depends on the nature of the control enjoyed by the Group, but also the nature of the business activities of controlled subsidiaries.

Under Moroccan regulations, equity accounting for joint ventures is not permitted.

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. Where the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Fair value

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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 and 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, where 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.

Where 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:

The new version of IAS 23 "Borrowing Costs" eliminates the option of immediately expensing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. All these borrowing costs must be included in the cost of the asset. Other borrowing costs must be expensed.

1.2.2.1 Options taken by Attijariwafa bank :

Measurement:

The Group's policy is not to apply the remeasurement option provided for in IAS 16.

However, it is possible for a Group entity to take the fair value option (IFRS 1) for one or more properties without having to justify this choice, offset outside profit or loss (in equity).

Depreciation period:

The Group's policy is not to have multiple depreciation schedules and to have the same depreciation schedule in the consolidated and IAS/IFRS financial statements.

The depreciation periods used by Group subsidiaries are permitted to differ by up to 2 years from the depreciation periods used by the Group.

Component approach:

The Group 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. On the other hand, for all acquisitions made after 01/01/2006, divergences between the acquisition cost under local GAAP and IAS must be monitored.

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.

1.2.2.2 Divergences with Moroccan standards

Under Moroccan regulations, it is possible to elect for grouped recognition of items of property, plant and equipment and to fund provisions for repairs.

Unlike Moroccan regulations, IAS 16:

- requires a regular review and revision of depreciation methods and periods;
- recognises the residual value.

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 owner-occupied 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 owner-occupied property.

Where 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 owner-occupied.

An entity can choose between:

- Fair value model: (See Section 2.2)

Where 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: (See Section 2.2)

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 where the change results in a more appropriate presentation. It is only possible to switch from the cost model to the fair value model.

1.2.3.1 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 where 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.

1.2.3.2 Divergences with Moroccan standards:

Unlike under IFRS, there are no specific provisions relating to investment property in the Chart of Accounts for Banks (PCEC):

- no separate balance sheet presentation is required;
- no fair value option has been instituted;
- no disclosures in the notes is required regarding the fair value of investment property where the cost model is used.

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: where 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 where 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 method 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 where 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.

1.2.4.1 Options taken by Attijariwafa bank :

Amortisation:

The Group's policy is not to have multiple amortisation schedules and to have the same amortisation schedule in the consolidated and IAS/IFRS financial statements.

To this end, acquisition costs not yet amortised in the form of deferred expenses at 01/01/06 must be restated through equity.

Leasehold rights:

Leasehold rights must be reliably appraised by an external expert. Where such an appraisal proves difficult to carry out, such leases must be derecognised through consolidated reserves.

Leasehold rights must be reviewed annually. Where such a review cannot be carried out on a regular basis or the costs incurred are very high, such leases must be derecognised through consolidated reserves.

Goodwill:

Goodwill must be formally reviewed at the end of each reporting period. Where 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 amortisation periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortisation 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. Where the valuation is not reliable, no intangible asset is recognised.

Transfer duty, professional fees, commission and legal fees:

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 IAS these expenses must be capitalised.

Divergences between the amortisation schedules for the Moroccan financial statements and the IAS financial statements must be reviewed where they exceed MAD 1,000 thousand.

1.2.4.2 Divergences with Moroccan standards:

Moroccan accounting regulations on research and development differ from IFRS: Under Moroccan regulations, research and development expenses are capitalised, subject to satisfying certain criteria. The maximum amortisation period is five years except where an exemption is granted.

Transfer duty, professional fees, commission and legal fees are, depending on the amount thereof, expensed or included in the cost of acquisition.

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 realisable 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.

1.2.5.1 Options taken by Attijariwafa bank :

Inventories are measured using the weighted average cost method.

Securities held for sale are included in inventory.

No other IFRS adjustments.

Equity interests in Sociétés Civiles Immobilières (SCI) must be reclassified as assets held-for-sale where these securities are not consolidated.

1.2.5.2 Divergences with Moroccan standards:

There is no divergence of note with respect to inventory measurement principles.

Nevertheless, the disclosures are much more comprehensive under IAS/IFRS.

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, recognise 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 amortisation 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.

1.2.6.1 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 recognises 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 amount of financing.

1.2.6.2 Divergences with Moroccan standards:

Legal form predominates, such that:

- no distinction is required between operating leases and finance leases;
- without a transfer of title to the property to the user, no lease adjustment is permitted.

Under Moroccan regulations, impairment of the leased asset is immediately expensed. In fact, regular reviews of the useful life constitutes a substitute for the current rules of funding provisions for asset impairment.

1.2.7 Financial assets and liabilities:

Loans:

The amortised 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 amortisation calculated using the effective interest rate method, any difference between this initial amount and the amount due at maturity and minus any reductions for impairment or any uncollectible amount.

This calculation must take account of the commission and other amounts paid or received directly attributable to loans, transaction costs and any discount or premium.

The amortised cost method of accounting consists of staggering these various components by means of the effective interest rate.

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 **amortised cost** using the effective interest rate method;
- **held-to-maturity investments**, which must be measured at amortised 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**.

Borrowings and deposits:

When booked, a deposit or borrowing classified under IAS as "Other financial liabilities" must be measured on 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 IAS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortised cost using the effective interest rate method (actuarial rate).

Deposits classified under IAS 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.

1.2.7.1 Options taken by Attijariwafa bank :

Loans:

The Bank must apply amortised cost for all Loans due in over one year on the basis of their materiality.

Loans due in under a year are kept at historical cost.

Borrowings:

When preparing the 2006 comparative financial statements, borrowings and deposits were 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.
- They are 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.

- Where there are correlative and directly attributable costs, they should be included in the fair value.
- Marginal transaction costs and directly attributable non-group fees, such as for example business introduction fees.
- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral inter-company 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. Where the company extends a loan bearing interest at a rate that differs from the market rate and where 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 where 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 where expressly indicated otherwise, the above options will also apply to any debt securities issued.

1.2.7.2 Divergences with Moroccan standards:

Loans:

The concepts of amortised cost and effective interest rate do not exist within the Moroccan framework.

Under Moroccan regulations, loans are carried on the balance sheet at their nominal value and are recognised at historical cost (nominal rate).

Fees and expenses are either recognised immediately or on a pro-rata temporis basis.

Borrowings and deposits:

Deposits and borrowings are currently recognised at historical cost.

At the end of the reporting period, the accrued interest calculated at the nominal value (on the basis of the nominal value net of amortisation and since inception or since the most recent reporting date or since the most recent interest date) is debited in an expense account by crediting a "Related payables" account on the liability side.

This accrued interest is calculated on the basis of the daily interest schedule.

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.

1.2.8.1 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 where, 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 where they are designated for hedging purposes.

IAS 39 limits the scope of the fair value through profit or loss option where:

- 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 where 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.

1.2.8.2 Available-for-sale securities portfolio

IAS 39 provides for a second category of securities called "available-for-sale securities" in which it is possible to classify investment securities, trading portfolio securities, unconsolidated long-term investments and other long-term securities.

The "Available-for-sale" category is defined as the default category.

In fact, the standard states that this category includes any assets and liabilities that fail to meet the criteria for classification in the other three categories.

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:

Where there is objective evidence of 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.

1.2.8.3 Held-to-maturity securities portfolio

The "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 where:

- 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;
- where 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:

Where 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".

1.2.8.1 Options taken by Attijariwafa bank :

Classification of portfolios

Attijariwafa bank and other entities excluding insurance companies.

Portfolio instruments are currently classified in the following categories:

HFT	AFS	HTM	Loans and receivables
• Trading room trading portfolios	• Negotiable treasury bills classified in the Investment Portfolio • Bonds and other negotiable debt securities • Long-term investments	• None	• CAM debt • CIH debt • Socio-economic bonds • Non-negotiable treasury bills registered with Bank Al-Maghrib

Security allocation options:

- non-use of the HTM class;
- limit on the allocation to the AFS class of 10% of the total consolidated balance sheet.

Security impairment criteria:

- Continued fall representing over 20% of the average price over a period of 6 consecutive months..

1.2.8.2 Fair value:

The market value is determined:

- either on the basis of quoted prices on an active market; or
- by means of a valuation technique using mathematical techniques based on recognised financial theories and observable market parameters:

• **SCENARIO 1: Instruments traded on active markets**

Where quoted prices are available on an active market, they are used to determine the market value. This is how quoted securities and derivatives on organised markets including futures and options are valued. Most over-the-counter derivatives, swaps and plain vanilla options, are traded on active markets and are valued using generally accepted models (discounted cash flow method, Black and Scholes model, interpolation techniques) with as inputs the quoted market prices for similar instruments or underlyings.

SCENARIO 2: Instruments traded on inactive markets

Products traded on an inactive market valued using an internal model with as inputs parameters that are either directly observable or inferred from observable data.

Certain financial instruments, although not traded on active markets, are valued using methods with observable market parameters as inputs.

The models use market parameters calibrated using observable data such as yield curves, implicit volatility of options, default rates and assumptions of losses derived from consensus data or from active over-the-counter markets.

Scenario of unquoted shares

The market value of unquoted shares is determined on the basis of the Group's share of the net assets calculated on the basis of the most recent available information.

1.2.8.3 Divergences with Moroccan standards:

The "Financial assets at fair value through profit or loss" category shares many of the characteristics of the "Trading securities" category defined by the Chart of Accounts for Banks (PCEC).

Nevertheless, the range of securities classified in "Financial assets at fair value through profit or loss" is broader than in the Chart of Accounts for Banks (PCEC) since it removes the six-month holding limitation and provides the option, by recognising the securities at fair value, of in particular avoiding the separation of an embedded derivative and the documentary constraints of certain hedging relationships.

IAS 39 establishes an "Available-for-sale" securities category, the recognition criteria of which differ from those for investment securities under Moroccan regulations. Under Moroccan regulations, investment securities are recognised at cost with provisions being set aside for unrealised losses.

The description of the criteria attesting to the company's ability to hold securities to maturity is not as precise under IAS as under the Moroccan Chart of Accounts for Banks (PCEC).

In fact, IAS 39.87 only talks about the availability of sufficient resources and the absence of legal constraints affecting the ability to hold the asset to maturity whereas Moroccan bank accounting regulations require that certain restrictive conditions be observed.

1.2.9 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 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.

Insurance investment:

IAS 39 defines four categories of financial assets depending on the origin of the transaction and the intent to hold:

- loans and receivables: this category encompasses the assets with fixed or determinable payments that are not quoted on an active market. These financial instruments are recognised at fair value at inception, including any fees, internal and external cost directly attributable to the arrangement of the loan and of any premium or discount in order to establish the balance sheet acquisition cost. These financial instruments are subsequently recognised at amortised cost at the effective interest rate (EIR);
- financial instruments at fair value through profit or loss: an asset can be classified in:

- the "trading" category when: it is purchased with a view to resale in the short-term or included in the trading portfolio,
- the "designated at fair value through profit or loss at inception" category when:

- the asset contains an embedded derivative;
- fair value changes to the asset are substantially offset by the changes in the fair value of a liability or a derivative with respect to which the documentation of a hedging relationship doesn't make sense;
- held-to-maturity investments: these are fixed-maturity financial assets with fixed or determinable payments that the entity expressly intends and has the financial capability to hold to maturity. These financial assets are recognised at amortised cost;
- available-for-sale assets: this portfolio encompasses all the instruments that are not classified in any of the above three categories. It is the "default" category. Available-for-sale financial assets are measured at fair value.

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.

1.2.9.1 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 and unquoted bonds are classified as "loans and receivables" and measured at amortised cost; quoted bonds on the other hand are classified as "Available-for-sale assets" and measured at fair value;
- 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.

1.2.9.2 Divergences with Moroccan standards:

Insurance contracts:

Provisions for insurance contracts (in particular life actuarial reserves, provisions for claims and provisions for unpaid premiums) are measured using one of the methods allowed under Moroccan regulations and based on statistical calculations and/or on a lump-sum basis.

Accordingly, the assets and liabilities directly associated with insurance contracts as measured under Moroccan regulations, may not necessarily reflect the economic reality.

Insurance investment:

Under Moroccan regulations, the investments allocated to insurance transactions and the other non-current assets are presented on the balance sheet by nature, in the following categories:

- real-estate investments;
- bonds and bills;
- shares and units;
- loans and equivalent instruments;
- deposits in restricted accounts;
- other investments.

These assets are all measured at their historical cost less impairment provisions..

1.2.10 Provisions:

General contingency reserve:

A provision must be recognised where:

- 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 company must make a judgement 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 Bank will use statistics of historical losses on comparable loans in order to estimate and position the future cash flows.

Where 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

Where 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.

Where 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.

Where 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 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.

1.2.10.1 Options taken by Attijariwafa bank :

General banking risks reserve:

Analysis of contingency and loss provisions of over MAD 1 million, in order to ensure that IFRS conditions are satisfied.

Customer provisions:

For loan loss provisions assessed individually

It was decided to:

- value collateral at fair value for 80% of loans;
- determine collective 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;
- a statistical model was drawn up by the project team and approved by BAM following the results of simulations;
- 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.

For the calculation of collective provisions:

For corporates: use bank internal rating (MERCER OLIVER WYMAN DB updated to reflect the post-merger scope).

For private individuals and small businesses, use a statistical model.

1.2.10.2 Divergences with Moroccan standards:

General banking risks reserve:

Under Moroccan regulations, this heading is used for the amounts that the Bank decides to allocate to cover future risks, at the end of the reporting period, that are currently not identified or accurately measurable and that are not very likely to occur in the short-term, and that are available to cover these contingencies when they arise.

This account may, for example, be used for sector-specific contingencies and for interest rate risk provisions.

Where the contingency or loss is estimated at over a year from the reporting date, they are recognised under "long-term contingency and loss provisions". Otherwise, they are recognised under "other contingency and loss provisions".

There is no reference under Moroccan accounting principles to contingent liabilities.

Customer provisions:

The objective evidence of the impairment of trade receivables is the same under IAS and under Moroccan regulations, IAS looking at the breach of contract rather than the non-payment.

Provisions are determined on the basis of the difference between the net carrying amount of the loan and the amount calculated on a basis consisting of the outstanding principal less the relevant proportion of collateral.

1.2.11 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:

- where 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;
- where 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, where the cost of acquisition allocated to a liability is only tax deductible during the tax year or where 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.

Where 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: where 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.

1.2.11.1 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, in a higher level of deferred tax assets being recognised than under generally accepted accounting principles.

Deferred tax assets from tax losses

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 where 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).

Deferred taxes are not discounted.

1.2.11.2 Divergences with Moroccan standards:

In accounting principles, the phrase "probable recovery" is often interpreted as meaning a high degree of probability.

Under Moroccan regulations, there is no requirement to recognise deferred taxes (mandatory under IAS) relating to:

• temporary differences stemming from valuation adjustments involving intangible assets that are generally not amortised and that can't be disposed of separately from the acquiree;
• adjustments due to hyperinflation;

- non-distributable reserves of associates and joint ventures;
- temporary differences on equity interests in consolidated companies that are likely to be sold.

Any rate differential on prior deferred taxes is recognised in profit or loss, in the event of changes to tax rates or regulations.

1.2.12 Goodwill:

Cost of a business combination:

The acquirer must measure the cost of a business combination as follows:

- the aggregate fair value, on the acquisition date, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the acquirer, in consideration for control of the acquiree;
- plus all costs directly attributable to the business combination: professional fees paid to accountants, legal advisers, appraisers and other consultants involved in the business combination;
- less general administrative costs, including the cost of maintaining an internal acquisitions units, and the other costs that cannot be directly attributed to the business combination being recognised. Such costs are expensed as incurred.

The date of acquisition 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:

The acquirer must, at the date of acquisition, allocate the cost of a business combination by recognising 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 recognised under goodwill.

The acquirer must only recognise separately the identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition (i.e. those that already existed at the date of acquisition) where, at that date, they satisfy the following criteria:

- in the case of an asset other than an intangible asset, it is likely that any related future economic benefit will flow to the acquirer and that its fair value is reliably measured;
- in the case of a liability other than a contingent liability, it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation, and its fair value can be reliably measured;
- in the case of an intangible asset or a contingent liability, its fair value may be reliably measured.

Goodwill:

The acquirer must, at the date of acquisition, recognise the goodwill acquired in a business combination.

- Initial measurement: this goodwill must be initially measured at cost, namely the excess of the cost of the business combination over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.
- Subsequent measurement: following initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost, less cumulative impairment.

Where the initial recognition of a business combination can only be determined provisionally at the end of the period in which the business combination takes place, the acquirer must recognise the business combination on the basis of these provisional values. The acquirer must recognise adjustments to these provisional values stemming from the finalisation of this initial recognition within twelve months of the acquisition date.

1.2.12.1 Options taken by Attijariwafa bank:

- option taken not to restate the existing goodwill at 31/12/05, in accordance with the provisions of IFRS 1 "First-Time Adoption";
- discontinuation of the amortisation of goodwill, because of its indefinite useful live as per IFRS 3 "Business combinations";
- regular impairment tests must be carried out to ensure that the carrying amount of goodwill exceeds the recoverable amount; if not, an impairment loss must be recognised;
- the Cash Generating Units mirror the segment reporting to be presented at Group level; these are the banking business and the insurance business;
- the recoverable amount is the higher of the Bank's market value and the value in use (based on the discounted cash flows).

1.2.12.2 Divergences with Moroccan standards:

The "goodwill" concept is new to Moroccan regulations, replacing the concept of "acquisition adjustment".

When a company is first consolidated, the difference between the cost of acquisition of its equity interests and the acquirer's interest in its equity, including net income for the year to date, is termed "Initial consolidation adjustment".

Equity is adjusted to take account of the measurement policies used for consolidation purposes.

Whether positive or negative, the initial consolidation adjustment must be split into:

- positive or negative "valuation adjustments" relating to certain identifiable balance sheet items that are accordingly adjusted to reduce them to the amount used to determine the overall value of the company;
- the unallocated balance represents an "acquisition adjustment".

Where the "acquisition adjustment" is positive, it is amortised on the basis of a previously agreed schedule over a period of not more than ten years determined on the basis of the goals of the acquisition.

Where the "acquisition adjustment" is negative, it is taken to profit or loss either to offset an expected weakness in the company's results, upon acquisition, and up to the amount thereof, or on the basis of a previously agreed recovery plan where the adjustment is not the result of a downturn in the results of the consolidated company.

1.2.13 Embedded derivatives:

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 where 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.

Where 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).

This means recognising the hybrid contract under "Financial assets designated at fair value through profit or loss at inception".

1.2.13.1 Options taken by Attijariwafa bank:

Where the calculation of embedded derivatives at fair value shows a material impact, the embedded derivative should be recognised in the trading category.

1.2.13.2 Divergences with Moroccan standards:

The concept of embedded derivative is not recognised under local regulations. An embedded derivative is accordingly never recognised separately from its host contract.

1.2.14 Employee benefits:

General principle:

The entity must not only recognise the legal obligation stemming from the formal terms of the defined benefit plan but also any constructive obligation stemming from its practices. These practices give rise to a constructive obligation where the entity has no other realistic option but to pay out the benefits to employees. There would, for example, be a constructive obligation where a change in the entity's practices would give rise to an unacceptable deterioration in relations with its employees.

Types of employee benefits:

Employee benefits are split into five categories, depending on the type and form of payment of benefits. Of note:

Short-term benefits:

Examples: paid leave, sick leave, wages, bonuses, social security contributions, benefits in kind, incentive plans, personal risk...

Short-term benefits are wholly due within twelve months of the end of the financial year in which employees provided the corresponding services in the case of leave, bonuses and incentive plans. There is no particular difficulty as regards their recognition. They are expensed as incurred.

These benefits should be distinguished from termination benefits and equity compensation.

Post-employment benefits:

This heading encompasses guaranteed post-employment benefits: pensions, post-employment health care, benefits in kind, personal risk, retirement payments,....

Personal risk covers the risk of death, medical leave for current employees and medical expenses by means of a capital payment, an annuity (disability, invalidity) or the repayment of health expenses.

Commitments with respect to personal risk and benefits in kind for retirees are accounted for in the same way as pensions.

Post-employment benefit plans are classified as defined contribution plans or defined benefit plans depending on the economic substance of the plan as per its key terms and conditions:

Defined contribution plans:

Under defined contribution plans, the company's legal or constructive obligation is limited to the amount it undertakes to pay into the fund, with actuarial risk and investment risk being borne by employees.

Defined benefit plans:

Under defined benefit plans, the company commits itself as regards the amount of benefits payable to current and former employees and thereby bears the actuarial and financial risk.

Long-term benefits:

This heading notably encompasses long-service leave, long-service benefits (such as "wissam schorl"), long-term incapacity payments, where they are payable 12 months or more after the reporting date, bonuses and deferred compensation...

These benefits should be distinguished from termination benefits, equity compensation and post-employment benefits.

Termination benefits:

This heading mainly encompasses the benefits payable following a decision by the company to terminate employment prior to the retirement age permissible under the collective bargaining agreement or company-wide agreement (redundancy payments...) or the decision by the employee to agree to redundancy in return for these payments (voluntary redundancy).

Equity compensation:

Equity compensation may take the form of equity instruments (shares, stock options...) or cash payments linked to the share price performance.

Post-employment benefits: defined benefit plans:

Actuarial gains (losses):

Actuarial gains (losses) could result from increases or reductions in the present value of a defined benefit obligation or of the fair value of the corresponding plan assets. The possible causes of such actuarial gains (losses) may include:

- exceptionally high or low rates of staff turnover, early retirement, mortality or salary increases, employee benefits or medical costs;
- the impact of a change in estimates in future rates of employee turnover, early retirement, mortality or salary increases, benefit rights (where the formal or constructive terms of a plan provide for benefit rights to be inflation-linked) or medical costs;
- the impact of changes in discount rates; and
- differences between the expected return on plan assets and the actual return.

Corridor approach:

The entity must recognise a portion of its actuarial gains (losses) in profit or loss where the cumulative unrecognised actuarial gains (losses) at the end of the prior reporting period exceed the higher of the following two values:

- 10% of the present value of the defined benefit obligation at the end of the reporting period (prior to the deduction of plan assets); and
- 10% of the fair value of plan assets at the end of the reporting period.

These thresholds must be calculated and applied separately for each defined benefit plan.

The portion of actuarial gains (losses) to be recognised for each defined benefit plan is the surplus divided by the expected average remaining working life of plan members.

Past service cost:

Past service cost is generated when the entity adopts a defined benefit plan or changes the benefits payable under an existing plan. These changes are made in consideration for the services that these employees will provide over a period up to the vesting of the relevant benefit rights. Accordingly, the past service cost is staggered over this period regardless of the fact that it relates to service in prior financial years. The past service cost is measured by means of the change in the liability resulting from the amendment.

The entity must expense the past service cost on a straight-line basis, over the average remaining period up to the vesting of the corresponding employee rights. To the extent that the benefit rights have already vested upon introduction of the defined benefit plan or of the change thereto, the entity must immediately recognise the past service cost.

Curtailments and settlements:

A curtailment occurs when an entity:

- can show that it has materially reduced the number of plan beneficiaries; or
- changes the terms and conditions of a defined benefit plan such that a material portion of the future service of current employees will not give entitlement to benefit rights or will provide entitlement to reduced rights.

Curtailment:

This can stem from an isolated event such as the closure of a plant, the discontinuation of an operation, the termination or suspension of a plan. An event is sufficiently material to be deemed a curtailment where recognising a gain or loss on curtailment would have a material impact on the financial statements. Curtailments are often linked to restructuring. Accordingly, an entity recognises a curtailment at the same time as the corresponding restructuring.

Settlement:

When an entity makes a deal eliminating any subsequent legal or constructive obligation for all or part of the benefits provided under a defined benefit plan, for example when it makes an agreement with plan beneficiaries or on their behalf involving a lump sum payment in exchange for their rights to receive the specified post-employment benefits.

An entity must recognise the gains or losses booked as a result of the curtailment or settlement of a defined benefit plan when the curtailment or settlement takes place. The gain (or loss) stemming from a curtailment or settlement must include:

- any resulting change in the present value of the defined benefit obligation;
- any resulting change in the fair value of plan assets;
- any corresponding actuarial gains (losses) and past service cost that had not been previously recognised.

Before determining the effect of a curtailment or a settlement, an entity must remeasure the obligation (and where necessary the plan assets) on the basis of current actuarial assumptions (in particular current market interest rates and other current market prices).

Long-term benefits:

IAS 19 requires a simplified recognition method for other long-term benefits. This method differs in the following respects from that required for post-employment benefits:

- actuarial gains (losses) are immediately recognised and the corridor approach is not required; and
- all past service cost is immediately recognised.

Termination benefits:

An entity is demonstrably committed to terminating an employment contract when, and only when, it has a detailed formal plan for the termination and is without realistic possibility of withdrawal. This plan shall include, at a minimum:

- the location, function and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented. Implementation shall begin as soon as possible and the period of time to complete implementation shall be such that material changes to the plan are not likely.

An entity shall recognise termination benefits as a liability and as an expense when, and only when, the entity is demonstrably committed to either:

- terminating the employment of an employee or group of employees before the normal retirement date; or
- providing termination benefits as a result of an offer made in order to encourage voluntary redundancy.

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 pro-rata 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 break-down 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 post-employment 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 relating 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 recognise as such this defined benefit multi-employer plan.

1.2.14.2 Divergences with Moroccan standards:

The accounting rules for employee benefits in Morocco differ from IFRS: Moroccan regulations do not require the recognition of a provision for retirement benefit liabilities.

1.2.14.3 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.

Attijariwafa bank provides its employees with a share subscription offering and has committed itself to a long-term plan that will raise employee shareholding to 3% of the Bank's share capital, the goal being to develop a permanent employee shareholder base and to establish a welfare regime surplus.

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 Recyclable / non-recyclable equity:

The FTA adjustments were recognised in the Bank's consolidated financial statements through equity.

The impact of value adjustments on equity can be permanent or temporary:

Where the FTA adjustment stems from an IFRS entry that should have impacted profit or loss, the value adjustment is permanently frozen in equity by means of an equity account not allowing recycling;

Where the FTA adjustment stems from an IFRS entry impacting equity, recycling in profit or loss is possible upon disposal or realisation of the hedging by means of the use of an equity account allowing recycling.

1.2.16 Deferred tax:

Deferred tax assets represent an unrealised tax saving whereas a deferred tax liability represents an unrealised tax benefit.

1.2.17 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.

1.2.18 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 IFRS Balance Sheet at 31 december 2010

(Thousand MAD)

ASSETS (under IFRS)	NOTES	12/31/2010	12/31/2009
Cash and balances with central banks, the Treasury and post office accounts		13 374 249	13 937 027
Financial assets at fair value through income	2.1	23 776 381	23 415 807
Derivative hedging instruments			
Available-for-sale financial assets	2.2	29 921 521	25 812 646
Loans and advances to credit institutions and similar establishments	2.3	16 912 923	27 240 871
Loans and advances to customers	2.4	200 216 617	178 992 641
Interest rate hedging reserve		-	-
Held-to-maturity investments		-	-
Current tax assets	2,5	135 373	60 972
Deferred tax assets	2,5	625 727	732 402
Other assets	2,6	7 011 157	6 539 854
Participations of insured parties in differed profits	2.2	816 307	317 846
Non-current assets held for sale		-	-
Investments in companies accounted for under the equity method	2,7	108 935	97 734
Investment property	2,8	1 319 993	1 077 449
Property, plant and equipment	2.9	4 647 412	4 490 309
Intangible assets	2.9	1 396 860	1 222 753
Goodwill	2.10	6 391 864	6 408 911
TOTAL ASSETS		**306 655 318**	**290 347 222**

LIABILITIES (under IFRS)	NOTES	12/31/2010	12/31/2009
Amounts owing to central banks, the Treasury and post office accounts		164 915	111 049
Financial liabilities at fair value through income	2.11	3 390 320	2 145 888
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	23 006 975	26 093 428
Customer deposits	2.13	201 447 928	194 705 935
Debt securities issued	2.14	11 872 036	6 550 653
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	133 609	804 006
Deferred tax liabilities	2.5	1 837 115	1 498 993
Other liabilities	2.6	8 350 041	8 481 286
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		17 579 940	15 628 317
General provisions	2.15	1 123 111	1 062 927
Subsidies, public funds and special guarantee funds	2.14	207 289	210 746
Subordinated debt		9 516 757	8 271 775
Share capital and related reserves		7 366 523	7 366 523
Consolidated reserves		14 992 969	12 123 880
- Group share		11 578 042	9 149 861
- Minority interests		3 414 927	2 974 019
Unrealised deferred capital gains or losses		921 357	700 923
Net income for the financial year		4 744 433	4 590 892
- Group share		4 102 489	3 940 837
- Minority interests		641 944	650 055
TOTAL IFRS LIABILITIES		**306 655 318**	**290 347 222**

Consolidated income statement under IFRS **at 31 december 2010**

(Thousand MAD)

	NOTES	12/31/2010	12/31/2009
Interest and similar income	3.1	14 075 852	12 298 097
Interest and similar expenses	3.1	5 177 078	4 929 556
NET INTEREST MARGIN		**8 898 774**	**7 368 541**
Fees received	3.2	3 113 089	2 407 257
Fees paid	3.2	234 668	203 683
NET FEE INCOME		**2 878 420**	**2 203 574**
Net gains or losses on financial instruments at fair value through income		1 801 666	1 510 262
Net gains or losses on available-for-sale financial assets		776 999	1 556 706
INCOME FROM MARKET ACTIVITIES		**2 578 664**	**3 066 969**
Income from other activities		4 584 467	4 337 748
Expenses on other activities		4 273 749	3 721 661
NET BANKING INCOME		**14 666 576**	**13 255 170**
General operating expenses		5 705 321	4 762 794
Depreciation, amortisation and provisions		717 088	642 495
GROSS OPERATING INCOME		**8 244 167**	**7 849 881**
Cost of risk	3.3	-1 218 243	-988 329
OPERATING INCOME		**7 025 925**	**6 861 552**
Net income from companies accounted for under the equity method		18 156	12 394
Net gains or losses on other assets		2 622	-6 262
Changes in value of goodwill		-	-
PRE-TAX INCOME		**7 046 703**	**6 867 684**
Income tax		2 302 270	2 276 792
NET INCOME		**4 744 433**	**4 590 892**
Minority interests		641 944	650 055
NET INCOME GROUP SHARE		**4 102 489**	**3 940 837**
Earnings per share (in dirhams)		21,26	20,42
Earnings per share (in dirhams)		21,26	20,42

Statement of net income and gains and losses directly recorded in shareholders equity
at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Net income	**4 744 433**	**4 590 892**
Asset and liability variations directly recorded in shareholders equity	**279 056**	**-299 472**
Translation gains or losses	-72 094	8 773
Variation in value of financial assets available for sale	358 104	-300 015
Revaluation of fixed assets	-	-
Variations in differed value of derivative coverage instruments	-	-
Items regarding enterprises by equity method	-6 954	-8 230
Grand total	**5 023 489**	**4 291 420**
Group share	4 269 568	3 686 709
Minority interest share	753 921	604 711

Table of shareholders equity variation at 31 december 2010

(Thousand MAD)

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolida-ted income (4)	Total assets and liabilities entered directly in capital (5)	Share-holders' equity Group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2008		**1 929 960**	**5 436 564**	**-1 856 688**	**12 234 594**	**989 223**	**18 733 652**	**2 357 106**	**21 090 758**
Effect of changes to accounting policies							-		-
Shareholders' equity restated at 31 december 2008 corrected		**1 929 960**	**5 436 564**	**-1 856 688**	**12 234 594**	**989 223**	**18 733 652**	**2 357 106**	**21 090 758**
Transactions related to share capital					251 503		251 503	211 616	463 118
Share-based payments							-		-
Transactions related to Treasury stock				-195 496			-195 496		-195 496
Dividends					-737 072		-737 072	-77 065	-814 137
Net income at 31 december 2009					**3 940 837**		**3 940 837**	**650 055**	**4 590 892**
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					-264 208	-264 208	-44 037	-308 245
Translation gains and losses	(B)					9 972	9 972	-1 352	8 621
Total assets and liabilities entered directly in capital	**(A)+(B)**	**-**	**-**	**-**	**-**	**-254 235**	**-254 235**	**-45 389**	**-299 624**
Other variations					**-595 913**		**-595 913**	**156 218**	**-439 695**
Perimeter variation					**14 763**	**108**	**14 870**	**371 534**	**386 404**
Shareholders' equity at 31 december 2009		**1 929 960**	**5 436 564**	**-2 052 185**	**15 108 711**	**735 096**	**21 158 145**	**3 624 074**	**24 782 219**
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2009 corrected		**1 929 960**	**5 436 564**	**-2 052 185**	**15 108 711**	**735 096**	**21 158 145**	**3 624 074**	**24 782 219**
Transactions related to share capital					54 072		54 072	53 023	107 095
Share-based payments							-		-
Transactions related to Treasury stock				-134 389			-134 389		-134 389
Dividends					-1 102 738		-1 102 738	-230 647	-1 333 385
Net income for the period					**4 102 489**		**4 102 489**	**641 944**	**4 744 433**
Total assets and liabilities entered directly in capital	(C)					213 479	213 479	137 671	351 150
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-46 400	-46 400	-25 694	-72 094
Latent or differed gains or losses	**(C)+(D)**	**-**	**-**	**-**	**-**	**167 079**	**167 079**	**111 977**	**279 056**
Other variations					**-276 247**		**-276 247**	**-143 500**	**-419 747**
Changes in scope of consolidation							**-**		**-**
Shareholders' equity at 31 December 2010		**1 929 960**	**5 436 564**	**-2 186 574**	**17 886 287**	**902 175**	**23 968 411**	**4 056 871**	**28 025 282**

Cash flow table at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Pre-tax income	**7 046 703**	**6 867 684**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	816 383	642 495
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	-255	-3 874
+/- Net provisions	1 236 644	1 186 570
+/- Net income from companies accounted for under the equity method	-18 156	-12 394
+/- Net gain/loss from investment activities	-702 366	-1 619 232
+/- Net gain/loss from financing activities		
+/- Other movements	154 986	-40 709
Total non-cash items included in pre-tax income and other adjustments	**1 487 235**	**152 856**
+/- Flows relating to transactions with credit institutions and similar establishments	449 292	6 533 307
+/- Flows relating to transactions with customers	-16 871 624	-7 847 641
+/- Flows relating to other transactions affecting financial assets or liabilities	-473 872	-2 616 781
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-2 286 326	-1 982 353
Net increase/decrease in operating assets and liabilities	**-19 182 530**	**-5 913 467**
Net cash flow from operating activities	**-10 648 591**	**1 107 073**
+/- Flows relating to financial assets and investments	-841 345	-2 070 358
+/- Flows relating to investment property	-113 526	-104 049
+/- Flows relating to plant, property and equipment and intangible assets	-838 293	-682 519
Net cash flow from investment activities	**-1 793 165**	**-2 856 926**
+/- Cash flows from or to shareholders	-1 333 385	-814 137
+/- Other net cash flows from financing activities	6 453 433	3 792 590
Net cash flow from financing activities	**5 120 048**	**2 978 453**
Effect of changes in foreign exchange rates on cash and cash equivalents	**61 459**	**12 634**
Net increase (decrease) in casha and cash equivalents	**-7 260 250**	**1 241 234**

	12/31/2010	12/31/2009
Cash and cash equivalents at the beginning of the period	**16 937 843**	**15 696 610**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	13 825 978	15 612 813
Inter-bank balances with credit institutions and similar establishments	3 111 866	83 797
Cash and cash equivalents at the end of the period	**9 677 594**	**16 937 843**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	13 209 333	13 825 978
Inter-bank balances with credit institutions and similar establishments	-3 531 740	3 111 866
Net change in cash and cash equivalents	**-7 260 250**	**1 241 234**

2.1 Financial assets at fair value through income at 31 december 2010

(Thousand MAD)

	Financial assets held for trading	Financial assets at fair value through income
Loans and advances to credit institutions and similar establishments		
Loans and advances to customers		
Financial assets held as guarantee for unit-linked policies		
Securities received under repo agreements	-	-
Treasury notes and similar securities	6 729 660	
Bonds and other fixed income securities	**3 254 030**	**-**
• Listed securities	1 889 759	
• Unlisted securities	1 364 270	
Shares and other equity securities	**10 127 400**	**199 066**
• Listed securities	10 127 400	199 066
• Unlisted securities		-
Derivative instruments	**3 215 493**	
Related loans	**250 732**	
Fair value on the balance sheet	**23 577 315**	**199 066**

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets au 31 décembre 2010

(en milliers de dirhams)

	12/31/2010	12/31/2009
Securities valued at fair value		
Treasury notes and similar securities	**12 723 561**	**10 407 041**
Bonds and other fixed income securities	**9 397 217**	**7 831 176**
• Listed securities	7 768 767	5 449 661
• Unlisted securities	1 628 450	2 381 515
Shares and other equity securities	**3 936 525**	**4 456 556**
• Listed securities	2 289 368	2 294 464
• Unlisted securities	1 647 157	2 162 092
Securities in non-consolidated affiliates	**4 680 524**	**3 435 719**
Total available-for-sale securities	**30 737 828**	**26 130 492**

Available-for-sale financial assets held by Wafa Assurance totalled MAD à 10 177 millions at the end december 2010 vs. MAD 8035 millions at the end december 2009.

2.2.2 Underlying gains and losses on financial assets available for sale au 31 décembre 2010

(en milliers de dirhams)

	31/12/2010			31/12/09		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	12 723 561	394 980	-4 149	10 407 041	318 765	-2 672
Bonds and other fixed income securities	9 397 217	115 554	-3 978	7 831 176	186 372	-5 070
Share and other variable income securities	3 936 525	1 351 062	-17 355	4 456 555	187 820	-2 528
Non consolidated equity interest securities	4 680 524	496 061	-329 997	3 435 719	968 858	-273 732
Balance sheet value of assets available for sale	**30 737 828**			**26 130 492**		
Total underlying gains and losses		2 357 657	-355 479		1 661 815	-284 001
Differed taxes		-857 283	130 007		-558 414	97 413
Underlying gins and losses on net financial assets available for sale		1 500 373	-225 473		1 103 402	-186 589
Underlying gains and losses on net financial assets available for sale Group share		1 124 345	**-202 988**		**870 680**	**-169 757**

Les immeubles de placement sont comptabilisés au coût selon une approche par composants.

2.3 Loans and advances to credit institutions

2.3.1 Loans and advances to credit institutions at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Credit institutions		
Accounts and loans	15 417 505	25 606 437
Securities on pawn		
Subordinated loans	28 371	20 663
Other loans and advances	1 336 234	1 458 094
Total in principal	**16 782 109**	**27 085 195**
Related loans	205 291	230 295
Provisions	74 478	74 618
Net value	**16 912 923**	**27 240 871**
Internal operations		
Regular accounts	2 749 713	2 298 031
Accounts and long-term advances	24 368 172	23 072 119
Subordinated loans	410 075	432 423
Related loans	510 186	52 536

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Morocco	8 686 155	12 745 425
Tunisia	1 726 063	1 533 924
Sub-Saharan Africa	3 289 888	4 621 610
Europe	2 137 217	7 432 312
Others	942 787	751 924
Total in principal	**16 782 109**	**27 085 195**
Related loans	205 291	230 295
Provisions	74 478	74 618
Net loans on the balance sheet	**16 912 923**	**27 240 871**

2.3.3 Breakdown of loans and advances per remaining term

(Thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 and 5 years	> 5 years	Total
Loans and advances to credit institutions	13 847 181	2 351 903	299 057	201 767	16 699 907

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Transactions with customers		
Commercial loans	32 103 164	33 022 389
Other loans and advances to customers	141 731 025	123 561 385
Securities received under repo agreements	5 000	80 304
Current accounts in debit	22 320 303	18 858 439
Total principal	**196 159 492**	**175 522 518**
Related loans	1 419 937	1 293 782
Provisions	7 720 910	7 236 974
Net value	**189 858 519**	**169 579 326**
Leasing activities		
Property leasing	2 203 953	1 808 350
Leasing of movable property, long-term rental and similar activities	8 565 189	7 977 650
Total principal	**10 769 142**	**9 786 000**
Related loans	5 631	7 884
Provisions	416 675	380 570
Net value	**10 358 098**	**9 413 315**
Total	**200 216 617**	**178 992 641**

2.4.2 Loans and advances to customers by geographical area at 31 december 2010

(Thousand MAD)

	12/31/2010				12/31/2009			
Country	**Healthy outstandings**	**Impaired outstandings**	**Individual provisions**	**Collective provisions**	**Healthy outstandings**	**Impaired outstandings**	**Individual provisions**	**Collective provisions**
Morocco	162 737 136	7 396 650	4 542 367	852 348	143 298 473	6 736 519	4 515 306	589 263
Tunisia	15 828 155	1 355 885	744 523	332 117	13 635 211	1 480 551	847 953	171 865
Sub-Saharan Africa	15 803 482	2 190 682	1 652 042	14 188	14 781 438	1 750 598	1 482 625	6 788
Europe	49 608	38			1 672 148	4 426	3 744	
Other	1 566 998				1 949 154			
Total principal	**195 985 380**	**10 943 255**	**6 938 932**	**1 198 654**	**175 336 424**	**9 972 094**	**6 849 628**	**767 915**
Related loans	1 425 568				1 301 667			
Net loans on the balance sheet	**197 410 948**	**10 943 255**	**6 938 932**	**1 198 654**	**176 638 091**	**9 972 094**	**6 849 628**	**767 915**

2.4.3 Loans and advances to customer per economic operator at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Corporate entities	148 507 478	128 956 795
Including Large Enterprises	98 815 748	97 774 967
Private individuals	50 283 570	48 734 179
Total in Principal	**198 791 048**	**177 690 974**
Attached receivables	1 425 568	1 301 667
Net values on balance sheet	**200 216 617**	**178 992 641**

2.4.4 Breakdown of loans and advances per remaining term at 31 december 2010

(Thousand MAD)

	< = 3mois	Entre 3 mois et 1an	Entre 1 an et 5 ans	> 5 ans	Total
Loans and advances to customers	63 062 090	34 130 502	53 143 639	45 649 149	195 985 380

2.5 Plant, property and equipment and intangible assets

2.5.1 Plant, property and equipment and intangible assets at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Current taxes	135 373	60 972
Differed taxes	625 727	732 402
Current and differed tax assets	**761 100**	**793 374**
Current taxes	133 609	804 006
Differed taxes	1 837 115	1 498 993
Current and differed tax liabilities	**1 970 724**	**2 302 999**

2.5.2 Net income tax at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Current taxes	-2 227 489	-2 286 326
Net FY differed taxes	-74 780	9 535
Net income tax	**-2 302 270**	**-2 276 792**

2.5.3 Actual tax rate at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Net income	4 744 433	4 590 892
Income tax	2 302 270	2 276 792
Average actual income tax	**32,7%**	**33,2%**

Analysis of actual income tax at 31 december 2010

	12/31/2010	12/31/2009
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-0,5%	-0,3%
Lump sum tax		-0,1%
Permanent differences	-2,1%	-0,5%
Change in rate		
Deficit to be forwarded		
Other items	-1,8%	-2,90%
Average actual tax rate	**32,7%**	**33,2%**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Other assets	**3 730 244**	**3 452 175**
Sundry debtors	1 748 769	1 675 330
Various securities and uses	162 766	186 928
Other insurance assets	1 606 461	1 406 193
Other	212 247	183 724
Equalization accounts	**3 280 913**	**3 087 679**
Receivables	1 129 515	1 152 897
Expenses estimated in advance	109 322	103 860
Other equalization accounts	2 042 076	1 830 923
Total	**7 011 157**	**6 539 854**

2.6.2 Equalization accounts and other liabilities at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Other Liabilities	**6 330 290**	**3 998 196**
Miscellaneous securities operations	18 209	57 802
Miscellaneous creditors	5 909 100	3 666 516
Other insurance liabilities	402 980	273 878
Equalization accounts	**2 019 751**	**4 483 089**
Payables	893 810	756 006
Income identified in advance	209 944	199 719
Other equalization accounts	915 997	3 527 364
Total	**8 350 041**	**8 481 286**

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

(Thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	108 935	54 457	688 201	281 062	18 156
Net value on balance sheet in MEE companies	**108 935**	**54 457**	**688 201**	**281 062**	**18 156**

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

2.8 Investment property

(Thousand MAD)

	12/31/2009	Perimeter variation	Acquisitions	Transfers and due dates	Other movements	12/31/2010
Gross value	1 266 290		147 656	26 030	149 475	1 537 392
Depreciation and provisions	188 842		27 961		596	217 398
Net value on balance sheet	**1 077 449**		**119 696**	**26 030**	**148 879**	**1 319 993**

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 2010 is estimated at 1 596 million MAD.

2.9 Plant, property and equipment and intangible assets

2.9.1 Plant, property and equipment and intangible assets at 31 december 2010

(Thousand MAD)

	12/31/2010			12/31/2009		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 518 546	768 068	1 750 479	2 480 881	730 451	1 750 429
Movable property and equipment	2 709 475	2 022 607	686 868	2 490 202	1 844 891	645 311
Leased movable property	516 700	183 731	332 970	506 133	187 707	318 426
Other property, plant and equipment	3 604 766	1 727 670	1 877 096	3 239 172	1 463 030	1 776 142
Total property, plant and equipment	**9 349 487**	**4 702 075**	**4 647 412**	**8 716 388**	**4 226 080**	**4 490 309**
IT software acquired	1 419 014	587 980	831 034	1 048 091	397 521	650 570
Other intangible assets	986 127	420 301	565 826	1 034 960	462 777	572 183
Total intangible assets	**2 405 141**	**1 008 281**	**1 396 860**	**2 083 051**	**860 298**	**1 222 753**

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

The group opted to not activate the cost of borrowings. They will be entered directly into the FY expenses.

Intangible fixed assets apart from 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

(Thousand MAD)

Residual term	For the lessor Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	21 494
> 1 year ≤ 5 years	299 120
> 5 years	
Total	**320 613**

2.10 Goodwill at 31 december 2010

(Thousand MAD)

	12/31/2009	Perimeter variation	Translation gains and losses	Other movements (*)	12/31/2010
Valeur brute	6 408 911		-11 557	-5 490	6 391 864
Cumul des pertes de valeurs					
Valeur nette au bilan	**6 408 911**	**-**	**-11 557**	**-5 490**	**6 391 864**

(*) Il s'agit des ajustements des écarts d'acquisition des filiales suivantes :

Subsidiaries	GW Définitif	Ajustement
Crédit du Sénégal	111 650	6 646
Union Gabonaise de Banque	561 139	-32 576
Crédit du Congo	427 589	18 701
Société Ivoirienne de Banque	458 602	1 739

Le groupe Attijariwafa bank opère régulièrement des tests de dépréciation pour s'assurer que la valeur comptable des Goodwill (GW) est supérieure à leur valeur recouvrable.Dans le cas contraire, une dépréciation devrait être constatée.
Pour l'exercice 2010, aucune dépréciation n'a été constatée.

2.11 Financial liabilities at fair value through income

2.11.1 Financial liabilities at fair value through income at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Securities pledged under repo agreements	63 705	1 688
Derivative instruments	3 326 614	2 144 200
Fair value on balance sheet	**3 390 320**	**2 145 888**

2.11.2 Derivative instruments per type of risk at 31 december 2010

(Thousand MAD)

	Book value		Notional Amount
Per type of risk	**Assets**	**Liabilities**	
Exchange rate derivative instruments	125 293	188 950	27 838 131
Interest rate derivative instruments	438 490	211 272	8 224 208
Raw materials derivatives	1 954 946	1 947 519	7 011 637
Other derivative instruments	696 764	978 873	6 470 417
Total	**3 215 493**	**3 326 614**	**49 544 392**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Credit institutions		
Accounts and borrowings	15 057 526	18 557 233
Securities pledged under repo agreements	7 640 219	7 344 817
Total principal	**22 697 745**	**25 902 050**
Related debt	309 230	191 378
Value on the balance sheet	**23 006 975**	**26 093 428**
Internal Group operations		
Current accounts in credit	2 749 713	1 705 218
Accounts and long-term advances	24 436 286	23 534 474
Related debt	107 505	45 122

2.12.2 Breakdown of debts per remaining term at 31 december 2010

(Thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Amounts owing to credit institutions	16 995 251	4 272 175	1 142 057	288 263	**22 697 745**

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Ordinary creditor accounts	133 154 529	122 522 024
Savings accounts	50 648 991	52 254 462
Other amounts owing to customers	9 922 544	8 685 200
Securities pledged under repo agreements	6 784 871	10 261 172
Total principal	**200 510 936**	**193 722 858**
Related debt	936 992	983 078
Value on balance sheet	**201 447 928**	**194 705 935**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Morocco	122 913 337	121 303 233
Tunisia	17 121 286	15 178 294
Sub-Saharan Africa	22 763 285	21 450 302
Europe	35 702 160	33 632 399
Other	2 010 868	2 158 631
Total principal	**200 510 936**	**193 722 858**
Related debt	936 992	983 078
Value on the balance sheet	**201 447 928**	**194 705 935**

2.13.3 Breakdown of debts to customers per economic operator

(Thousand MAD)

	12/31/2010	12/31/2009
Corporate entities	75 436 672	69 370 967
Including large enterprises	42 758 687	35 224 650
Private individuals	125 074 263	124 351 891
Total in principal	**200 510 936**	**193 722 858**
Relevant debts	936 992	983 078
Net values on balance sheet	**201 447 928**	**194 705 935**

2.13.4 Breakdown of debts per remaining term through profit and loss

(Thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	159 035 396	21 539 977	10 163 621	9 771 941	**200 510 936**

2.14 Debts represented by security and subordinated debts at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Other debts represented by a security	**11 872 036**	**6 550 653**
Negotiable debt securities	11 809 139	6 063 227
Bond loans	62 896	487 425
Subordinated debts	**9 516 757**	**8 271 775**
Subordinated loan	9 516 757	8 271 775
with defined term	9 516 757	8 271 775
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**21 388 793**	**14 822 428**

2.15 General provisions at 31 december 2010

(Thousand MAD)

	Stock at 12/31/2009	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2010
Provisions for risks in executing signature loans	76 314		29 601		7 018	-14 663	84 235
Provisions for litigation and liability guarantees	281 521		10 391			11 760	303 671
Other general provisions	705 093		140 135	49 318	64 519	3 814	735 205
General provisions	**1 062 927**	**-**	**180 127**	**49 318**	**71 536**	**912**	**1 123 111**

3- Notes pursuant to operating account

3.1 Net interest margin at 31 december 2010

(Thousand MAD)

	12/31/2010			12/31/2009		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**12 193 215**	**2 956 350**	**9 236 866**	**10 445 330**	**3 156 183**	**7 289 148**
Accounts and loans/borrowings	11 361 859	2 718 967	8 642 892	9 610 151	2 878 847	6 731 304
Repurchase agreements	575	237 383	-236 807	13 048	277 335	-264 288
Leasing activities	830 781		830 781	822 132		822 132
Inter-bank transactions	**889 652**	**1 254 073**	**-364 421**	**928 995**	**1 079 382**	**-150 387**
Accounts and loans/borrowings	884 141	1 206 347	-322 206	920 560	1 064 032	-143 472
Repurchase agreements	5 510	47 726	-42 216	8 434	15 350	-6 915
Debt issued by the Group		**966 655**	**-966 655**		**693 992**	**-693 992**
Available-for-sale assets	**992 985**		**992 985**	**923 772**		**923 772**
Total net interest income	**14 075 852**	**5 177 078**	**8 898 774**	**12 298 097**	**4 929 556**	**7 368 541**

3.2 Net fee income at 31 december 2010

(Thousand MAD)

	Produits	Charges	Net
Net fees on transactions	**1 708 773**	**27 695**	**1 681 079**
with credit institutions	51 987	18 687	33 299
with customers	1 029 506		1 029 506
on securities	179 732	9 007	170 725
on foreign exchange	103 055	-	103 055
on forward financial instruments and other off-balance sheet transactions	344 493	-	344 493
Banking and financial services	**1 404 316**	**206 974**	**1 197 342**
Net income from mutual fund management (OPCVM)	274 216	17 216	256 999
Net income from payment services	794 220	137 380	656 840
Insurance products	74 797		74 797
Other services	261 083	52 378	208 705
Net fee income	**3 113 089**	**234 668**	**2 878 420**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Fixed income securities	587 999	587 256
Variable income securities	303 426	99 433
Derivative financial instruments	799 348	722 641
Reassessment of over the counter foreign currency cash positions	110 893	100 933
Total	**1 801 666**	**1 510 262**

3.4 Net gains or losses on financial assets available for sale at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Income from variable income securities	248 841	288 400
Income from transfers	516 947	1 264 432
Value added	516 947	1 264 432
Loss in value		
Gains and losses in value of variable income securities	11 211	3 874
Total	**776 999**	**1 556 706**

3.5 Income and expenses from other activities at 31 december 2010

(Thousand MAD)

	12/31/2010			12/31/2009		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	3 969 137	3 849 177	119 960	3 853 128	3 389 207	463 921
Net income from investment property	27 326		27 326	38 966		38 966
Net income from fixed assets rented outright	1 608	8 761	-7 153	260	4 331	-4 071
Other income	586 395	415 810	170 585	445 393	328 123	117 271
Total of interest income and expenses or equivalent	**4 584 467**	**4 273 749**	**310 718**	**4 337 748**	**3 721 661**	**616 087**

3.6 Net income from insurance activity at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Gross premiums acquired	4 467 730	4 273 981
Variation in technical provisions	-1 478 627	-1 827 963
Contract service expenses	-2 843 708	-1 870 817
Net expenses or income from reassurance transfers	-25 434	-111 280
Total	**119 960**	**463 921**

3.7 Cost of risk at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Allocations to provisions	**-1 445 594**	**-1 480 598**
Provisions for depreciation of loans and debts	-1 260 427	-1 368 143
Provisions for commitments by signature	-29 601	
Other provisions for risks and expenses	-155 567	-112 456
Provision write downs	**800 092**	**1 113 154**
Provision write downs for depreciation of loans and debts	674 797	701 439
Provision write downs for commitments by signature	7 018	238 613
Write downs from other provisions for risks and expenses	118 277	173 102
Provision variation	**-572 741**	**-620 884**
Losses on non provisioned unrecoverable loans and debts	-31 501	-11 634
Losses on provisioned unrecoverable loans and debts	-593 483	-640 493
Recovery on amortized loans and debts	93 577	119 646
Other losses	-41 334	-88 403
Cost of risk	**-1 218 243**	**-988 329**

3.8 Net gains and losses on other activities at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Operating tangible and intangible fixed assets		
Value added from transfers	3 382	5 724
Loss in value transfers	-760	-11 986
Gains ou pertes sur autres actifs	**2 622**	**-6 262**

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 finance companies** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International retail banking** activities comprising Attijari bank Tunisie and CBAO – Groupe Attijariwafa bank;
- **Insurance and property** comprising Wafa Assurance.

(Thousand MAD)

BALANCE SHEET DECEMBER 2010	Domestic banking, Europe and Offshore	Specialised finance companies	Insurance and property	International retail banking	TOTAL
Total net assets	**204 395 553**	**23 636 084**	**22 596 034**	**56 027 648**	**306 655 318**
of which					
Assets					
Financial assets at fair value through income	16 829 545		6 811 421	135 415	**23 776 381**
Available-for-sale financial assets	13 566 264	162 854	10 179 433	6 829 277	**30 737 828**
Loans and advances to credit institutions and similar establishments	10 967 041	59 062	16 021	5 870 798	**16 912 923**
Loans and advances to customers	144 651 222	20 931 513	1 955 426	32 678 456	**200 216 617**
Property, plant and equipment	2 395 825	521 464	183 162	1 546 961	**4 647 412**
Liabilities					
Amounts owing to credit institutions and similar establishments	18 767 251	1 895 565	3 225	2 340 935	**23 006 975**
Customer deposits	157 303 940	1 287 154	2 214	42 854 619	**201 447 928**
Technical reserves for insurance contracts			17 579 940		**17 579 940**
Subordinated debt	9 347 844	105 642		63 272	**9 516 757**
Shareholders' equity	18 881 228	2 328 487	3 888 262	2 927 306	**28 025 282**

INCOME STATEMENT DECEMBER 2010	Domestic banking, Europe and Offshore	Specialised finance companies	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	5 705 124	1 105 362	318 984	1 759 181	10 123	**8 898 774**
Net fee income	1 620 684	461 877	-25 597	1 197 737	-376 281	**2 878 420**
Net banking income	8 304 781	1 886 965	1 333 946	3 232 826	-91 943	**14 666 576**
Operating expenses	3 062 737	647 497	304 293	1 782 736	-91 943	**5 705 321**
Operating income	4 350 802	849 520	922 175	903 428		**7 025 925**
Net income	2 836 191	520 748	657 223	730 272		**4 744 433**
Net income Group share	2 804 896	368 943	520 696	407 954		**4 102 489**

5. Financing commitments and guarantees

5.1 Financing commitments at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Financing commitments given	**17 600 357**	**16 969 431**
To credit institutions and similar establishments	1 866	71 237
To customers	17 598 491	16 898 193
Financing commitments received	**2 209 546**	**1 249 827**
From credit institutions and similar establishments	2 209 546	1 249 827
From the State and other organisations providing guarantees		

5.2 Financing commitments at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
Guarantees given	**34 730 438**	**37 182 853**
To credit institutions and similar establishments	5 008 842	5 955 951
To customers	29 721 596	31 226 902
Guarantees received	**28 512 534**	**29 816 379**
From credit institutions and similar establishments	16 251 238	18 758 229
From the State and other organisations providing guarantees	12 261 296	11 058 150

6. Other complimentary information:

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated therewith are conducted under the market conditions prevailing at the time of completion.

6.1.1 Relationship between group consolidated companies at 31 december 2010

(Thousand MAD)

	Entreprises consolidées par intégration gobale
Assets	
Loans, advances and securities	**29 152 557**
Ordinary accounts	3 671 931
Loans	25 350 626
Securities	130 000
Miscellaneous assets	
Actif divers	**186 692**
Total	**29 339 249**
Liabilities	
Deposits	**28 674 564**
Ordinary accounts	4 005 505
Other loans	24 669 059
Debts represented by security	**477 994**
Miscellaneous liabilities	**186 692**
Total	**29 339 249**
Financing and guarantee commitments	
Commitments given	7 846 492
Commitments received	7 846 492

6.1.2 Income items regarding operations conducted with associated parties

(Thousand MAD)

	Entities consolidate through global integration
Interest and equivalent income	527 276
Interest and equivalent expenses	537 399
Commissions (income)	450 749
Commissions (expenses)	74 468
Income from other activities	111 008
Expenses from other activities	385 224
Other expenses	91 943

Relationships with members of administrative and management bodies:

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 (total of 21) for FY 2010 came to 67 million MAD vs. 48.6 in 2009. Loans to these members came to 77.3 million MAD at the end of 2010 vs. 74.8 in 2009.

6.2 Wafa Assurance at 31 december 2010

(Thousand MAD)

Balance sheet	**12/31/2010**	**12/31/2009**
Assets		
Assets available for sale	10 177 135	8 035 437
Loans and debts to credit institutions and equivalent	14 521	
Loans and debts to customers	1 955 426	2 047 646
Tangible fixed assets	153 033	205 854
Liabilities		
Debts to credit institutions and equivalent	-	-
Insurance contract technical provisions	17 579 940	15 628 317
Shareholders equity	2 134 573	1 559 915

Income and expenses account	**12/31/2010**	**12/31/2009**
Interest margin	306 447	166 568
Margin on commissions	-23 229	-27 151
Net income from other activities	180 972	509 500
Net banking income	869 961	1 522 586
Operating expenses	-326 711	-338 776
Operating income	438 946	1 158 971
Net income	256 123	704 152
Net income group share	202 918	557 876

7. Other additional information:

7.1 Subordinated debt and certificates of deposit issued in FY 2010:

7.1.1 Subordinated debt:

On 14 June 2010, the CDVM (Conseil Déontologique des Valeurs Mobilières - Moroccan Securities Commission) approved the issue by Attijariwafa bank of MAD 1.2 billion in subordinated bonds, reserved for institutional investors.

This issue is part of the continued implementation by Attijariwafa bank of its international expansion strategy, in particular through the strengthening of its footprint in the Maghreb region and the development of its operations in Central and Western Africa.

This MAD 1.2 billion debt consists of 12,000 bonds, each with a nominal value of MAD 100,000 and a maturity of seven years. They are subdivided into four tranches, two of which are listed on the Casablanca stock exchange (tranches A and B) while the two others are unlisted (tranches C and D).

The nominal interest rate on tranches A and C is fixed and stands at 4.78% including a risk premium of 80 basis points. The interest rate on tranches B and D is to be reviewed annually and was 4.35% in the first year including a risk premium of 80 basis points.

Total subscriptions for the four tranches can be summarised as follows:

(Thousand MAD)

	Tranche A	Tranche B	Tranche C	Tranche D
Amount subscribed	80 300	30 600	642 900	446 200

7.1.2 Certificates of deposit:

Attijariwafa bank had MAD 8.2 billion in outstanding certificates of deposits at end-December 2010.

In FY 2010, MAD 7.1 billion in certificates were issued with maturities ranging from 12 months to 4 years at rates of between 3.70% and 4.37%.

7.2 Share capital and earnings per share

7.2.1 Number of shares and par value:

At end-December 2010, the share capital of Attijariwafa bank consisted of 192,995,960 shares each with a par value of MAD 10.

7.2.2 Attijariwafa bank shares held by the Group:

At end-December 2010, the Attijariwafa bank Group had 15,291,564 Attijariwafa bank shares, representing a total of MAD 2,187 million, deducted from consolidated equity.

7.2.3 Earnings per share:

The Bank does not have instruments that are potentially convertible into ordinary shares. Accordingly, diluted earnings per share are the same as basic earnings per share.

	31 december 2010	31 décembre 2009
Basic earnings per share	21,26	20,42
Diluted earnings per share	21,26	20,42

7.2.4 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 pre-funded, provisions must be recognised in this respect.

The present value of the liability is calculated using the projected unit credit method on the basis of actuarial assumptions and assumptions regarding the rate of salary increase, retirement age, mortality, turnover as well as the discount rate.

Changes to actuarial assumptions, or any difference between these assumptions and actual results, give rise to the recognition of actuarial gains (losses) through profit or loss in the period in which they occur in accordance with the Group's accounting policies.

Retirement payments

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

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary. The retirement payment is equal to the sum of the following items:

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

Ouissam Achoughl long-service award

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

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

Assumptions for calculation purposes:

	31 december 2010	31 décembre 2009
Start of period	01 january 2010	01 january 2009
End of period	31 december 2010	31 december 2009
Discount rate	3.84%	3.81%
Rate of salary increase	4.00%	4.00%
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows:

(Thousand MAD)

Change in actuarial liability	31 december 2010	31 december 2009
Actuarial liability N-1	281 521	231 231
Current service cost	19 100	13 927
Discounting effect	-7 250	3 476
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	-	27 125
Termination benefits	-	-
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	10 301	5 761
Actuarial liability N	**303 671**	**281 521**

Expense recognised	31 december 2010	31 december 2009
Current service cost	-19 100	-13 927
Discounting effect	7 250	-3 476
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	1 459	-7 876
Net expense recognized in profit or loss	**-10 391**	**-25 280**

7.3 Consolidation perimeter

Name	Sector of activity	(A)	(B)	(C)	(D)	Country	Method	% control	% interest
ATTIJARIWAFA BANK	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	100.00%	100.00%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	50.00%	50.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	51.93%
ATTIJARIBANK TUNISIE	Bank					Tunisie	IG	54.56%	45.66%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51.00%	51.00%
CREDIT DU SENEGAL	Bank		(1)			Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank		(1)			Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank		(1)			Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank		(1)			Ivory Coast	IG	51.00%	51.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.94%	50.94%
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	99.13%	99.13%
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%
FINANZIARIA SPA	Financial firm					Italie	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	79.23%	79.23%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	79.23%	79.23%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	79.23%	79.23%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	79.23%	79.23%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	79.23%	79.23%
WAFA ASSURANCE	Insurance					Morocco	IG	79.23%	79.23%
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	83.70%	83.70%
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		(3)			Senegal	IG	100.00%	100.00%
MOUSSAFIR	Hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	Risk capital					Tunisie	IG	67.23%	30.70%
PANORAMA	Real estate company					Morocco	IG	79.23%	79.23%

A) Movements occurring in first half of 2009
B) Movements occurring in second half of 2009
C) Movements occurring in first half of 2010
D) Movements occurring in second half of 2010

1 Acquisition
2 Creation, crossing threshold
3 Entry into IFRS perimeter
4 Transfer
5 Deconsolidation
6 Merger between consolidated entities

7. Change in method – integration proportional to global integration
8. Change in method – global integration equity method
9. Change in method – equity method upon global integration
10. Change in method – global integration per proportional integration
11. Change in method – Proportional integration equity method
12. Reconsolidation

PARENT COMPANY FINANCIAL STATEMENTS

GENERAL REPORT OF THE STATUTORY AUDITORS

Year ended december 31st, 2010

ERNST & YOUNG
37 Bd. Abdellatif Ben Kaddour
20 050 Casablanca - MOROCCO

Deloitte.
288, Bd Zerktouni
20000 Casablanca - MOROCCO

(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
PERIOD FROM JANUARY 1st TO DECEMBER 31st, 2010

In accordance with our engagement as statutory auditors by your general meeting, we have audited the financial statements attached of the company Attijariwafa bank which include the balance sheet, the profit and loss statement, the statement of management incomes, the cash flow statement and the notes to the financial statements for the year ended December 31, 2010. These financial statements show stockholders' equity of KMAD 29,181,658 including a net profit of KMAD 3,006,525.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Moroccan accounting principles. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan auditing standards. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph above are regular and sincere and give, in all their material aspects, a fair view of the result of the year's operations and of the financial position and assets of the company Attijariwafa bank as of December 31st, 2010, in accordance with Moroccan accounting principles.

Specific procedures and disclosures

We have also performed the specific procedures required by Moroccan law and we have verified the correspondence of the information provided in the management report to the shareholders with the company's financial statements.

Furthermore, in accordance with Article 172 of Law 17-95, as completed and amended by Law 20-05, we inform you that the bank has made this year:

- The creation of «Attijariwafa bank Afrique Participations», holding with capital of 52 MMAD, wholly owned by the bank.
- The creation of «Dar Essafaa Litamwil», bank under Moroccan law, with capital of 50 MMAD, wholly owned by the bank.

Casablanca, March 23rd, 2011.

The statutory auditors

ERNST & YOUNG	DELOITTE AUDIT
Bachir TAZI	Ahmed BENADELKHALEK
Partner	Partner

1. Presentation

Attijariwafa bank is a société de droit commun incorporated in Morocco. The summary financial statements include the accounts of the HQ, the branches within Morocco and abroad plus the operations in Brussels. All material internal transactions and balances between the Moroccan entities and the foreign operations are eliminated.

2. General principles

The summary financial statements are drawn up pursuant to the generally accepted accounting principles applicable to banks.

The presentation of the summary financial statements of Attijariwafa bank is in accordance with the provisions of the Chart of Accounts for Banks.

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.

<u>Translation of on- and off- balance sheet items</u>

All assets, liabilities and off-balance sheet items of foreign entities (Brussels operations) 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".

<u>Translation of income statement items</u>

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. Regulated provisions

Regulated provisions are funded in response to statutory or regulatory provisions, in particular tax-related. The decision to fund them is taken by management, in particular driven by the desire to take advantage of a tax incentive.

Once the criteria for funding and using them are satisfied and having been funded in order to take advantage of a specific tax incentive, regulated provisions, aside from excess tax depreciation, qualify as tax-exempt reserves.

12. Recognition of interest and fees in the income statement

<u>Interest</u>

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.

<u>Fees</u>

Income and expenses, determined on a lump-sum basis and in consideration for the provision of services, are recognised as fees upon invoicing.

13. Non-current income and expenses

These wholly relate to extraordinary income and expenses and are in principle both unusual and infrequent in nature.

Balance sheet at 31 december 2010

(Thousand MAD)

ACTIF	12/31/2010	12/31/2009
Cash and balances with central banks, the Treasury and post office accounts	**9 704 499**	**11 073 971**
Loans and advances to credit institutions and similar establishments	**29 580 619**	**37 210 728**
- Sight	3 136 973	6 355 600
- Term	26 443 646	30 855 128
Loans and advances to customers	**138 803 053**	**122 321 368**
- Short-term loans and consumer loans	46 871 043	44 002 865
- Equipment loans	43 032 617	34 396 158
- Mortgage loans	45 069 432	40 194 664
- Other loans	3 829 961	3 727 681
Receivables acquired through factoring	**-**	**-**
Trading securities and available-for-sale securities	**29 908 542**	**37 649 961**
- Treasury bills and similar securities	16 594 647	24 369 175
- Other debt securities	5 292 932	4 986 564
- Equities	8 020 963	8 294 222
Other assets	**3 725 029**	**2 325 996**
Investment securities	**-**	**-**
- Treasury bills and similar securities	-	-
- Other debt securities	-	-
Investments in affiliates and other long-term investments	**10 859 413**	**10 630 925**
Subordinated loans		
Leased and rented assets	**550 404**	**302 292**
Intangible assets	**1 775 679**	**1 748 994**
Property, plant and equipment	**2 552 874**	**2 616 074**
Total Assets	**227 460 112**	**225 880 310**

LIABILITIES	12/31/2010	12/31/2009
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	**21 921 800**	**21 832 616**
- Sight	7 076 666	3 279 834
- Term	14 845 134	18 552 782
Customer deposits	**157 047 962**	**154 216 342**
- Current accounts in credit	91 145 133	84 654 088
- Savings accounts	18 961 677	17 795 778
- Term deposits	39 751 445	45 115 781
- Other accounts in credit	7 189 707	6 650 695
Debt securities issued	**8 334 259**	**4 311 376**
- Tradable debt securities	8 334 259	4 311 376
- Bonds	-	-
- Other debt securities issued	-	-
Other liabilities		
General provisions	**10 124 681**	**18 670 722**
Regulated provisions	**849 752**	**745 324**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**-**	**-**
Revaluation reserve	**9 347 844**	**8 118 729**
Reserves and premiums related to share capital	**420**	**420**
Share capital	**14 896 000**	**13 262 667**
Shareholders, unpaid share capital (-)	**1 929 960**	**1 929 960**
Retained earnings (+/-)		
Net income pending appropriation (+/-)	**909**	**-4 853**
Net income for the financial year (+/-)		
Net income FY (+/-)	**3 006 525**	**2 797 007**
Total liabilities	**227 460 112**	**225 880 310**

Off-balance sheet items at 31 december 2010

(Thousand MAD)

OFF-BALANCE	12/31/2010	12/31/2009
COMMITMENTS GIVEN	**43 357 299**	**41 730 273**
Financing commitments given to credit institutions and similar establishments	533	1 211
Financing commitments given to customers	14 380 260	13 511 736
Guarantees given to credit institutions and similar establishments	4 932 906	5 755 938
Guarantees given to customers	24 043 600	22 461 388
Securities purchased with repurchase agreement		
Other securities to be delivered		
COMMITMENTS RECEIVED	**15 255 228**	**15 556 918**
Financing commitments received from credit institutions and similar establishments		
Guarantees received from credit institutions and similar establishments	15 188 837	15 474 570
Guarantees received from the State and other organisations providing guarantees	66 391	82 348
Securities sold with repurchase agreement		
Other securities to be received		

Income statement at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
OPERATING INCOME FROM BANKING ACTIVITIES	**13 301 271**	**11 927 690**
Interest and similar income from transactions with credit institutions	1 152 758	1 202 733
Interest and similar income from transactions with customers	7 619 171	6 768 349
Interest and similar income from debt securities	421 715	497 284
Income from equity securities	855 487	563 440
Income from lease-financed fixed assets	117 287	103 704
Fee income	1 073 729	998 760
Other banking income	2 061 124	1 793 420
OPERATING EXPENSES ON BANKING ACTIVITIES	**5 063 038**	**4 877 113**
Interest and similar expenses on transactions with credit institutions	739 081	658 435
Interest and similar expenses on transactions with customers	2 428 329	2 711 104
Interest and similar expenses on debt securities issued	205 109	154 726
Expenses on lease-financed fixed assets	99 295	89 489
Other banking expenses	1 591 224	1 263 358
NET BANKING INCOME	**8 238 233**	**7 050 577**
Non-banking operating income	64 100	673 017
Non-banking operating expenses	32 781	56 292
OPERATING EXPENSES	**3 113 867**	**2 881 043**
Staff costs	1 377 972	1 286 307
Taxes other than on income	91 593	84 078
External expenses	1 220 930	1 117 635
Other general operating expenses	9 280	15 804
Depreciation, amortisation and provisions	414 092	377 218
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**1 768 831**	**1 798 805**
Provisions for non-performing loans and signature loans	1 095 966	823 398
Losses on irrecoverable loans	434 499	605 337
Other provisions	238 366	370 070
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**966 429**	**1 301 868**
Provision write-backs for non-performing loans and signature loans	760 714	948 342
Amounts recovered on impaired loans	72 645	112 081
Other provision write-backs	133 070	241 446
INCOME FROM ORDINARY ACTIVITIES	**4 353 283**	**4 289 323**
Non-recurring income	1 265	826
Non-recurring expenses	9 338	40 120
PRE-TAX INCOME	**4 345 210**	**4 250 029**
Income tax	1 338 685	1 453 022
NET INCOME FOR THE FINANCIAL YEAR	**3 006 525**	**2 797 007**

Management accounting statement at 31 december 2010

(Thousand MAD)

I - RESULTS ANALYSIS	12/31/2010	12/31/2009
+ Interest and similar income	9 193 644	8 468 366
- Interest and similar expenses	3 372 520	3 524 265
NET INTEREST MARGIN	**5 821 124**	**4 944 102**
+ Income from lease-financed fixed assets	117 287	103 704
- Expenses on lease-financed fixed assets	99 295	89 489
NET INCOME FROM LEASING ACTIVITIES	**17 992**	**14 215**
+ Fees received	1 073 729	998 760
- Fees paid	-	4
NET FEE INCOME	**1 073 729**	**998 756**
+ Income from trading securities	429 170	443 755
+ Income from available-for-sale securities	41 995	40 323
+ Income from foreign exchange activities	513 569	502 889
+ Income from derivatives activities	162 199	139 467
INCOME FROM MARKET ACTIVITIES	**1 146 933**	**1 126 434**
+ Other banking income	855 487	563 440
- Other banking expenses	677 033	596 369
NET BANKING INCOME	**8 238 233**	**7 050 577**
+ Income from long-term investments	2 295	598 395
+ Other non-banking operating income	36 369	58 762
- Other non-banking operating expenses	-	-
- General operating expenses	3 113 867	2 881 043
GROSS OPERATING INCOME	**5 163 029**	**4 826 692**
+ Net provisions for non-performing loans and signature loans	-697 106	-368 312
+ Other net provisions	-112 640	-169 058
INCOME FROM ORDINARY ACTIVITIES	**4 353 283**	**4 289 323**
NON-RECURRING INCOME	**-8 073**	**-39 294**
- Income tax	1 338 685	1 453 022
NET INCOME FOR THE FINANCIAL YEAR	**3 006 525**	**2 797 007**

II - TOTAL CASH EARNINGS	12/31/2010	12/31/2009
+ NET INCOME OF PERIOD	**3 006 525**	**2 797 007**
+ Depreciation, amortisation and provisions for fixed asset impairment	414 091	377 218
+ Provisions for impairment of long-term investments	40 395	8 194
+ General provisions	150 000	300 000
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Provision write-backs	106 984	141 554
+ Losses on disposal of fixed assets	142	5 335
- Intangibles and tangibles	-	-
- Capital gains on disposal of long-term investments	27 732	614 255
+ Losses on disposal of long-term investments	32 781	56 292
- Write-backs of investment subsidies received	-	-
+ TOTAL CASH EARNINGS	**3 508 934**	**2 777 567**
- Profits distributed	1 157 976	964 980
+ NET CASH EARNINGS	**2 350 958**	**1 812 587**

Non-performing customer loans at 31 december 2010

(Thousand MAD)

	Disbursed loans	Signature loans	**Amount**	Provisions for disbursed loans	Provisions for signature loans	**Total**
dec.-10	5 072 345	512 981	**5 585 326**	4 062 274	122 292	**4 184 566**

Sales at 31 december 2010

(Thousand MAD)

2010	2009	2008
13 301 271	**11 927 690**	**10 703 738**

Tableau des flux de trésorerie at 31 december 2010

(Thousand MAD)

	12/31/2010	12/31/2009
1. (+) Operating income from banking activities	12 445 784	11 364 250
2. (+) Amounts recovered on impaired loans	72 645	112 081
3. (+) Non-banking operating income	65 365	54 253
4. (-) Operating expenses on banking activities (*)	-5 450 306	-5 004 926
5. (-) Non-banking operating expenses	-32 781	
6. (-) General operating expenses	-2 699 775	-2 503 825
7. (-) Income tax	-1 338 685	-1 453 022
I. NET CASH FLOW FROM INCOME STATEMENT	**3 062 247**	**2 568 811**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	7 630 109	-912 440
9. (±) Loans and advances to customers	-16 481 685	-13 107 341
10. (±) Trading securities and available-for-sale securities	7 741 419	-7 555 335
11. (±) Other assets	-1 399 033	725 127
12. (±) Lease-financed fixed assets	-248 112	31 410
13. (±) Amounts owing to credit institutions and similar establishments	89 184	2 155 149
14. (±) Customer deposits	2 831 620	3 062 009
15. (±) Debt securities issued	4 022 883	977 508
16. (±) Other liabilities	-8 546 041	10 808 273
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-4 359 656**	**-3 815 640**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**-1 297 409**	**-1 246 829**
17. (+) Income from the disposal of long-term investments	95 000	1 534 954
18. (+) Income from the disposal of fixed assets		18 217
19. (-) Acquisition of long-term investments	-291 574	-3 532 311
20. (-) Acquisition of fixed assets	-377 852	-525 025
21. (+) Interest received		
22. (+) Dividends received	855 487	563 440
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**281 061**	**-1 940 725**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	1 200 000	2 000 000
25. (+) Equity issuance		
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-395 148	-299 830
28. (-) Dividends paid	-1 157 976	-964 980
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-353 124**	**735 190**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**-1 369 472**	**-2 452 364**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**11 073 971**	**13 526 335**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9 704 499**	**11 073 971**

(*) including net provisions

Statement of departures from standard accounting treatment at 31 december 2010

INDICATIONS DES DEROGATIONS	REASONS FOR DEPARTURES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Departures from fundamental accounting principles	Not applicable	Not applicable
II. Departures from valuation methods	Not applicable	Not applicable
III. Departures from rules for drawing up and presenting the financial statements	Not applicable	Not applicable

Statement of changes in accounting methods at 31 december 2010

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

Créances sur les établissements de crédit et assimilés at 31 december 2010

(Thousand MAD)

LOANS AND ADVANCES	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions or equivalent in Morocco	Credit institutions abroad	Total 12/31/2010	Total 12/31/2009
CURRENT ACCOUNTS IN DEBIT	**7 764 278**		**1 598 640**	**1 219 867**	**10 582 785**	**15 527 122**
NOTES RECEIVED AS SECURITY						
- overnight						
- term						
CASH LOANS		**20 000**	**12 628 748**	**212 665**	**12 861 413**	**17 730 539**
- overnight						276 485
- term		20 000	12 628 748	212 665	12 861 413	17 454 054
FINANCIAL LOANS		**3 161 986**	**10 303 821**		**13 465 807**	**12 973 924**
OTHER LOANS		**147 442**	**1 521**	**2 344**	**151 307**	**156 629**
INTEREST ACCRUED AWAITING RECEIPT			**154 033**	**131 059**	**285 092**	**248 722**
NON-PERFORMING LOANS						
TOTAL	**7 764 278**	**3 329 428**	**24 686 763**	**1 565 935**	**37 346 404**	**46 636 936**

Loans and advances to customers at 31 december 2010

(Thousand MAD)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2010	Total 12/31/2009
		Financial companies	Financial companies	Other customers		
CREDITS DE TRÉSORERIE	**2 451 900**	**196 414**	**35 355 832**	**2 007 251**	**40 011 397**	**37 894 957**
- Comptes à vue débiteurs	12 178	196 414	15 722 632	1 595 842	17 527 066	14 557 530
- Créances commerciales sur le Maroc			4 445 067		4 445 067	3 814 379
- Crédits à l'exportation	33 521		352 132	39	385 692	335 146
- Autres crédits de trésorerie	2 406 201		14 836 001	411 370	17 653 572	19 187 902
CREDITS A LA CONSOMMATION	**4 006**		**553 404**	**5 651 677**	**6 209 087**	**5 430 755**
CREDITS A L'EQUIPEMENT	**12 094 176**		**26 836 508**	**3 639 897**	**42 570 581**	**34 104 324**
CREDITS IMMOBILIERS	**2 718**		**12 890 718**	**32 164 472**	**45 057 908**	**40 177 188**
AUTRES CREDITS	**1 846 261**	**601 642**	**341 401**	**30 493**	**2 819 797**	**2 809 896**
CREANCES ACQUISES PAR AFFACTURAGE						
INTERETS COURUS A RECEVOIR			**656 595**	**467 617**	**1 124 212**	**986 556**
CREANCES EN SOUFFRANCE	**1 980**	**4 435**	**294 924**	**708 732**	**1 010 071**	**917 692**
- Créances pré-douteuses						
- Créances douteuses						
- Créances compromises	1 980	4 435	294 924	708 732	1 010 071	917 692
TOTAL	**16 401 041**	**802 491**	**76 929 382**	**44 670 139**	**138 803 053**	**122 321 368**

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 31 december 2010

(Thousand MAD)

TITRES	ÉTABLISSEMENTS DE CRÉDIT ET ASSIMILÉS	ÉMETTEURS PUBLICS	ÉMETTEURS PRIVÉS		TOTAL AU 12/31/2010	TOTAL AU 12/31/2009
			FINANCIERS	NON FINANCIERS		
LISTED SECURITIES	**166 194**	**-**	**7 814 008**	**147 066**	**8 127 268**	**8 678 362**
- Treasury bills and similar instruments					-	-
- Bonds	-			-	-	-
- Other debt securities	165 544				165 544	434 678
- Equities	650		7 814 008	147 066	7 961 724	8 243 684
UNLISTED SECURITIES	**121 043**	**17 526 667**	**6 032**	**4 127 532**	**21 781 274**	**28 971 599**
- Treasury bills and similar instruments		16 878 654			16 878 654	24 369 175
- Bonds		648 013		927 417	1 575 430	2 556 847
- Other debt securities	119 969			3 147 982	3 267 951	1 995 039
- Equities	1 074		6 032	52 133	59 239	50 538
TOTAL	**287 237**	**17 526 667**	**7 820 040**	**4 274 598**	**29 908 542**	**37 649 961**

Value of trading securities, available-for-sale securities and investment securities at 31 december 2010

(Thousand MAD)

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**16 906 132**	**16 906 132**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments	6 222 270	6 222 270		-	-	-
- Bonds	2 038	2 038		-	-	-
- Other debt securities	2 746 017	2 746 017		-	-	-
- Equities	7 935 806	7 935 806		-	-	-
AVAILABLE-FOR-SALE SECURITIES	**13 021 878**	**13 002 410**	**-**	**298 986**	**19 468**	**19 468**
- Treasury bills and similar instruments	10 660 532	10 656 384		244 067	4 149	4 149
- Bonds	1 577 370	1 573 392		54 301	3 978	3 978
- Other debt securities	687 478	687 478		618		
- Equities	96 498	85 157			11 341	11 341
INVESTMENT SECURITIES	**-**	**-**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments				-	-	-
- Bonds				-	-	-
- Other debt securities				-	-	-

Details of other assets at 31 december 2010

(Thousand MAD)

ASSETS	AMOUNT AT 12/31//2010	AMOUNT AT 12/31/2009
OPTIONS PURCHASED	**50 721**	**27**
SUNDRY SECURITIES TRANSACTIONS (1)		
SUNDRY DEBTORS	**510 252**	**225 234**
Amounts due from the State	229 631	133 528
Amounts due from mutual societies		
Sundry amounts due from staff		
Amounts due from customers for non-banking services		
Other sundry debtors	280 621	91 706
OTHER SUNDRY ASSETS	**42 309**	**44 936**
ACCRUALS AND SIMILAR	**3 022 867**	**1 962 625**
Adjustment accounts for off-balance sheet transactions	48 774	224 857
Translation differences for foreign currencies and securities	75	77
Income from derivative products and hedging		
Deferred expenses	20 266	26 090
Inter-company accounts between head office, branch offices and branches in Morocco	193	130
Accounts receivable and prepaid expenses	1 143 471	940 117
Other accruals and similar	1 810 088	771 354
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**98 880**	**93 174**
TOTAL	**3 725 029**	**2 325 996**

(1) PCEC 341.3463 and 3469 if in debit

Subordinated loans at 31 december 2010

(Thousand MAD)

Debts	Amount				including affiliates and related companies	
	12/31/2010			12/31/2009	12/31/2010	12/31/2009
	Gross 1	Prov. 2	Net 3	Net 4	Net 5	Net 6
Subordinated loans to credit institutions and similar establishments			N/A			
Subordinated loans to customers						
TOTAL						

Leased and rented assets at 31 december 2010

(Thousand MAD)

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 FY	Provision write downs	Aggregate provisions	
LEASED AND RENTED ASSETS	**785 681**	**356 593**	**90 452**	**1 116 627**	**99 295**	**566 223**				**550 404**
Leased intangible assets										
LEASED MOVABLE ASSETS	**756 307**	**327 016**	**90 452**	**1 083 323**	**99 295**	**544 287**				**539 036**
- Movable assets under lease	756 307	327 016	90 452	1 083 323	99 295	544 287				539 036
- Leased movable assets										
- Movable assets unleased after cancellation										
LEASED IMMOVABLE ASSETS	**25 647**	**25 647**		**25 647**		**21 936**				**3 711**
- Immovable assets under lease										
- Immovable leased assets	25 647	25 647		25 647		21 936				3 711
- Immovable assets unleased after cancellation										
Rents awaiting receipt										
Restructured rents										
Rents in arrears	3 727	3 930		7 657						7 657
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing loans										
TOTAL	**785 681**	**356 593**	**90 452**	**1 116 627**	**99 295**	**566 223**				**550 404**

Added or lost value on fixed asset transfers or withdrawals at 31 december 2010

(Thousand MAD)

Date of transfer or withdrawal	Type	Gross amount	Aggregate depreciation	Net book value	Transfer income	Value added transfers	Loss in value transfers
dec.-10	**VEHICULE**	**273 046**	**273 046**	**-**	**142 000**	**142 000**	**-**
	CAMION MUTSUBISHI MLE 152-A-6	273 046	273 046	-			-
TOTAL		**273 046**	**273 046**	**-**	**142 000**	**142 000**	**-**

Immobilisations incorporelles et corporelles **at 31 december 2010**

(Thousand MAD)

TYPE	Gross value at beginning of FY	Acquisitions	Disposals	Gross value at beginning of FY	Amortissements et/ou provisions				Net value at end of FY
					Amortisation and provisions at beginning of FY	Additional amortisation of FY	Amortisation on disposed assets	Accumulated amortisation and depreciation	
INTANGIBLE ASSETS	**2 174 103**	**160 137**	**-**	**2 334 240**	**425 109**	**133 452**	**-**	**558 561**	**1 775 679**
- Lease rights	291 829	4 237		296 066					296 066
- Research and development				-					
- Intangible assets used in operations	1 882 274	155 900		2 038 174	425 109	133 452		558 561	1 479 613
- Non-operating intangible assets									
PROPERTY, PLANT AND EQUIPMENT	**5 304 219**	**217 975**	**273**	**5 530 375**	**2 697 145**	**280 640**	**273**	**2 977 501**	**2 552 874**
Immovable property used in operations	**1 724 787**	**16 387**	**-**	**1 741 173**	**507 397**	**54 662**	**-**	**562 059**	**1 179 114**
- Land	288 495	3 373		291 868					291 868
- Office buildings	1 360 480	13 014		1 373 494	455 156	52 082		507 238	866 256
- Staff accommodation	75 811			75 811	52 241	2 580		54 821	20 990
Movable property and equipment used in operations	**1 894 689**	**87 754**	**273**	**1 991 171**	**1 423 118**	**118 966**	**273**	**1 541 811**	**449 360**
- Office property	404 905	18 495		423 400	287 479	27 818		315 297	108 103
- Office equipment	862 338	28 659		890 997	689 320	42 749		732 069	158 928
- IT equipment	626 914	40 292		667 206	436 917	48 199		485 116	182 090
- Vehicles	9 533	308	273	9 568	9 402	200	273	9 329	239
- Other equipment				-				-	-
Other property, plant and equipment used in operations	**994 279**	**96 600**		**1 090 333**	**607 608**	**90 250**		**697 848**	**392 485**
Property, plant and equipment not used in operations	**690 464**	**17 234**	**-**	**707 698**	**159 021**	**16 762**	**-**	**175 783**	**531 915**
Land	219 947	1 343		221 290					221 290
Buildings	320 070	9 420		239 490	89 564	11 956		101 520	227 970
Movable property and equipment	38 104	618		38 722	35 552	1 492		37 044	1 678
Other property, plant and equipment not used in operations	112 343	5 853		118 196	33 905	3 314		37 219	80 977
TOTAL	**7 478 322**	**378 112**	**273**	**7 864 615**	**3 122 253**	**414 092**	**273**	**3 536 062**	**4 328 553**

Investments in affiliates and other long-term investments at 31 december 2010

(Thousand MAD)

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			Contri-bution to current year's income
						Year-end	Net assets	Net income	
A. INVESTMENTS IN AFFILIATE COMPANIES				**9 990 089**	**9 834 437**		**4 664 234**	**1 085 672**	**802 388**
ATTIJARI FINANCES CORPORATE	Investment banking	10 000 000	100.00%	10 000	10 000				35 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	Holding company	885 000 000	100.00%	2 047 900	2 047 900	12/31/10	1 766 747	594 195	450 000
SOMACOVAM	Asset management	5 000 000	100.00%	30 000	6 108				
WAFA GESTION	Asset management	4 900 000	66.00%	236 369	236 369				80 168
ATTIJARI INVEST.		5 000 000	100.00%	5 000	5 000				
WAFA BOURSE	Securities brokerage	20 000 000	100.00%	40 223	40 223				
WAFA PATRIMOINE	Private portfolio management	10 000 000	66.00%	1 700	1 700				
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	COMPUTER TECHNOLOGY	300 000		100	100	12/31/10	603	-34	
AGENA MAGHREB	VENTE MATERIEL INFORMATIQUE	11 000 000	74.96%	33	-				
ATTIJARI CAPITAL DEVELOPEMENT	Sale of it equipment	10 000 000	100.00%	10 000	10 000				
ATTIJARI PROTECTION	RISK CAPITAL	4 000 000	83.75%	3 350	3 350	12/31/10	4 694	33	
BCM CORPORATION	HOLDING COMPANY	200 000 000	100.00%	200 000	200 000	12/31/10	207 457	2 956	3 000
CASA MADRID DEVELOPPEMENT	Development capital	10 000 000	50.00%	5 000	4 765	12/31/10	9 876	248	
DINERS CLUB DU MAROC	GESTION DE CARTES DE PAIEMENT			1 675	-	12/31/10	1 264	-250	
MEDI TRADE	TRADING	1 200 000	20.00%	240	135				
AL MIFTAH	Management of payment cards	100 000	100.00%	244	68				
WAFA COURTAGE	Trading	1 000 000	100.00%	2 397	2 397				10 000
WAFA COMMUNICATION	Property	3 000 000	86.67%	2 600	617				
WAFA FONCIERE		17 000 000	100.00%	3 700	2 012				
WAFA INVESTISSEMENT		55 000 000	100.00%	55 046	15 010				
WAFA SYSTEMES CONSULTING	Property management	5 000 000	99.88%	4 994	4 994				
WAFA SYSTEMES DATA	Investment holding company	1 500 000	100.00%	1 500	1 500				
WAFA SYSTEMES FINANCES	IT consulting	2 000 000	99.85%	2 066	2 066				
WAFA TRUST	IT	5 000 000	100.00%	5 000	964				
WAFATRADE	IT solutions	1 000 000	100.00%	-	-				
ATTIJARIA AL AAKARIA AL MAGHRIBIA	Property	10 000 000	100.00%	9 999	6 517				
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	Property	50 000 000	100.00%	51 449	51 449	12/31/10	61 172	-7 772	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	Property	300 000	50.00%	25	25	12/31/10	1 022	52	
SOCIETE IMMOBILIERE RANOUIL	Property	3 350 400	100.00%	11 863	3 901	12/31/10	4 455	360	
SOCIETE IMMOBILIERE TAN	Property	300 000	100.00%	2 841	-				
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	Property	15 000 000	100.00%	15 531	1 679	12/31/10	5 823	-1 266	
SOCIETE IMMOBILIERE MAIMOUNA	Property	300 000	100.00%	5 266	4 542	12/31/10	3 886	-204	
STE IMMOBILIERE MARRAKECH EXPANSION	Property	300 000	100.00%	299	299	12/31/10	777	73	
SOCIETE IMMOBILIERE ZAKAT	Property	300 000	100.00%	2 685	255	12/31/10	292	-40	
AYK		100 000	100.00%	100	-				
CAPRI	Property	124 000 000	99.76%	187 400	137 000				
ATTIJARI IMMOBILIER	Property	50 000 000	99.99%	71 686	71 686	12/31/10	77 287	4 513	
ATTIJARI INTERNATIONAL BANK	Offshore banking	23 187 000	50.00%	13 183	13 183				
WAFACASH	Money transfers	35 050 000	99.57%	323 071	323 071	12/31/10	336 791	43 748	
WAFA IMMOBILIER	Property	40 000 000	100.00%	164 364	164 364	12/31/10	107 381	52 333	47 000
WAFASALAF	Consumer finance	113 179 500	50.91%	634 783	634 783	12/31/10	1 463 126	299 181	46 096
WAFA LLD	Leasing	20 000 000	100.00%	20 000	20 000	12/31/10	36 575	9 269	15 000
WAFABAIL	Lease-financing	150 000 000	57.83%	86 983	86 983	12/31/10	575 006	88 278	
DAR ASSAFAA LITAMWIL	Banking	50 000 000	100.00%	50 510	50 510				
ANDALUMAGHREB	Holding Company	1000 KEURO	100.00%	10 950	10 950				
ANDALUCARTAGE	Holding Company	126 390 KEURO	83.70%	1 190 815	1 190 815	12/31/10	126 733 KEURO	-486 KEURO	
ATTIJARIWAFA FINANZARIA SPA	Financial Company	600 KEURO	100.00%	6 590	6 590	12/31/10	603 KEURO	-106 KEURO	
ATTIJARIWAFA EURO FINANCES	Holding Company	33907 KEURO	100.00%	288 711	288 711	12/31/10	33 764 KEURO	-28 KEURO	

(Suite) Détail des titres de participation et emplois assimilés at 31 december 2010

(Thousand MAD)

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			Contri-bution to current year's income
						Year-end	Net assets	Net income	
CAFIN	Holding Company	1 122 000 KFCFA	100.00%	257 508	257 508	12/31/10	3 188 208 KFCFA	866 059 KFCFA	
KASOVI	Holding Company	50 KUSD	50.00%	731 264	731 264	12/31/10	19 367 KUSD	9 480 KUSD	38 000
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	Banking	11 450 000 KFCFA	4.90%	35 979	35 979	12/31/10	75 793 000 KFCFA	7 559 000 KFCFA	8 034
BIM SA	Banking	5 002 870 KFCFA	51.00%	689 599	689 599	12/31/10	17 594 424 KFCFA	2 003 118 KFCFA	
SOCIETE IVOIRIENNE DE BANQUE	Banking	10 000 000 KFCFA	51.00%	648 084	648 084	12/31/10	25 422 548 KFCFA	6 091 315 KFCFA	19 004
CREDIT DU SENEGAL	Banking	5 000 000 KFCFA	95.00%	292 488	292 488	12/31/10	13 440 000 KFCFA	2 115 000 KFCFA	
CREDIT DU CONGO	Banking	5 010 610 KFCFA	91.00%	608 734	608 734	12/31/10	13 844 643 KFCFA	4 451 726 KFCFA	25 455
UNION GABONAISE DE BANQUES "UGB GABON"	Banking	7 400 000 KFCFA	58.71%	848 842	848 842	12/31/10	25 240 280 KFCFA	6 500 849 KFCFA	25 631
ATTIJARIWAFA BANK AFRIQUE PARTICIPATIONS	Banking	3 398 600 KMRO	100.00%	52 545	52 545	31/12/09	2 917 616 KMRO	-159 826 KMRO	
WAFACAMBIO			100.00%	963	963				
WAFABANK OFFSHORE DE TANGER	Banking		100.00%	5 842	5 842				
B - OTHER INVESTMENTS				**442 329**	**423 644**	**-**			**36 308**
NOUVELLES SIDERURGIES INDUSTRIELLES	Metals and mining	3 415 000 000	2.7%	92 809	92 809				11 239
SNI	Holding company			-	-				
SONASID	Metals and mining			28 391	17 838				621
ATTIJARIWAFA BANK	Banking			623	623				
SINCOMAR		300 000	47.5%	-	-				
AGRAM INVEST		10 000 000	34.9%	10 938	8 711				
AM INVESTISSEMENT MOROCCO	Investment holding company	400 000 000	3.3%	13 000	13 000				
BOUZNIKA MARINA	Property development			500	500				
C.M.K.D.		829 483 000	1.4%	-	-				
EUROCHEQUES MAROC				364	364				
FONDS D'INVESTISSEMENT IGRANE		72 500 000	18.3%	13 239	11 072				
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	Professional bankers' association	19 005 000	20.0%	3 801	3 801				
IMPRESSION PRESSE EDITION (IPE)	Publishing			400	400				
MOUSSAFIR HOTELS	Hotel management	193 000 000	33.3%	64 343	64 343	12/31/10	304 189	48 035	10 050
SALIMA HOLDING	Holding company	150 000 000	13.3%	16 600	16 600				
S.E.D. FES		10 000 000	10.0%	-	-				
SOUK AL MOUHAJIR		6 500 000	15.2%	991	991				
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	Property development	60 428 600	22.7%	13 714	13 714				6 857
TANGER FREE ZONE	Property development	105 000 000	25.7%	28 306	28 306				2 700
TECHNOLOPARK COMPANY "MITC"	Services provider			8 150	7 784				
WORLD TRADE CENTER				-	-				
MAROCLEAR	Securities custodian	20 000 000	6.8%	1 342	1 342				
HAWAZIN	Property	960 000	12.5%	704	-				-
INTAJ	Property	576 000	12.5%	1 041	549				-
EXP SERVICES MAROC S.A.	Risk centralisation services	20 000 000	3.0%	600	600				-
H PARTNERS		1 050 007 500	7.1%	75 000	72 823				-
BANQUE D'AFFAIRE TUNISIENNE	Banking			2 583	2 583				-
VISA				-	-				
MOROCCAN FINANCIAL BOARD				20 000	20 000				
CENTRE MONETIQUE INTERBANCAIRE	Electronic banking	98 200 000	22.4%	22 000	22 000				4 840
SOCIETE INTERBANK	Management of bank cards	11 500 000	16.0%	1 840	1 840				-
MAROC NUMERIQUE FUND				10 000	10 000				
FONCIERE EMERGENCE				100	100				
ALTERMED MAGHREB EUR				6 673	6 673				
SMAEX		37 450 000	11.4%	4 278	4 278				
C - SIMILAR INVESTMENTS				**601 621**	**601 334**			-	**-**
C/C ASSOCIES				585 786	585 499		-	-	
OTHER SIMILAR INVESTMENTS				15 835	15 835		-	-	
Total Général				**11 034 039**	**10 859 413**	**-**			**838 695**

Amounts owing to credit institutions and similar establishments at 31 december 2010

(Thousand MAD)

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2010	Total 12/31/2009
	Bank Al-Maghrib, Trésor Public et Service des Chèques Postaux	Banks	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		**2 383**	**590 477**	**1 524 752**	**2 117 612**	**971 609**
NOTES GIVEN AS SECURITY	**5 940 190**	**1 700 030**			**7 640 220**	**7 854 876**
- overnight	1 500 444				1 500 444	510 059
- term	4 439 746	1 700 030			6 139 776	7 344 817
CASH BORROWINGS		**4 433 468**	**3 715 411**	**3 787 460**	**11 936 339**	**12 804 186**
- overnight		3 747 253	432 947	307 069	4 487 269	1 123 294
- term		686 215	3 282 464	3 480 391	7 449 070	11 680 892
FINANCIAL BORROWINGS	**8 796**		**23**	**12 156**	**20 975**	**42 264**
OTHER DEBTS	**45 195**	**13 378**			**58 573**	**54 363**
INTEREST PAYABLE		**21 027**		**127 055**	**148 082**	**105 317**
TOTAL	**5 994 181**	**6 170 286**	**4 305 911**	**5 451 423**	**21 921 800**	**21 832 616**

Customer deposits at 31 december 2010

(Thousand MAD)

DEPOSITS	Public sector	Private sector			Total 12/31/2010	Total 12/31/2009
		Financial companies	Non-financial companies	Other customers		
Current accounts in credit	1 080 768	4 202 060	18 086 585	67 753 274	**91 122 687**	**84 352 621**
Savings accounts				18 819 518	**18 819 518**	**17 654 922**
Term deposits	675 000	9 649 754	12 579 821	16 207 957	**39 112 532**	**44 402 097**
Other accounts in credit	8 834	71 900	6 538 498	570 475	**7 189 707**	**6 939 719**
Interest accrued awaiting payment				803 519	**803 519**	**866 984**
TOTAL	**1 764 602**	**13 923 714**	**37 204 904**	**104 154 743**	**157 047 962**	**154 216 342**

Debt securities issued at 31 december 2010

(Thousand MAD)

SECURITIES	Characteristics					Montant	of which		Montant non amorti des primes d'émission ou de remboursement
	Entitlement date	Maturity	Nominal value	Redemption terms	Interest		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	01/29/2010	03/29/2011	200 000	4.00%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	04/07/2010	04/06/2011	150 000	3.90%	IN FINE	150 000			
CERTIFICATES OF DEPOSIT	04/30/2010	04/29/2011	588 000	3.84%	IN FINE	588 000			
CERTIFICATES OF DEPOSIT	05/04/2009	05/04/2011	679 000	4.05%	IN FINE	679 000			
CERTIFICATES OF DEPOSIT	05/31/2010	05/30/2011	709 300	3.87%	IN FINE	709 300			
CERTIFICATES OF DEPOSIT	06/04/2010	06/03/2011	100 000	3.87%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	06/24/2010	08/24/2011	150 000	3.90%	IN FINE	150 000			
CERTIFICATES OF DEPOSIT	09/14/2009	09/01/2011	240 000	4.00%	IN FINE	240 000			
CERTIFICATES OF DEPOSIT	10/25/2010	10/24/2011	60 000	3.70%	IN FINE	60 000			
CERTIFICATES OF DEPOSIT	12/15/2010	12/14/2011	2 000 000	4.15%	IN FINE	2 000 000			
CERTIFICATES OF DEPOSIT	03/31/2010	03/31/2012	940 000	4.35%	IN FINE	940 000			
CERTIFICATES OF DEPOSIT	05/31/2010	05/31/2012	120 000	4.10%	IN FINE	120 000			
CERTIFICATES OF DEPOSIT	047/08/2010	07/08/2012	1 000 000	4.10%	IN FINE	1 000 000			
CERTIFICATES OF DEPOSIT	08/27/2010	07/08/2012	600 000	4.10%	IN FINE	600 000			
CERTIFICATES OF DEPOSIT	04/09/2010	04/09/2013	250 000	4.31%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	10/21/2009	10/21/2014	200 000	4.30%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	12/16/2010	12/16/2014	100 000	4.37%	IN FINE	100 000			
	10/06/2010	10/06/2017	100 000	4.45%	IN FINE	100 000			
TOTAL						**8 186 300**			

Details of other liabilities at 31 december 2010

(Thousand MAD)

LIABILITIES	Amount at 31/12//2010	Amount at 12/31/2009
OPTIONS SOLD	**23 569**	**11 288**
SUNDRY SECURITIES TRANSACTIONS [1]	**5 374 470**	**13 563 726**
SUNDRY CREDITORS	**3 429 413**	**1 531 698**
Amounts due to the State	480 172	850 767
Amounts due to mutual societies	73 723	62 530
Sundry amounts due to staff	194 653	186 943
Sundry amounts due to shareholders and associates	2 411	2 131
Amounts due to suppliers of goods and services	2 511 925	374 478
Other sundry creditors	166 529	54 849
DEFERRED INCOME AND ACCRUED EXPENSES	**1 297 229**	**3 564 010**
Adjustment accounts for off-balance sheet transactions	25 155	
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	733 682	461 151
Other deferred income	538 392	3 102 859
TOTAL	**10 124 681**	**18 670 722**

(1) PCEC 341, 343, 344, 3462 and 3464 if in credit

Provisions at 31 december 2010

(Thousand MAD)

PROVISIONS	Outstanding 12/31/2009	Additional provisions	Write-backs	Other changes	Outstanding 12/31/2010
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**3 952 842**	**1 107 980**	**773 403**	**462**	**4 287 880**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	3 718 908	1 064 522	721 610	461	4 062 281
Available-for-sale securities	21 758	3 063	4 055	-1 298	19 468
Investments in affiliates and other long-term investments	195 800	40 395	47 739	1 298	189 754
Leased and rented assets					
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**745 324**	**229 415**	**124 435**	**-552**	**849 752**
Provisions for risks in executing signature loans	130 413	31 445	39 105	-461	122 292
Provisions for foreign exchange risks					
General provisions	300 000	150 000	59 245		390 755
Provisions for pension fund and similar obligations	82 505	24 157	17 263		89 399
Other provisions	232 406	23 813	8 822	-90	247 307
Regulated provisions					-
TOTAL GÉNÉRAL	**4 698 167**	**1 337 395**	**897 838**	**-90**	**5 137 633**

Subsidies, public funds and special guarantee funds at 31 december 2010

(Thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT END OF 2009	UTILISATION 2010	VALUE AT TEND OF 2010
SUBSIDIES			NÉANT		
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 31 december 2010

(Thousand MAD)

Currency of issue	Value of loan in currency of issue	Price (1)	Interest	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in MADK	Including related businesses		Including other related businesses	
							Value in MADK 2009	Value in MADK 2010	Value in MADK 2009	Value in MADK 2010
MAD			3.85%	7 YEARS		2 000 000				
MAD			5.10%	10 YEARS		1 000 000				
MAD			4.60%	5 YEARS		1 000 000				
MAD			5.60%	10 YEARS		1 120 400				
MAD			4.37%	10 YEARS		879 600				
MAD			5.00%	10 YEARS		710 000				
MAD			4.47%	10 YEARS		290 000				
MAD			4.76%	7 YEARS		1 000 000				
MAD			4.78%	7 YEARS		1 200 000				
TOTAL						**9 200 000**				

(1) BAM price at 12/31/2010 - (2) Possibly for an unspecified period - (3) Refer to the subordinated debt contract note

Shareholders equity at 31 december 2010

(Thousand MAD)

SHAREHOLDERS EQUITY	Outstanding 12/31/2009	Allocation to income	Autres variations	Outstanding 12/31/2010
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**13 262 667**	**1 633 333**		**14 896 000**
Legal reserve	192 996			192 996
Other reserves	7 633 107	1 633 333		9 266 440
Issue, merger and transfer premiums	5 436 564			5 436 564
Share capital	**1 929 960**			**1 929 960**
Called-up share capital	1 929 960			1 929 960
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	**-4 853**	**5 698**	**63**	**909**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**2 797 007**	**-2 797 007**		**3 006 525**
TOTAL	**17 985 201**	**-1 157 976**	**63**	**19 833 814**

Financing commitments and guarantees at 31 december 2010

(Thousand MAD)

COMMITMENTS	31/12//2010	12/31/2009
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**43 870 280**	**42 213 080**
Financing commitments given to credit institutions and similar establishments	**533**	**1 211**
Import dwocumentary credits		
Acceptances or commitments to be paid	533	1 211
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Financing commitments given to customers	**14 380 260**	**13 511 736**
Import documentary credits	12 169 979	11 610 629
Acceptances or commitments to be paid	2 210 281	1 901 107
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**4 932 906**	**5 755 939**
Confirmed export documentary credits	1 330	28 698
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	4 931 576	5 727 241
Non-performing commitments		
Guarantees given to customers	**24 556 581**	**22 944 194**
Credit guarantees given	3 772 726	3 084 536
Guarantees given to government bodies	14 199 783	13 161 886
Other guarantees and pledges given	6 071 091	6 214 966
Non-performing commitments	512 981	482 806
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**15 255 228**	**15 556 918**
Financing commitments received from credit institutions and similar establishments		
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received		
Guarantees received from credit institutions and similar establishments	**15 188 837**	**15 474 570**
Credit guarantees received		
Other guarantees received	15 188 837	15 474 570
Guarantees received from the State and other organisations providing guarantees	**66 391**	**82 348**
Credit guarantees received	66 391	82 348
Other guarantees received		

Engagements sur titres at 31 december 2010

(Thousand MAD)

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

Forward foreign exchange transactions and commitments on derivative products at 31 december 2010

(Thousand MAD)

	Hedging activities		Other activities	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Forward foreign exchange transactions	**38 946 930**	**44 603 419**		
Foreign currencies to be received	14 124 932	10 266 584		
Dirhams to be delivered	4 334 687	3 956 468		
Foreign currencies to be delivered	15 215 615	18 282 187		
Dirhams to be received	5 271 696	12 098 179		
Commitments on derivative products	**10 011 585**	**7 804 930**		
Commitments on regulated fixed income markets	35 005	61 573		
Commitments on OTC fixed income markets	8 426 006	5 970 051		
Commitments on regulated foreign exchange markets		288 097		
Commitments on OTC foreign exchange markets	7 896			
Commitments on regulated markets in other instruments	1 542 677	1 485 209		
Commitments on OTC markets in other instruments				

Securities received and given as guarantee at 31 december 2010

(Thousand MAD)

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

Assets received as security	Net book value	Asset/Off-balance sheet entries in which loans and signature loans pledged are recorded	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	1 656 197		
Other securities			
Mortgages			
Other physical assets	911 837	Autres valeurs et sûretés	
TOTAL	**2 568 034**		

Breakdown of assets and liabilities by residual life at 31 december 2010

(Thousand MAD)

	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	21 108 161	3 654 217	4 534 656			29 297 034
Loans and advances to customers	42 482 844	7 230 468	20 316 823	29 718 885	37 929 820	137 678 840
Debt securities	8 920 464	1 509 130	8 494 832	6 470 397	4 028 639	29 423 462
Subordinated loans						
Leased and rented assets						
TOTAL	**72 511 469**	**12 393 815**	**33 346 311**	**36 189 282**	**41 958 459**	**196 399 336**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	16 625 450	1 090 072	4 058 197			21 773 719
Amounts owing to customers	122 668 982	15 207 796	15 882 799	2 473 682	11 184	156 244 443
Debt securities issued		200 000	4 676 300	3 210 000	100 000	8 186 300
Subordinated debt				3 000 000	6 200 000	9 200 000
TOTAL	**139 294 432**	**16 497 868**	**24 617 296**	**8 683 682**	**6 311 184**	**195 404 462**

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 31 december 2010

(Thousand MAD)

BALANCE SHEET	31/12//2010	12/31/2009
ASSETS:	**24 135 444**	**29 744 294**
Cash and balances with central banks, the Treasury and post office accounts	97 030	83 153
Loans and advances to credit institutions and similar establishments	10 148 728	15 180 997
Loans and advances to customers	5 462 841	6 018 655
Trading securities and available-for-sale securities	2 464 030	2 672 956
Other assets	104 674	41 335
Investments in affiliates and other long-term investments	5 834 535	5 723 316
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 606	23 882
LIABILITIES:	**12 011 189**	**9 166 259**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	10 157 253	7 152 254
Customer deposits	1 252 988	1 959 788
Debt securities issued		
Other liabilities	598 676	51 918
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Provisions	7 687	7 777
Retained earnings	-5 415	-5 478
Net income		
OFF-BALANCE SHEET ITEMS:	**32 958 905**	**32 460 582**
Commitments given	19 924 159	19 536 132
Commitments received	13 034 746	12 924 450

Risk concentration with the same counterparty at 31 december 2010

(Thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
14	39 007 413

Marge d'intérêts at 31 december 2010

(Thousand MAD)

	31/12//2010	12/31/2009
Interest and similar income from activities with customers	**7 619 171**	**6 768 349**
of which interest and similar income	7 419 935	6 579 643
of which fee income on commitments	199 236	188 706
Interest and similar income from activities with credit institutions	**1 152 758**	**1 202 733**
of which interest and similar income	1 128 115	1 184 527
of which fee income on commitments	24 643	18 206
Interest and similar income from debt securities	**421 715**	**497 284**
TOTAL INTEREST AND SIMILAR INCOME	**9 193 644**	**8 468 366**
Interest and similar expenses on activities with customers	**2 428 329**	**2 711 104**
Interest and similar expenses on activities with credit institutions	**739 081**	**658 435**
Interest and similar expenses on debt securities issued	**205 109**	**154 726**
TOTAL INTEREST AND SIMILAR EXPENSES	**3 372 519**	**3 524 265**
NET INTEREST MARGIN	**5 821 124**	**4 944 102**

Fee income from services provided at 31 december 2010

(Thousand MAD)

FEES	31/12//2010	12/31/2009
Account management	203 585	198 725
Payment services	390 290	352 727
Securities transactions	59 357	64 134
Asset management and custody	64 582	61 903
Credit services	88 859	81 779
Corporate finance	-	
Sale of insurance products	70 757	74 234
Other services provided	196 299	165 258
TOTAL	**1 073 729**	**998 760**

General operating expenses at 31 december 2010

(Thousand MAD)

EXPENSES	31/12//2010	12/31/2009
Charge de personnel	1 377 972	1 286 307
Impôts et taxes	91 593	84 078
Charges externes	1 220 930	1 117 635
Autres charges générales d'exploitation	9 280	15 804
Depreciation, amortisation and provisions intangible assets and property, plant and equipment	414 092	377 218
TOTAL	**3 113 867**	**2 881 043**

Income from market activities at 31 december 2010

(Thousand MAD)

INCOME AND EXPENDITURES	31/12//2010	12/31/2009
+ Gains on trading securities	525 305	570 608
- Losses on trading securities	96 135	126 853
Income from activities in trading securities	**429 170**	**443 755**
+ Capital gains on disposal of available-for-sale securities	41 003	28 486
+ Write-back of provisions for impairment of available-for-sale securities	4 055	15 012
- Losses on disposal of available-for-sale securities	-	-
- Provisions for impairment of available-for-sale securities	3 063	3 175
Income from activities in available-for-sale securities	**41 995**	**40 323**
+ Gains on foreign exchange transactions - transfers	584 036	608 603
+ Gains on foreign exchange transactions - notes	92 525	89 153
- Losses on foreign exchange transactions - transfers	160 384	194 376
- Losses on foreign exchange transactions - notes	2 608	491
Income from foreign exchange activities	**513 569**	**502 889**
+ Gains on fixed income derivative products	559 924	301 138
+ Gains on foreign exchange derivative products	218 276	180 120
+ Gains on other derivative products	35 998	300
- Losses on fixed income derivative products	488 972	205 924
- Losses on foreign exchange derivative products	135 081	136 168
- Losses on other derivative products	27 946	-
Income from activities in derivatives products	**162 199**	**139 467**

Income from equity securities at 31 december 2010

(Thousand MAD)

CATEGORY	31/12//2010	12/31/2009
Available-for-sale securities	1 065	3 308
Investments in affiliates and other long-term investments	854 422	560 132
TOTAL	**855 487**	**563 440**

Other income and expenses at 31 december 2010

(Thousand MAD)

OTHER BANKING INCOME AND EXPENSES	31/12//2010	12/31/2009
Other banking income	2 061 124	1 793 420
Other banking expenses	1 591 224	1 263 358
TOTAL	**469 900**	**530 062**
OTHER NON-BANKING INCOME AND EXPENSES	**31/12//2010**	**12/31/2009**
Non-banking operating income	64 100	673 017
Non-banking operating expenses	32 781	56 292
TOTAL	**31 319**	**616 725**
Provisions and losses on irrecoverable loans	1 768 831	1 798 805
Provision write-backs and amounts recovered on impaired loans	966 429	1 301 868
NON-RECURRING INCOME AND EXPENSES	**31/12//2010**	**12/31/2009**
Non-recurring income	1 265	826
Non-recurring expenses	9 338	40 120

Determining income after tax from ordinary activities at 31 december 2010

(Thousand MAD)

I - DETERMINING INCOME	Amount
Income from ordinary activities after items of income and expenditure	4 353 283
Tax write-backs on ordinary activities (+)	189 929
Tax deductions on ordinary activities (-)	917 072
Theoretical taxable income from ordinary activities (=)	3 626 140
Theoretical tax on income from ordinary activities (-)	1 341 672
Income after tax from ordinary activities (=)	3 011 611
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

Detailed information on value added tax at 31 december 2010

(Thousand MAD)

TYPE	Balance at beginning of FY 1	Transactions liable to VAT during the period 2	VAT declarations during the period 3	Balance at end of FY (1+2-3=4)
A. VAT collected	**82 725**	**1 152 350**	**1 119 149**	**115 926**
B. Recoverable VAT	**96 810**	**358 027**	**353 352**	**101 485**
On expenses	68 965	269 877	280 983	57 860
On fixed assets	27 844	88 150	72 369	43 625
C. VAT payable or VAT credit = (A-B)	**-14 085**	**794 323**	**765 797**	**14 441**

Reconciliation of net income for accounting and tax purposes at 31 december 2010

(Thousand MAD)

ITEMS	Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES	**3 006 525**	
Net profit	3 006 525	
Net loss		
II- TAX WRITE-BACKS	**1 528 614**	
1 – Current	1 528 614	
- Income tax	1 338 685	
- Losses on irrecoverable loans not provisioned	14 312	
- General provisions	150 000	
- Provisions for pension fund and similar obligations	24 157	
- Personal gifts	1 460	
2- Non-recurring		
III- TAX DEDUCTIONS		**917 072**
1- Recurring		917 072
100% allowance on income from investments in affiliates		840 564
- Provision write-backs for general risk		59 245
2- Non-recurring		-
TOTAL	**(T1) 4 535 139**	**(T2) 917 072**
IV - GROSS INCOME FOR TAX PURPOSES		**3 618 067**
- Gross profit for tax purposes if T1 → T2 (A)		3 618 067
- 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 - RESULTAT NET FISCAL		**3 618 067**
. Bénéfice net fiscal (A - C)		3 618 067
. Déficit net fiscal (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 31 december 2010

(Thousand MAD)

	VALUE		VALUE
A- Origin of appropriated income Decision A.G.O at2009		**B- Appropriation of income**	
Earnings brought forward	-4 853	To legal reserve	
Net income awaiting appropriation		Dividends	1 157 976
Net income for the financial year	2 797 007	Other items for appropriation	1 633 269
Deduction from income		Earnings carried forward	909
Other deductions			
TOTAL A	**2 792 154**	**TOTAL B**	**2 792 154**

Shareholder structure at 31 december 2010

Name of main shareholders or associates	Address	Number of shares held		% of share capital
		Previous period	Current period	
A- DOMESTIC SHAREHOLDERS				
* S.N.I	ANGLE RUES D'ALGER ET DUHAUME CASA	83 886 190	93 365 684	48,40%
* WAFACORP	42 BD ABDELKRIM AL KHATTABI CASA	1 929 960	1 929 960	1,00%
* AL WATANIYA	83 AVENUE DES FAR CASA	5 414 712	3 719 712	1,90%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 711 660	13 421 478	7,00%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	15 047 303	15 047 303	7,80%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	4 061 740	2 658 127	1,40%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	140 PLACE MY EL HASSAN RABAT	6 810 864	7 839 293	4,10%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	3 422 979	4 443 754	2,30%
* CIMR	BD ABDELMOUMEN CASA	4 697 256	4 697 256	2,40%
* CDG	140 PLACE MY EL HASSAN RABAT	4 694 810	4 694 810	2,40%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	40 532 272	32 392 369	16,80%
TOTAL - I		**184 209 746**	**184 209 746**	**95,40%**
B- FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID (ESPAAGNE)	8 786 214	8 786 214	4,60%
TOTAL - II		**192 995 960**	**192 995 960**	**100,0%**

Branch network at 31 december 2010

BRANCH NETWORK	12/31/2010	12/31/2009
Permanent counters	863	795
Occasional counters	2	2
Cash dispensers and ATMs	819	752
Overseas branches	41	41
Overseas representative offices	17	17

Staff at 31 december 2010

STAFF	12/31/2010	12/31/2009
Salaried staff	6 473	6 039
Staff in employment	6 473	6 039
Full-time staff	6 473	6 039
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	3 181	2 888
Other staff (full-time)	3 292	3 151
of which Overseas staff	35	21

Customer account at 31 december 2010

	12/31/2010	12/31/2009
Current accounts	95 425	107 384
Current accounts of Moroccans living abroad	485 337	569 408
Other current accounts	974 088	1 022 294
Factoring liabilities		
Savings accounts	504 747	519 708
Term accounts	16 846	17 255
Other deposit accounts	4 765	4 571
Other accounts deposit	139 958	89 231
	2 221 166	**2 329 851**

Summary of key items over the last three periods at 31 december 2010

(Thousand MAD)

ITEM	December 2010	December 2009	December 2008
SHAREHOLDERS' EQUITY AND EQUIVALENT	**19 833 814**	**17 985 201**	**16 236 524**
OPERATIONS AND INCOME IN FY			
Net banking income	8 238 233	7 050 577	6 567 724
Pre-tax income	4 345 210	4 250 029	3 404 563
Income tax	1 338 685	1 453 022	1 046 936
Dividend distribution	1 157 976	964 980	964 980
PER SHARE INFORMATION (IN MAD)			
Earning per share			
Dividend per share	6,00	5,00	5,00
STAFF			
Total staff costs	**1 377 972**	**1 286 307**	**1 206 955**
Average number of employees during the period			

Key dates and post-balance sheet events at 31 december 2010

I- KEY DATES

. Balance sheet date [1]	**31 DECEMBER 2010**
. Date for drawing up the financial statements [2]	**FEBRUARY 2011**

(1) Justification in case of change of the closing date of the year
(2) Justification in case of exceeding the deadline of the three months planned for the preparation of the financial statements.

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of event
. Favorables	**Not applicable**
. Défavorables	**Not applicable**

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