2011

Annual report

التجاري وفا بنك

Attijariwafa bank

2011

Annual report

Attijariwafa bank société anonyme au capital de 2 008 898 130 MAD - Siège social : 2, boulevard Moulay Youssef, Casablanca. Agréée en qualité d'établissement de crédit par arrêté du ministre des finances et de la privatisation n° 2269-03 du 22 décembre 2003 tel que modifié et complété - RC 333.
Tél. : +212 22 29 88 88 - www.attijariwafa.com

التجاري وفا بنك
Attijariwafa bank

Attijariwafa bank is a leading Pan-African Banking, Financial and Insurance Group. With 2,352 branches in 22 countries in Africa, Europe and Middle-East, we are committed to servicing our customers and creating value for the economies of the regions where we operate.


AFRICA

Commitment, Ethics, Values

Attijariwafa bank is committed to balance in every action, growth, profitability and social progress, and thus through a corporate culture based on five values at the heart of its strategic approach, ethical and deontological principles and Identity.

Ethics

Commitment Leadership

Solidarity

Corporate Citizenship

CONTENTS

CHAIRMAN'S MESSAGE

Mohamed EL KETTANI, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In 2011, the international financial and economic context was strongly weighed by the eurozone crisis, leading to a slowdown in the global growth. Closer, the regions where the Group operates went through massive political and social changes whereas in Morocco, the constitutional reform and the decision to hold early legislative elections have enabled the reforms process that began several years ago, to go forward.

In this international environment of global uncertainty, Attijariwafa bank showed strong resilience that helped to maintain a significant growth pace and reinforce its main market positions globally. It achieved its "Attijariwafa 2012" strategic plan goals a year ahead of schedule.

Sustained by the banking in Morocco, the speed up of intra group synergies and the significant contribution of the complementary growth drivers, all group aggregates made considerable progress with an improving risk and profitability profile. The consolidated NBI increased by 8.3% to MAD 15.9 billion, the Net Income Group Share rose by 8.7% to MAD 4.5 billion and the return on equity attained 21.2% getting 0.85 point.

« In this international environment of global uncertainty, Attijariwafa bank showed strong resilience that helped to maintain a significant growth pace and reinforce its main market positions globally. It achieved its "Attijariwafa 2012" strategic plan goals a year ahead of schedule. »

In Morocco, the synergies between our areas of expertise in banking, finance and insurance, combined with our teams mobilization and devotion, have helped to offset the effects of Europe crisis on the domestic economy and to strengthen the group's role as a major contributor to the economic and social development. In addition to the already set up dynamic that benefits to all our historical business lines, we thoroughly continued investing in giving large access to our financial products. We opened branches in under-banked regions, we developed a low-cost bank targeting low-income customers, we deployed a closeness approach to very small enterprises and we refined our Islamic products business model.

At a regional level, the group consolidated its positions and accelerated the integration and transformation process of its recently acquired subsidiaries. It enhanced as well the governance mode and the risk management practices. In Tunisia, Ivory Coast, specifically, and even latterly in Mali, the impact of the political turmoil on business was mitigated thanks to the development model deployed locally and to our best in class risk management processes. It made us confident regarding the potential regional growth drivers.

Further north, Attijariwafa bank Europe is growing and strengthening the Group presence in Europe. With a banking network in seven countries, the European subsidiary is now established as a platform servicing the African diaspora and the foreign trade financing between Europe and Africa. Our business model helps increasing flows and exchanges between the two continents.

These developments follow a path that has been, in the last few years, outstanding in all aspects. It granted Attijariwafa bank with a solid foundation and a pronounced regional reach based on a development plan that combines growth, performance and shared progress. It's with a renewed confidence in Attijariwafa bank's growth outlook that a new strategic plan has been drawn up, on a horizon of four years, with the aim of sustaining development pace in all group business lines despite a challenging world economic context and a fierce competition on banking markets across the Group footprint.

Thus, the launch of our new strategic plan is setting the 2012 exercise under new challenges. Therefore, an ad-hoc organizational structure has been put into place for the implementation of "Attijariwafa 2015" plan. Meanwhile, to express the Group's recognition to its teams strong commitment and in order to federate them around "Attijariwafa 2015", all employees have been offered the chance to participate to a dedicated Group's capital increase operation. Exceptional in its scale and financial terms, this operation also opens a new chapter in the institution's history. For the first time, the staff of international subsidiaries has been involved, which reflects the international dimension that the Group has reached.

It's indeed a new development phase that we are going through, bringing together all driving forces and structuring them around a meaningful business plan that will create value for clients, employees and shareholders as well as the economies of the countries in which we operate.

Mohamed EL KETTANI
Chairman and Chief Executive Officer

INNOVATION

PERFORMANCE

LEADERSHIP

ETHICS

GROWTH

CORPORATE CITIZENSHIP

DEVELOPMENT

SOLIDARITY

COMMITMENT

1. GROWTH, PERFORMANCE AND SHARED PROGRESS

REMARKABLE PERFORMANCES IN CHALLENGING CONDITIONS

15.9
NBI*
IN BILLION OF DIRHAMS

4.5
Net Income**
IN BILLION OF DIRHAMS

2352
BRANCHES

22
COUNTRIES

*Net Banking Income
**Net Income Group Share

GROUP PROFILE

Attijariwafa bank is a leading Pan-African Banking, Financial and Insurance Group. Attijariwafa bank is the largest bank in Morocco, the sixth in Africa by total assets as well as the fourth by income. The Group is based in Morocco and operates in 22 countries.

With over 2,352 branches including 1,791 in Morocco, Attijariwafa bank has the largest service network in Africa. Its 14,686 employees are serving 5.5 million customers.

Number one network in Africa with :
2,352 BRANCHES

Network, customers and staff
At 31 December 2011

22
COUNTRIES

2352
BRANCHES

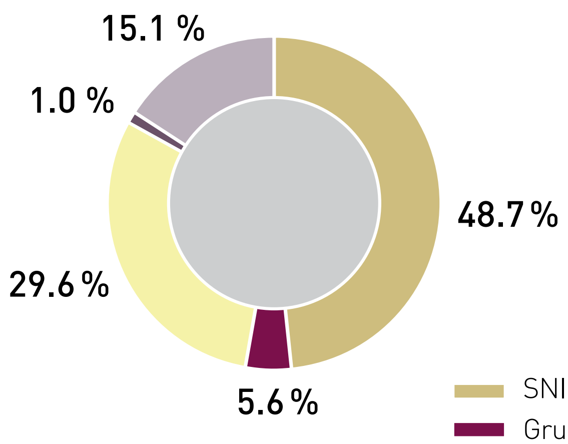
1791 Branches in Morocco
181 Branches in North Africa
58 Branches in Europe and the Middle East
279 Branches in West Africa
43 Branches in Central Africa

14686
EMPLOYEES

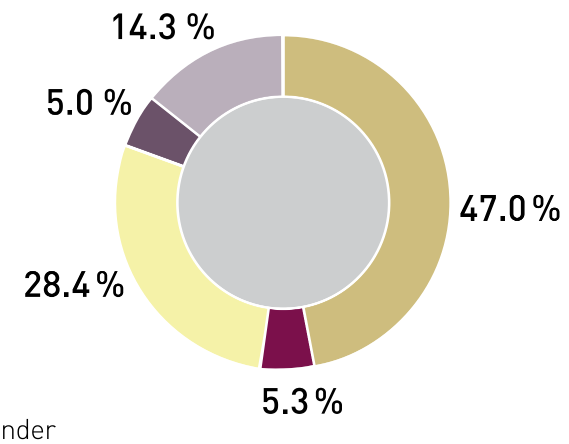
5.5 MILLION CUSTOMERS

Shareholding Structure

At 31 December 2011
Capital MAD 1 929 959 600



At 31 May 2012
Capital MAD 2 008 898 130



- SNI Group
- Grupo Santander
- Domestic Institutions
- Attijariwafa bank staff
- Free-float and others

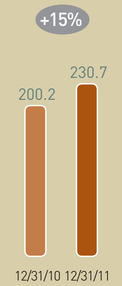
From 30 April to 11 May 2012, Group employees in Morocco were invited to subscribe to a dedicated capital increase. At the end of this operation, staff shareholdings rose to 5% of the total.

KEY FIGURES 2011

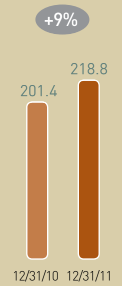
Attijariwafa bank maintained a steady pace of growth in 2011 and improved its risk and profitability indicators despite slower economic growth and massive political and social changes in the markets where the Group operates.

Performances confirm the soundness of the Group's business model.

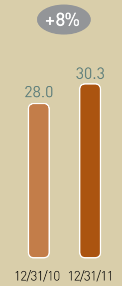
Sustained growth and excellent profitability



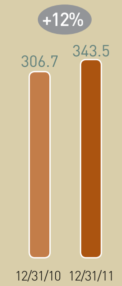
Customer Loans
in MAD billions



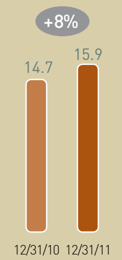
Customer Deposits
in MAD billions



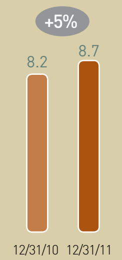
Shareholders' Equity
in MAD billions



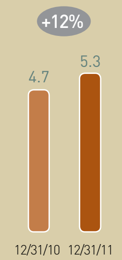
Total Assets
in MAD billions



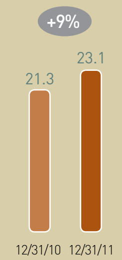
Net Banking Income
in MAD billions



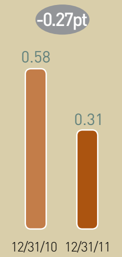
Gross Operating Income
in MAD billions



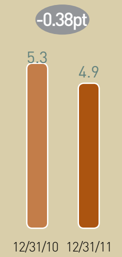
Net Income
in MAD billions



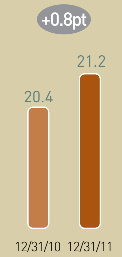
Earning per share
in MAD



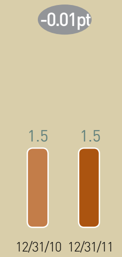
Cost of Risk
in %



NPL* Ratio
in %



RoE
en %



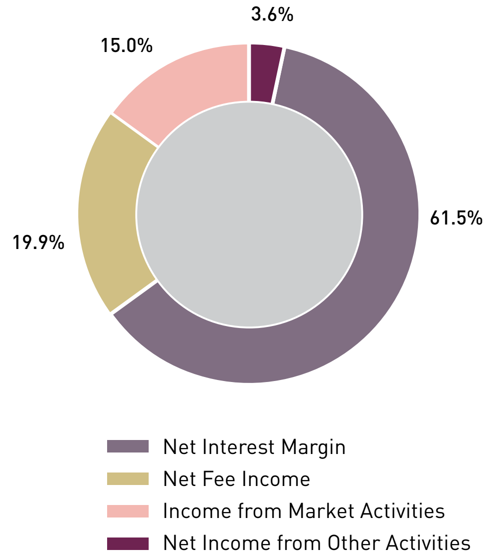
RoA
en %

* Non Performing Loans

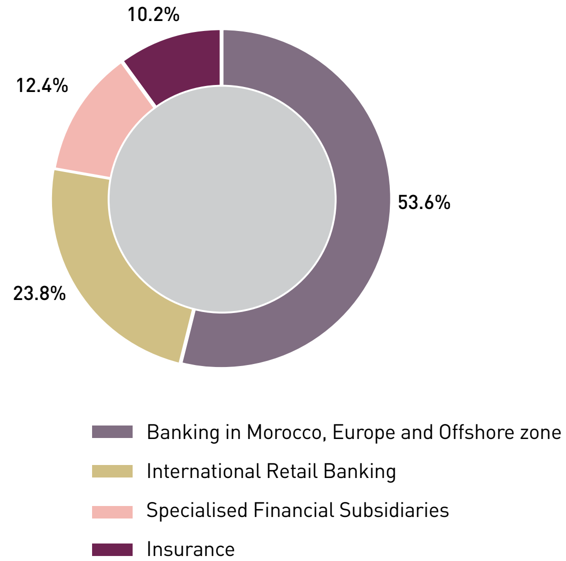
Business lines and footprint diversification oriented-strategy

Attijariwafa bank Group's business model is based on diversifying segments and geographical presence.

Consolidated net banking income's structure
At 31 December 2011

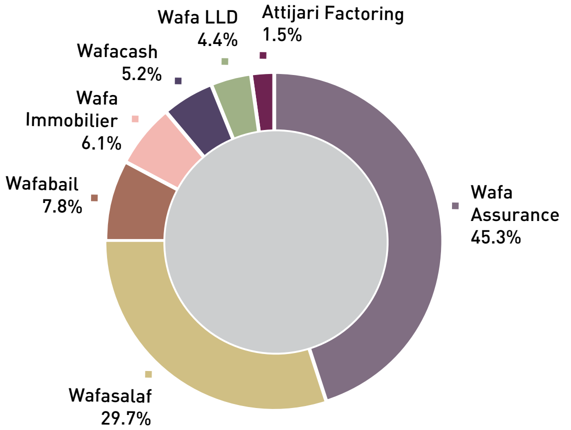


Contribution to consolidated net banking income by activity
At 31 December 2011

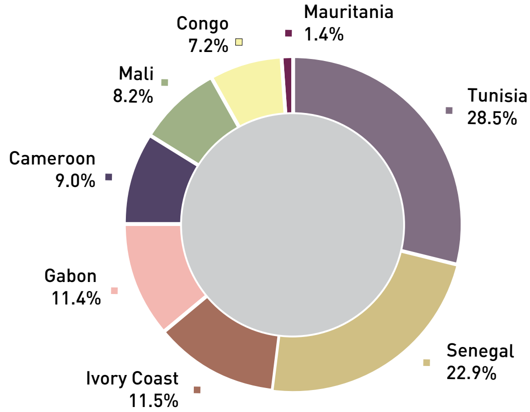


Focus on Specialised Financial Subsidiaries, Insurance and International Retail Banking

Breakdown of Moroccan subsidiaries' NBI*
At 31 December 2011



Breakdown of international retail banking NBI by country
At 31 December 2011



* Insurance and Specialised Financial Subsidiaries

Diversified and complementary growth drivers

Attijariwafa bank Group has continued its growth pace, underpinned by the strength of various drivers :

Changes in contributors to the net income group share at 31 December 2011

Banking in Morocco, Europe and Offshore Zone	+3.3% [1]
Specialised Financial Subsidiaries	+14.2%
Insurance	+36.9%
International Retail Banking	+51.8%

(1) After adjustment for capital gains on an exceptional (non-recurring) securities sale (MAD 186 million) in 2010

Stock market performance

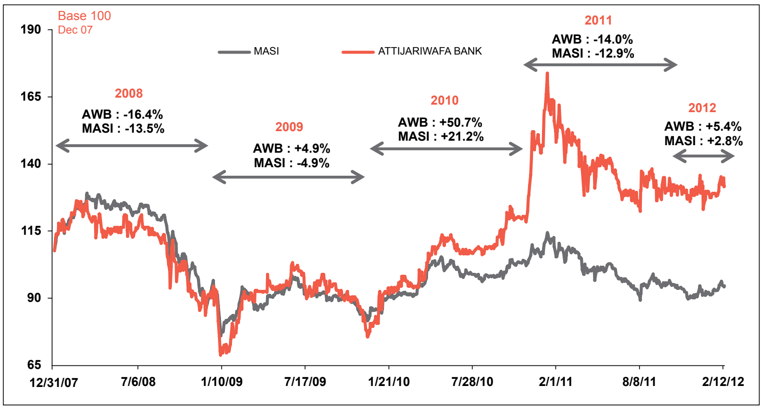
With challenging market conditions, Attijariwafa bank share price moved in line with the MASI in 2011, ending the year down 14.0% against a decline of 12.9% for the MASI and 13.4% for the banking sector index. Attijariwafa bank share price rose by 50.7% in 2010. Its performance over the last two years stands at 29.7% compared with 5.6% for the Casablanca market place's index and 12.6% for the banking index.

In 2011, the stock has the best growth/valuation profile of the Moroccan banking industry with earnings per share up 8.7% and a P/E ratio of 15.15x versus 18.3x for the banking sector.

Furthermore, Attijariwafa bank Group attracted daily volumes of MAD 20.5 million on the central market and MAD 8.8 million on the block trade market.

Performance of Attijariwafa bank share price vs. MASI

Attijariwafa bank vs MASI **From 12/31/2007 to 02/15/2012**



- Morocco's largest capitalisation in the banking sector and number two overall: MAD 71.2 billion at 15 February 2012.
- At 31 December 2011, Attijariwafa bank share price felt by 14.0% in a bear market (MASI down 12.9%).
- At 15 February 2012, the year-to-date performance of Attijariwafa bank share price amounted to +5.4% compared with +2.8% for the MASI and +1.6% for the banking sector.

IRR[1] of 13% over the 2008-2011 period for Attijariwafa bank shareholders versus an average of 2% for the banking sector*

*Excluding Attijariwafa bank [1]Internal Rate of Return

Performance indicators for shareholders

Year	2008	2009	2010	2011
Share price (MAD)	258	270	407	350
Market capitalisation (KMAD)	49 696 460	52 108 909	78 549 356	67 567 886
Maximum of the period (MAD)	355	297	420	475
Minimum of the priod (MAD)	247	210	253	345
Weighted average price (MAD)	296	257	313	390
Average daily volume - Central Market (MMAD)	18.4	14.3	27.4	20.5
Average daily volume - Bloc Trades (MMAD)	19.8	45.0	26.0	8.8
Share price performance	-16.4%	4.9%	50.7%	-14.0%
Return on Equity (RoE)	20.8%	22.7%	20.4%	21.2%
Dividend (MAD)	5.0	6.0	8.0	8.5
P/E	15.9x	13.2x	19.2x	15.2x
D/Y	1.9%	2.2%	2.0%	2.4%

Source : Attijari Intermédiation

Rating

FITCH RATING	January 2012
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	November 2011
Long-term	BB
Short-term	B
Outlook	positive

CAPITAL INTELLIGENCE	May 2011
Long-term	BBB-
Short-term	A3
Financial Strength	BBB
Outlook	stable

HIGHLIGHTS OF 2011
AND RECENT EVENTS OF 2012

A leading player in enlarging access to banking

Fully committed to actively supporting the economic and social progress of the countries where it operates, Attijariwafa bank is continuously increasing its network and constantly expanding access to banking and financial services, especially in under-banked regions.

The Group relies on the diversity of its products and services as well as the density of its network, which included 2,352 branches as of December 2011 (number one in Africa), of which 1,791 are in Morocco, offering specific packages to different markets. A practical expression of this approach, the low-income banking concept launched in 2009 through Wafacash branches (572 at end-2011) has been a great success with target customers.

An innovative range of services to suit all customer segments

Attijariwafa bank launched in 2011 new and diversified products in line with its commercial strategy.

Retail customers at the heart of development strategy

New solutions have been found to enhance the range of products and services for retail banking customers in Morocco :

- **The Equity Savings Plan,** allowing customers to invest in equities and/or UCITS* without incurring tax on income or profits from securities (dividends or capital gains) after five years ;
- **The Home Savings Plan,** designed to facilitate access to housing with savings of more than MAD 400,000 ;
- **The Education Savings Plan,** enabling customers to make savings in order to finance their children's studies or their insertion into working life, being completely exempt from capital gains tax after three years.

*Undertakings for Collective Investment in Transferable Securities

Helping MLA* in Morocco and abroad

Confirming its immigrant banking position, Attijariwafa bank has expanded its products offering to the Moroccans Living Abroad.

Two new products were introduced during the summer 2011 campaign :

- **Injad Bila Houdoud,** an assistance package launched by the Group's new subsidiary Wafa IMA Assistance ;
- A bespoke **Bila Houdoud Pack**.

In France, a **partnership between Attijariwafa bank and La Banque Postale** has been agreed to improve transactions between the two countries, benefiting customers by reducing costs and processing times.

In **Belgium, Spain and Italy**, as in France, a **complete range of banking services** is now available to customers thanks to the transformation of representative offices into fully licensed banking branches.

*Moroccan Living Abroad

A new Group subsidiary to service African migrants

The partnership between Attijariwafa bank and the French group Inter Mutuelles Assistance led to the creation of Wafa IMA Assistance. This new subsidiary aims at consolidating the Group's position in assistance and reinsurance in the domestic market as well as abroad, serving Africans all over the world.

Wafa IMA
Assistance

HIGHLIGHTS OF 2011
AND RECENT EVENTS OF 2012

Targeted actions to help very small, small and medium-sized enterprises

Committed to small and very small enterprises, Attijariwafa bank has expanded its range with some new products:

- the **SME pack**, available in four options and comprising the main products and services used by small and medium-sized enterprises. This pack simplifies the management of business accounts.

- **Hissab Rasmali**, a derivative of the Rasmali pack. This can be used to subscribe to new packages suited to the needs of very small enterprises.

- **DocNet** provides corporate customers with Internet access to a variety of information related to their accounts: statements, transaction notices, copies of cheques and bills.

Shared innovation

Guided by the same innovative spirit as the Bank in Morocco, the Group's subsidiaries are striving to attract new customers and develop their range of products and services across all market segments.

Thus, the Group shares its expertise and marketing best practices with its subsidiaries.

For example:

- Expansion and optimisation of the **products offering in Tunisia:**
  - redesign of retail products: Tahssin, Tahssin +, Tahssin Pro Credex and Crédit Ménage;
  - launch of the Bideya pack for young workers;
  - creation of a new TSF (Tunisiens Sans Frontières) development strategy in partnership with Attijariwafa bank Europe;
  - Piloting of the Jamiati card with a local university.

- Launch of the **CBAO Investors Club**, an information and support unit to welcome entrepreneurs -looking to invest in Senegal- and to provide them with access to financial data.

- Wafa Assurance's launch of two new bancassurance products: **« Âge d'Or Epargne »** and **« Moustakbal baridi »**.

- Wafacash's introduction of a new **« Pay Cash »** service enabling individuals to settle invoices in cash. For example, the customer can pay a bill in the Wafacash branch of his or her choice, indicating just the name of the service provider and the order number.

Pursuit of the international development strategy

Attijariwafa bank further consolidated its position as an African leader in 2011:

- closing the acquisitions of SCB Cameroun and Attijari bank Mauritanie;
- continuing to implement African subsidiaries' integration and development plans, in order to capture business and operational synergies.

Gabon : successful switchover of the UGB information system

Since 31 October 2011, UGB staff have been processing their transactions on the new information system as part of a convergence towards a shared information system for the Group's international subsidiaries, improving service quality and offering a broader range of products suited to customers' needs.

The switch to the new information system followed a pre-established timetable and went remarkably well thanks to sound management of the migration process and the hard work of a well organised team of UGB and Attijariwafa bank employees.

International honours and awards

The Group has been awarded many times for the quality of its services :

- For the fifth consecutive year, Attijariwafa bank was named as "Morocco's best bank" by The Banker magazine for its quality performances and appropriate development strategy.
- Mr Mohammed EL KETTANI, Chairman and Chief Executive Officer of the Group, received two awards in November 2011 :
  - the **Economic Leadership Trophy** at the first public diplomacy awards ceremony organised by a Moroccan international relations magazine **« Diplomatica »**.
  - The **Business MEDays** prize at the MEDays opening ceremony. This annual prize recognizes a person or company for her/its commitment to developing or strengthening South-South economic ties.

- The Group was named **Best African Bank** of 2011 by Capital Finance International. This award's criteria are mostly financial but also qualitative, as customer service, innovation and ethics.

HIGHLIGHTS OF 2011
AND RECENT EVENTS OF 2012

- The private banking business named **« Best Private Bank in Morocco »** by Euromoney with eight prizes including best private banking service, best customer relationship management, best range of investment products, best family office service. In particular, Euromoney acknowledged the quality of customer services as well as the Private Bank's ability to develop innovative, bespoke solutions. This prize, which covers more than 60 countries each year, remains one of the most highly valued awards in the fields of banking and financial markets.

- **For the second consecutive year,** Wafasalaf was named one of the top five service companies in Morocco in recognition of its close relations with customers and partners.

- **Upgrade** of **Wafa Gestion**'s credit rating by Fitch Ratings, from M2 (mor) to M2+ (mor). This performance has made Wafa Gestion the first asset management company in Morocco to be rated M2+ (mor).

Several international entities also saw their efforts rewarded :

- In Tunisia, **Attijari bank**'s progress in all areas of business and the quality of its governance were reflected in Capital Intelligence upgrading the bank from **« B » to « B+ »** amid difficult economic conditions.

- In Senegal, **CBAO :**

  - won **« Diamant de la meilleure banque pour le financement et la promotion industrielle »**, which rewards Senegal's best performing companies to have contributed to the country's industrial development ;

  - was voted **SEDAR de l'Initiative** thanks to various initiatives that the subsidiary has taken to cover the whole of the country and offer all Senegalese an effective, diverse, innovative, low cost banking service.

A social policy
promoting the sharing of growth's benefits

A commitment to the society and the community

Involved in human development work through partnerships with associations and the National Ministry of Education, Attijariwafa bank has continued to promote education, art, culture and sport.

As an example, some dedicated volunteers from the Group's staff have animated programs to support young people from primary, secondary, high schools, and preparatory classes.

Meanwhile, projects to teach art, writing and graphic design have been improved and diversified this year to bring the Attijariwafa Foundation even closer to its goals.

In collaboration with the « Injaz Al Maghrib association», Attijariwafa bank employees actively contribute to introduce pupils from Moroccan schools to the business world and uncover their budding entrepreneurial talents.

In order to recognize and reward its employees commitment, Attijariwafa bank launched, in the first half of 2012, a new public offer of sale to its employees in Morocco and abroad. A huge incentive for all Moroccan and international subsidiaries, this programme is a key component of the «Attijariwafa 2015» strategic plan, focusing on shared growth. With this new operation, the third of its kind since 2005, employees in Morocco now hold 5% of Attijariwafa bank shares.

ANNUAL REPORT
2011

ETHICS

FUTURE

COMMITMENT

SOLIDARITY

CORPORATE CITIZENSHIP

AMBITION

EXPECTATION

LEADERSHIP

2. STRATEGY-ORIENTED CORPORATE GOVERNANCE AND ORGANISATION

THE WORLD IS CHANGING, ATTIJARIWAFA BANK IS ANTICIPATING

+ 16%[1]
NBI*
BETWEEN 2007 AND 2011[2]

+ 16%[1]
NIGS**
BETWEEN 2007 AND 2011[2]

+ 18%[1]
TOTAL LOANS
BETWEEN 2007 AND 2011[2]

*Net banking income
**Net income group share
[1] Average annual growth rate (AAGR)
[2] Implementation period for the « Attijariwafa 2012 » strategic plan

« ATTIJARIWAFA 2012 » PLAN COMPLETED A YEAR AHEAD OF SCHEDULE

Attijariwafa bank achieved its "Attijariwafa 2012" strategic plan a year ahead of schedule, driven by sustained growth and remarkable performances between 2007 and 2011 despite challenging global economic conditions over the period.

Sustained growth in all indicators between 2007 and 2011

Average annual growth over the 2007-2011 period

Total assets: MAD 343.5 Bn	NBI*: MAD 15.9 Bn	14686 employees
+13%	+16%	+13%
Total deposits: MAD 218.8 Bn	GOI**: MAD 8.7 Bn	2352 branches
+10%	+17%	+17%
Total loans: MAD 230.7 Bn	NCI***: MAD 5.3 Bn	Number of countries covered
+18%	+18%	22 countries
Shareholders' equity: MAD 30.3 Bn (consolidated)	NIGS****: MAD 4.5 Bn	Number of customers
+14%	+16%	5.5 million

*Net banking income
**Gross operating income
***Net consolidated income
****Net income group share

The 2007–2011 period (implementation of « Attijariwafa 2012 ») was also notable for:

- The consolidation of Attijariwafa bank's leadership in Retail Banking, Corporate and Investment Banking and Capital Markets;
- The strengthening of Specialised Financial Companies position in Morocco (insurance, consumer credit, home loans, cash activities, leasing, asset management, brokerage, corporate finance, etc.) ;
- The positioning in new business lines (e.g. low-income banking, alternative finance), allowing the Group to improve access to banking and financial services for large fringes of the population and to confirm its role as a catalyst for the economic and social progress;
- The acceleration of regional development in Europe, Africa and the Middle-East, establishing Attijariwafa bank as a pan-African benchmark.

A launch of the new strategic plan « Attijariwafa 2015 »

Attijariwafa bank started 2012 with the launch of its new strategic plan « Attijariwafa 2015 ». This aims to sustain high levels of growth over the period, continue improving all risk and profitability indicators, and create substantial value for Group clients, employees, shareholders and the economies where it operates.

The key aspects of the « Attijariwafa 2015 » strategic plan are as follows :

Consolidating position in Morocco, optimising the business mix and tapping further potential

- consolidating leadership positions in all traditional customer segments and business lines ;
- gaining considerable market share and become the benchmark for low penetration customer segments (e.g. low-income banking, Islamic finance, very small enterprises) ;
- generating income and cost synergies ;

Capturing the international network's significant growth potential

- continuing with network expansion and development in Africa, Europe and the Middle East;
- transforming newly acquired banks and enhancing risk management, audit and internal control processes;

- gradually rolling out the business model of Attijariwafa bank and its business lines (corporate banking, capital markets banking, consumer credit, insurance, etc.) to the various Group operating countries;
- taking new initiatives across countries and regions to enable cross-fertilisation and sharing of best practices.

Creating economies of scale and adopting best international standards

- accelerating the economies of scale capture (industrialisation of processes, pooling, streamlining of structures, etc.);
- raising managerial practices and implementing procedures, service standards and risk and HR management to the highest international practices.

Focusing on the emergence of markets and regional integration

- leveraging on Casablanca's emergence as a regional financial hub;
- speeding up the development of capital markets in Morocco;
- contributing to current regional integration against a backdrop of profound political and social changes.

AN AD-HOC ORGANIZATION FOR « ATTIJARIWAFA 2015 »

To achieve successfully the "Attijariwafa 2015" strategic plan , the Group has been reorganized in order to optimize its business model, improve its managerial practices and further contribute to the bank's development.

Changes are made to meet the expectations of customers and partners, and to anticipate and achieve the major national project related to the advanced level of regionalization.

Meanwhile, a new Management and Coordination Committee has been set up. A body to discuss and share information and decisions, the Committee fosters collaboration and synergies in a matrix approach.

The Management and Coordination Committee meets once a month to :

- ensure overall coordination between the Group's various programmes, focusing mainly on examining key performance indicators ;
- foster the implementation of the Group's strategy as well as the Group's main decisions and priorities;
- take interdisciplinary functional and operational decisions to reach targets and maximise results.

Organisational adjustments to increase local presence with:

- the unification of business and retail networks under strong regional management enjoying greater autonomy;
- increasing powers for business and retail management teams;
- structuring of regional and market management teams around a matrix-organization focused on the customer;
- the development of organisations offering the most promising synergies such as the Group's capital markets banking, international retail banking and financial and banking-related subsidiaries;
- confirmation of the international nature of certain activities such as corporate and investment banking and capital markets banking;
- the creation of a new "Transaction Banking Group" entity, which will offer services combining finance and technology, to large corporations and small and medium-sized enterprises with cross-border activities in the Group operating areas;
- support bodies that have also been subject to operational readjustments, in line with the new organisation's purpose.
- the Group being reorganised to recognise and encourage the most promising managers by offering greater responsibility and promotions, reflecting a commitment to the principle of continuously developing managerial talents.

An organisation to bring us closer to customers

As part of the new matrix-based organisation (business lines / markets and distribution channels / networks), the branch network in Morocco is now structured around six main regional boards, bringing us closer to customers and giving them access to all of the Group's large offerings.

Each regional board covers several branch networks:

- **Centre South Regional Board:** Casablanca South; Settat; El Jadida
- **Centre North Regional Board:** Casablanca Nord; Beni-Mellal; Khénifra
- **North West Regional Board:** Rabat-Salé; Gharb and Tangiers Tetouan
- **North East Regional Board:** Fes; Meknes; Rif; Oriental
- **South Regional Board:** Marrakech; Safi; Essaouira; Drâa; Tafilalet
- **South West Regional Board:** Souss; Massa; Sahara

MANAGEMENT AND COORDINATION COMMITTEE

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

2 **Mr Omar BOUNJOU**
Managing Director (Co-CEO)
Retail Banking Division

3 **Mr Ismail DOUIRI**
Managing Director (Co-CEO)
Finance, Technology
and Operations Division

4 **Mr Boubker JAI**
Managing Director (Co-CEO)
Corporate and Investment Banking,
Capital Markets & Financial
Companies

5 **Mr Hassan BEDRAOUI**
Deputy Managing Director
Transaction Banking Group

6 **Mr Saad BENJELLOUN**
Deputy Managing Director
Centre-South Region

7 **Mr Saad BENWAHOUD**
Deputy Managing Director
North West Region

8 **Mr Hassan BERTAL**
Deputy Managing Director
SMEs banking

9 **Mr Talal EL BELLAJ**
Deputy Managing Director
Global Risk Management

10 **Mr Chakib ERQUIZI**
Deputy Managing Director
Group Capital Markets
Banking

11 **Mr Omar GHOMARI**
Deputy Managing Director
Group Human Resources

12 **Mrs Wafaa GUESSOUS**
Deputy Managing Director
Group Logistics and
Procurement

13 **Mr Mohamed HAITAMI**
Deputy Managing Director
Specialised Financial
Subsidiaries

14 **Mr Mounir OUDGHIRI**
Deputy Managing Director
International Retail Banking

15 **Mr Youssef ROUISSI**
Deputy Managing Director
Group Corporate and
Investment Banking

16 **Mr Said SEBTI**
Deputy Managing Director
Centre-North Region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MANAGEMENT AND COORDINATION COMMITTEE

17 Mr Younes BELABED
Executive Director
Support and Resources
Retail Banking Division

18 Mrs Saloua BENMEHREZ
Executive Director
Group Communication

19 Mr Mohamed BOUBRIK
Executive Director
South West Region

20 Mr Mouaouia ESSEKELLI
Executive Director
Managing Director
Attijariwafa bank Europe

21 Mr Rachid EL BOUZIDI
Executive Director
North East Region

22 Mr Ismail EL FILALI
Executive Director
Group General Audit

23 Mrs Malika EL YOUNSI
Executive Director
Group Legal Advisory

24 Mr Rachid KETTANI
Executive Director
Group Finance Division


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25 **Mrs Noufissa KESSAR**
Executive Director
Private Banking

26 **Mr Abderrazak LAMRANI**
Executive Director
Group Compliance

27 **Mrs Soumaya LRHEZZIOUI**
Executive Director
Group Information Systems

28 **Mr Fouad MAGHOUS**
Executive Director
South Region

29 **Mr Driss MAGHRAOUI**
Executive Director
Personal, Professional
& MLA Banking

30 **Mr Mohamed SOUSSI**
Executive Director
Back Offices and
Customer Services

CORPORATE GOVERNANCE

Internal charter sets out the role and organisation of the Board of Directors and establishes how and when the Board meets and describes all rights and duties attached to the position of Director, in particular regarding confidentiality, conflicts of interest and transactions involving Attijariwafa bank shares.

Corporate governance and business ethics are guiding principles for the Group. They apply to all subsidiaries, taking into account business and size.

In addition to rules governing the Board of Directors' work, a number of supervisory and management bodies have been set up.

Members of the Board of Directors sit on four committees :

- the Strategic Committee is in charge of the follow-up of the operational achievements and strategic projects of the Group;
- the Major Risks Committee is in charge of inspecting and classifying the commitments and investments of the banks beyond a certain level;
- the Audit and Accounts Committee is in charge of the follow-up of the risk, audit, internal control, accounting and compliance functions;
- the Appointment and Remuneration Committee is in charge of the appointments and remunerations of the Top Management.

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, monitors major strategic projects and prepares the items to be submitted to the Board of Directors.

The Management and Coordination Committee is responsible for the Group's operational and administrative management.

Strategic Committee

Members	Position
Mr Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr Hassan BOUHEMOU	Director – Representing SNI
Mr Antonio ESCAMEZ TORRES	Vice-chairman
Mr José REIG	Director

Major Risks Committee

Members	Position
Mr Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr Hassan BOUHEMOU	Director – Representing SNI
Mr José REIG	Director
Guest members	
Mr Ismail DOUIRI	Managing Director – Finance, Technology and Operations Division
Mr Talal EL BELLAJ	Deputy Managing Director – Global Risk Management

Board of Directors

Mr Abdelaziz ALAMI
Honorary President

Mr Mohamed EL KETTANI
Chairman and Chief Executive Officer

Mr Antonio ESCAMEZ TORRES
Vice-Chairman

Mr Mounir EL MAJIDI
Director – Representing SIGER

Mr Hassan BOUHEMOU
Director – Representing SNI

Mr José REIG
Director

Mr Abed YACOUBI SOUSSANE
Director

Mr Javier HIDALGO BLAZQUEZ
Director

Mr Manuel VARELA
Director - Representing Grupo Santander

Mr Hassan OURIAGLI
Director

Mrs Wafaâ GUESSOUS
Secretary

Audit and Accounts Committee

Members	Position
Mr Abed YACOUBI-SOUSSANE	Chairman
Mr Hassan OURIAGLI	Director
Mr José REIG	Director
Guest members	
Mr Talal EL BELLAJ	Deputy Managing Director – Global Risk Management
Mr Ismail EL FILALI	Executive Director – Group General Audit
Mr Rachid KETTANI	Executive Director – Group Finance Division
Mr Abderrazak LAMRANI	Executive Director – Group Compliance

Appointment and Remuneration Committee

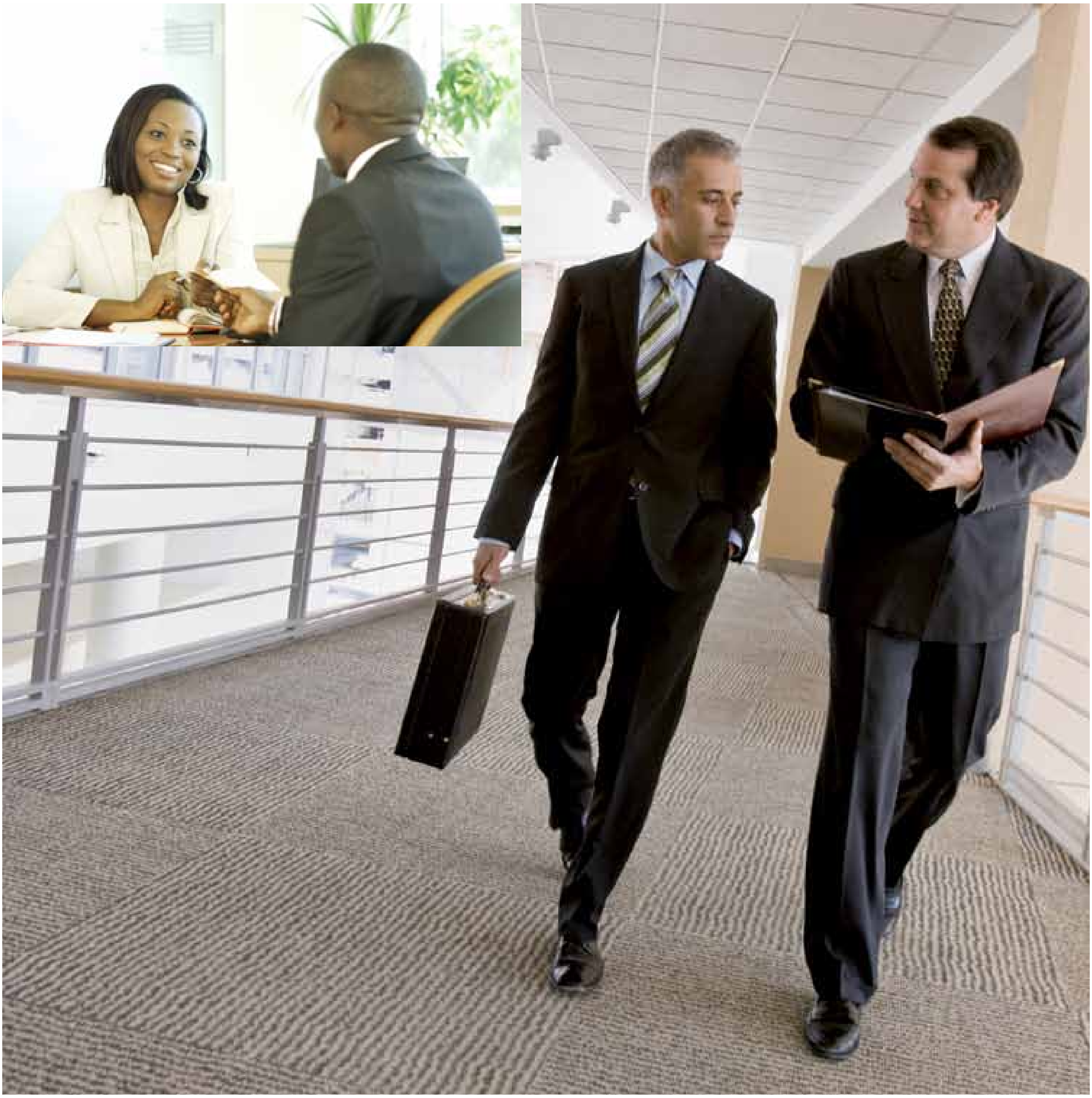
Members	Position
Mr Mounir EL MAJIDI	Director – Representing SIGER
Mr Hassan BOUHEMOU	Director – Representing SNI
Mr José REIG	Director

LEADERSHIP

EXCELLENCE PROXIMITY

COMMITMENT ETHICS

SOLIDARITY EXPERTISE CORPORATE CITIZENSHIP



3. A COMMITMENT TO EXCELLENCE FOR ALL CUSTOMER SEGMENTS

SKILLS DEPLOYED TO ESTABLISH A LONG-TERM RELATIONSHIP

+ 1,0

MILLION CUSTOMERS

IN 2011

+ 264

BRANCHES

IN 2011

RETAIL BANKING

Retail customers

As a leading financial player and vehicle for economic and social progress, Attijariwafa bank has for many years been supporting the national drive to improve access to banking through the development of its branch network (840 branches opened in Morocco between 2006 and 2011).

Attijariwafa bank has also implemented business models to complement network development, allowing new fringes of the population to access banking and financial services :

- low-income banking: launch of a new banking offer (Hissab Bikhir) suited to low-income customers through a dedicated network of 572 branches;
- alternative banking: launch of « Dar Assafaa » subsidiary offering a complete range of deposit, savings and loan products, in line with international alternative finance practices.

Alongside the accelerated development of its branch network and "retail customer" base, Attijariwafa bank is offering its clients a broad, segmented range of products and services suited to their needs.

Number of retail customers :
1,3 MILLION

Number of branches in Morocco :
1 791

In 2011, Attijariwafa bank continued to develop its "retail customers" strategy with :

- the opening of 264 branches (201 in Morocco, of which more than 99 are new low-income banking branches);
- the diversification and improvement of its distribution network through the use of new branch formats for shopping centres and for low-income banking (kiosks, mobile branches, etc.);
- the development of its product range for all retail customer segments :
    - The launch of two new Hissab Kafi packages targeting private sector employees ;
    - The extension of the Hissab Mourih target audience to retired public sector employees and civil servants ;
    - The launch of the new « Ambition pack » ;
    - The launch of packs with no overdraft facilities, linked to the « Aisance » card ;
    - The creation of the Web Pay card for electronic payments on international sites ;

    - The introduction of the Home Savings Plan and the Education Savings Plan with preferential banking and tax conditions.

Morocco Mall: an unprecedented branch format

Structured around a sales team and free banking service offering a vast range of automated services, a new branch format, which opens out to the shopping centre, was inaugurated at the Morocco Mall in December 2011. With availability matching the opening hours of the mall, i.e. seven days a week until 9pm at least, this new, user-friendly, easily accessible format supplements the standard type of network branch, aiming to meet the expectations of all customers.

Moroccans Living Abroad (MLA)

Placing Moroccan and African migrant communities at the heart of its strategy for several decades, Attijariwafa bank – a leading player in the immigrant banking sector – has developed a business model that allows it to serve and support customers in their countries of origin and residence. The main components are as follows :

- presence in seven European countries (France, Germany, Belgium, Netherlands, Italy, United Kingdom and Spain) through subsidiaries holding bank licences (excl. UK) and a network of 58 branches (Attijariwafa bank Europe and its subsidiaries) ;
- a network of partners to give Attijariwafa bank customers access to distribution networks in countries where the Group is not established yet ;
- distribution networks in the MLA's countries of origin ;
- a dual range of banking products and services covering all of customers' needs in countries of residence and origin ;
- dedicated organisation structures in subsidiaries in Europe and Africa to manage the market, operate networks and carry out strategic and operational marketing.

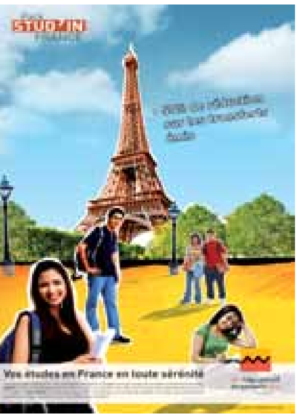
In 2011, Attijariwafa bank continued its immigrant banking strategy with:

- the transformation of the representative offices in Spain into a fully licensed banking branch of Attijariwafa bank Europe network ;
- the opening of two branches in France (Aulnay-sous-Bois and Toulon), bringing the French total to 27 at the end of 2011 ;
- the opening of four new branches in Italy, Spain and Belgium ;
- the signing of an agreement with La Banque Postale to extend the two group's provision of banking services and shares elements of procurement ;
- the creation of Wafa IMA Assistance, a joint venture with Inter Mutuelles Assistance (French leader), and development of new personal assistance products ;
- enhancement of the product range :
  - Injad Bila Houdoud, a personal and medical assistance package launched by the Group's new subsidiary: Wafa IMA Assistance ;
  - A bespoke Bila Houdoud pack.

RETAIL BANKING

New offer for Moroccan students in France

The pack for Moroccan students in France was redesigned in 2011. Stud'In now offers to young customers access to banking products and services on preferential terms. In the same vein, parents holding this pack can benefit from reduced fees on standing orders to cover accommodation and education costs.



Number of MLA customers: 0,6 MILLION*

Number of the bank operating countries in Europe: 7

Number of branches in Europe: 58

*Moroccans Living Abroad, Banking in Morocco Only

Signing of an agreement with La Banque Postale

2011 saw the launch of a partnership between Attijariwafa bank and La Banque Postale France. The aim of this collaboration is to improve access to banking services for Africans living in France and to reduce transaction costs and processing times.

As part of this, a special «TRANS'MED» service is offered to Moroccans living in France, allowing them to transfer money on preferential terms.

Other products and services including home loans, student offers, assistance packages and pensions have been introduced to supplement the current range.

Signing of an agreement with Inter Mutuelle Assistance

The partnership between Attijariwafa bank and the French group Inter Mutuelles Assistance led to the creation of Wafa IMA Assistance. This new subsidiary aims at consolidating the Group's position in assistance and reinsurance in the domestic market as well as abroad, serving Africans all over the world.

As part of its strategy to attract and secure the loyalty of Africans living abroad, Attijariwafa bank launched a new product, «INJAD BILA HOUDOUD», in 2011. It is marketed as «INJAD SANS FRONTIÈRE» to customers living in France.

Private Banking

Attijariwafa bank has acquired considerable expertise in private banking and has been constantly bringing its strategy and organisational model into line with international best practices. The business model is built around the following :

- a dedicated team of private bankers and financial advisors specialising in private banking;
- welcoming customers in specially reserved areas;
- an appropriate range of products and services:
  - diversified products to invest in different types of assets and instruments (funds, equity certificates of deposit, savings schemes, trackers);
  - advice on asset management and investment;
  - legal and tax advice.

Attijariwafa Bank voted best private bank in Morocco

The private banking business was named "Best Private Bank in Morocco" by Euromoney with eight prizes including best private banking service, best customer relations management, best range of investment products and best family office service. In particular, Euromoney acknowledged the quality of services available to customers as well as the Private Bank's ability to develop innovative, bespoke solutions.

The organisation of prestigious events

Several prestigious events for «Private Banking» customers were held throughout the year in a spirit of openness and sharing.

As part of the cycle of debates, conferences were organised dealing with a variety of themes:

"Should we reconsider our idea of prosperity to improve our future?", "The Mediterranean basin: from economic pressure in the North to political change in the South", the aim being to establish a warmer relationship with customers and discuss current affairs with them.

Aiming to share universal values through art and cultural design, private banking customers are being constantly offered privileged access to art exhibitions.

Very Small Enterprises (VSE):

The largest "employer" in Morocco and the essential catalyst for economic and social development, very small enterprises receive special attention from Attijariwafa bank Group. The organisational model and resources allocated to the VSE market have been strengthened by :

- improving service in the branch network with the introduction of specialised branches and advisors ;
- developing the product range to cover the needs of all VSE customers. This range is tailored to individual market segments to meet the requirements of different businesses: tradesmen, retailers, farmers, etc.
- strengthening sales and management teams to constantly adapt services to these customers.

In 2011, Attijariwafa bank launched a new range of specific loans and adapted the Rasmali pack – the marquee product for VSE – to the needs of all business segments.

This approach has been supported by new government programmes such as Maroc Numéric, as well as numerous partnerships with Chambers of Commerce, Crafts and Trades.

International Agriculture Fair in Meknes

Attijariwafa bank attended the sixth International Agriculture Fair in Meknes, which was held from 27 April to 1 May.

This demonstrated the Group's commitment to play an active role in modernising the farm sector and increasing the competitiveness of Moroccan stakeholders, especially VSE customers working in agriculture.

Small and Medium-sized Enterprises (SME):

Mainstay of the national economy, small and medium-sized enterprises (SME) have always been a key priority for Attijariwafa bank Group, which has demonstrated its firm commitment to supporting this segment by improving its competitiveness and modernising its operations.

To this end, Attijariwafa bank continues to increase its commercial presence by opening new points of sale to bring it even closer to customers and adapt its offering to the specific needs of SME.

2011 was notable for:

- The opening of a new business centre and two business divisions ;
- Development of the range of products and services and the launch of several innovative products including :
  - the SME pack, which is unique on the market ;
  - DocNet, a high value added service that gives businesses online access to their bank details 24/7.

Attijariwafa bank has also signed an agreement with the Regional Investment Centre of Casablanca to support start-ups. This has involved the provision of an "RIC" package giving access to banking products and services on preferential terms.

Remarkable progress was also made with the Imtyaz and Moussanada programmes in 2011, enabling the Group to consolidate its leadership of this market.

Number of business centres : 37

SME pack

With four different options, the SME pack comprises the main products and services used by small and medium-sized enterprises, meeting their expectations with a focus on transparency and simplifying business account management.

CORPORATE AND INVESTMENT BANKING

A key partner to large firms, Attijariwafa bank is establishing itself on this market as a leading player and is actively helping to finance the economy and major infrastructure projects.

For several years now, considerable impetus has been given to diversify and extend services available to customers by optimising synergies between the bank and its subsidiaries, involving all business lines: capital markets, trade finance, flow management, leasing, confirming, factoring, insurance, retail banking, etc.

Combining cross-selling with personalised service, Attijariwafa bank offers its corporate customers a broad range of innovative products and services, tailoring its support.

In 2012, Corporate Finance and Investment Capital were merged in a single business line, «Group Corporate and Investment Banking», to maximise synergies, optimise value-added for customers, build on the development of financial markets in Morocco and consolidate the Group's position as a regional benchmark in finance, consulting and support for multinational corporations through an integrated regional offering.

~30% market share of the Moroccan corporate finance in 2011

More than MAD 40 BILLION of project finance produced over the 2008-2011 period

MAD 77 BILLION in corporate finance (M&A, ECM, DCM) volumes between 2007 and 2011

Proven expertise

A structured finance pioneer in Morocco, Attijariwafa bank supports large investment projects undertaken by public enterprises, local private corporations and international groups operating in Morocco within sectors that drive the national economy: energy, infrastructure, telecoms, offshore, industry, tourism and property.

A hub of expertise providing advice on financial engineering and structuring, Attijariwafa bank offers innovative, bespoke financing solutions adapted to the technical, financial and legal characteristics of each project, inspired by international best practices. With a solid financial base, Attijariwafa bank has a remarkable lending and underwriting capacity.

This positioning has been gained through a renowned team of specialists with complementary skills, trained in all aspects of the project financing process: research, structuring, legal documentation, syndication, credit event management, etc.

TRANSACTION BANKING

Under the new organisation, Cash Management and Trade Finance have been merged in a new business line: Transaction Banking Group.

Its role is to develop the group's transactional offering, in particular integrated regional packages targeting multinationals and customers operating in Africa.

In 2011, Attijariwafa bank continued its policy of drawing closer to corporations and SME/SMI by offering a wide range of cash management products and services aimed at providing practical day-to-day cash management, reporting and electronic payment solutions.

The bank's Trade Finance arm consolidated its leadership on the domestic market with a remarkable improvement in performance indicators.

2011 also saw a sustained tapping of international synergies. This involved the optimisation of origination and steering activities and capturing of transactions initiated by subsidiaries abroad, rerouting them to Attijariwafa bank Europe, which is both catalyst and receptacle.

At a trade level, Attijariwafa bank tightened its links with exporters through a number of initiatives, in particular regular meetings (e.g. Caravane de l'export), active support and help with prospecting on markets in which the Group operates.

Export Caravan

In 2011, Attijariwafa bank supported the fourth and fifth «Caravanes de l'export» organised at the initiative of Maroc Export. These two new caravans covered eight countries: Ghana, Benin, Togo and Angola in June and Senegal, Ivory Coast, Guinea and Republic of Congo in December, bringing together 158 companies from various sectors.

Within this framework and in collaboration with Maroc Export, the Group – Attijariwafa bank Morocco, CBAO, SIB and CDC – actively contributed to the organisation of B-to-B meetings between Moroccan traders and customers of sub-Saharan subsidiaries, the aim being to promote business opportunities and the development of flows between potential partners. Traders also received advice on securing transactions and information on international support measures, especially with regard to foreign trade and support for customers' regional development.

CAPITAL MARKETS BANKING

A leading player in Capital Markets activities in Morocco, Attijariwafa bank aims to confirm its role as :

- a driving force in the development of capital markets activities in Morocco and Africa ;
- a pioneer in innovating and structuring solutions adapted to the needs of its customers and to the specific nature of each market that it operates in.

In 2011, the Group remained ahead of the field when it came to foreign exchange and bond market activities, retaining an active role in auctions and on the corporate bond segment. It took part in eight bond issues as lead or joint lead manager, reflecting a determined sales policy aimed at strengthening its position as market maker.

And in mixed economic conditions notable for high price volatility in 2011, Attijariwafa bank continued to offer its customers hedging instruments that would protect them from different fluctuations in the market.

MAD **1,686** BILLION
total volume traded

More than MAD 20 BILLION
volume of FOREX derivatives

MAD **91** BILLION
in bond market volumes

121,925 **commodity contracts**

Wafa Gestion

Asset management leader in Morocco, Wafa Gestion confirmed its position in 2011 with a market share of 28.8% and assets under management of MAD 66.5 billion.

Furthermore, Fitch Ratings upgraded Wafa Gestion's credit rating from M2 (mor) to M2+ (mor). This performance has made Wafa Gestion the first asset management company in Morocco to be rated M2+ (mor).

MAD **66.5** BILLION **in assets under management**

Attijari Intermédiation

A leading player on the brokerage market, Attijari Intermédiation handled MAD 90.7 billion of transactions in 2011, giving it a 44.1% market share (global market).

MAD **90,7** BILLION **in brokerage volumes**

Custody

With a total market share of more than 36% in 2011, Attijariwafa bank is leading the pack in the custody business, especially in the UCITS* issuance and custodian segments.

Through its foresight, the Group also confirmed its position as number one investor of Moroccan institutional customers' assets abroad with an average monthly volume exceeding MAD 2 billion, up 21%.

Leveraging on its knowledge and skills, Attijariwafa bank also launched several projects to develop custody-related activities in Tunisia and the WAEMU region.

MAD **465** BILLION **assets under custody**

Market activities: an African dimension

To meet African customers' investment and hedging needs, Attijariwafa bank has used its International Market Activities Division (DAMI) to extend its operations to all subsidiaries.

At a foreign exchange level, DAMI processed 217% more than in 2010, reflecting greater penetration of regional currency markets.

Meanwhile, through its subsidiaries Attijariwafa bank Group demonstrated a steady presence on the region's bond and money markets, taking part in the main bond issues and adopting an innovative investment approach.

2011 also saw the creation of «Attijari Asset Management» in West Africa, offering bank customers financial products that combine diversification, optimisation and performance.

*Undertakings for Collective Investment in Transferable Securities

SPECIALISED FINANCIAL COMPANIES

Attijariwafa bank Group's universal financial model includes a network of subsidiaries specialised in different banking-related businesses. The contribution from these subsidiaries, which are all leaders in their segments, to the creation of global value can be broken down as follows :

- considerable expertise to help customers in each of the Group's business lines;
- ability to generate and capture income synergies (increased provision of banking services, procurement, etc.)
- sharing of processing, services and back office platforms to benefit from substantial economies of scale.

Wafasalaf

وفاسلف
Wafasalaf

Wafasalaf confirmed its position as a key player in the consumer credit sector, consolidating its leadership of all market segments (personal loans, automobile loans, household goods).

Wafasalaf opened its new Casablanca headquarters in 2011, bringing together all businesses on a single site to improve synergies and be closer to customers and corporate partners.

The consumer credit subsidiary continued its branch development plan with the opening of two new branches in Beni Mellal and Laayoune, taking its network up to 43 points of sale.

MAD **21.4** BILLION
in total loans outstanding

MAD **10.0** BILLION **total production**

Wafabail

وفاباي
Wafabail

A pioneer in Morocco, Wafabail confirmed its leadership on the leasing market with a 28.2% share at the end of December 2011.

2011 saw the adoption of a new visual identity and the launch of an institutional campaign.

Through its new charter, Wafabail promotes its leasing expertise enabling customers to invest with complete confidence. This goal is reflected in the company's new motto : « Invest in complete confidence ».

MAD **10.4** BILLION
in lease finance outstanding

MAD **4.2** BILLION **annual production**

Wafa Immobilier

وفـا إمـوبليـي
Wafa Immobilier

Establishing itself as a real property specialist, Wafa Immobilier is working to increase homeownership through a dedicated organisation and broad range of bespoke solutions.

Thanks to renowned skills and a team of experts, Wafa Immobilier is now the leader in financing mortgages and property development.

MAD **33.6** BILLION
in mortgages outstanding (households only)

The subsidiary pursued its sales strategy with its partners and reached several agreements with large private and public groups.

Wafacash

وفاكاش
Wafacash

A leading player in cash operations (international and domestic transfers, invoice payments, foreign exchange, etc.) and low-income banking(Hissab bikhir), Wafacash is pursuing its development and diversification strategy.

Wafacash stepped up the pace of network development in 2011, expanding its range of products and services with :

- the opening of 99 branches, bringing the total to 572 at the end of 2011;
- the launch of a new payment channel between Belgium and Morocco, allowing efficient, instant money transfers;
- the launch of a Pay Cash service allowing individuals to settle invoices in cash on behalf of a business;
- the signature of a partnership with Wafasalaf, giving its customers the possibility of clearing their arrears in cash through the Wafacash network.

MAD **29.6** BILLION **cash volume**

572 **branches**

SPECIALISED FINANCIAL COMPANIES

Wafa LLD

Wafa LLD

With more than 10 years of experience serving its clients and partners, Wafa LLD is the long-term leasing leader with a market share of more than 20% at the end of 2011.

The LLD subsidiary has some of the Morocco's largest companies and public administrations in its portfolio with a fleet of 4,074 vehicles.

Attijari Factoring

Attijariwafa bank
FACTORING

Attijari Factoring has confirmed its position as a major player in export, import and domestic factoring, covering its clients against the risk of unpaid bills in Morocco and abroad.

Attijari Factoring is a member of Factors Chain International, the world's biggest factoring network.

4,074 vehicles under management

MAD **7.5** BILLION total production

INSURANCE

Wafa Assurance

The 13th biggest insurance company in Africa and the third outside South Africa, Wafa Assurance has consolidated its leadership position in Morocco with market share of 22.1% and a distribution network of 187 branches (agents and direct sales offices) and 176 partner brokers.

2011 brought sustained growth and remarkable financial performances, in line with the relevant synergies model between the bank and the insurance.

The highlights of 2011 were :

- the network development with the opening of 32 points of sale in the exclusive network, and the partnership with 32 new brokers;
- the launch of Wafa IMA Assistance in partnership with Attijariwafa bank and Inter Mutuelles Assistance;
- the marketing of "Wafa OTO commerçants & professions libérales" and "Wafa OTO MOUADDAF" as well as "flood cover" to supplement the range of automobile products.

MAD **5.3** BILLION **premiums issued**

Non life :

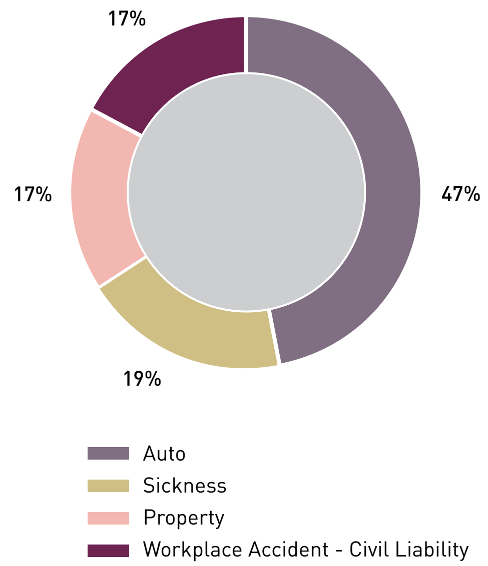
MAD **2.5** BILLION

Life :

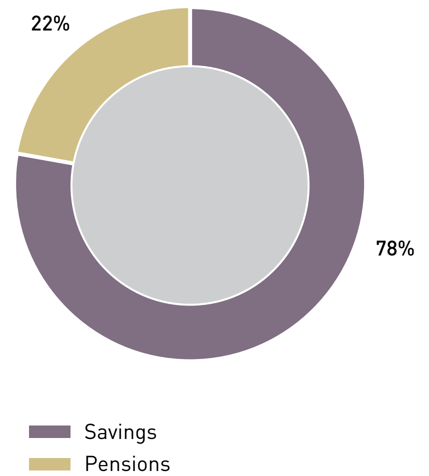
MAD **2.8** BILLION

Leadership position with balanced business mix

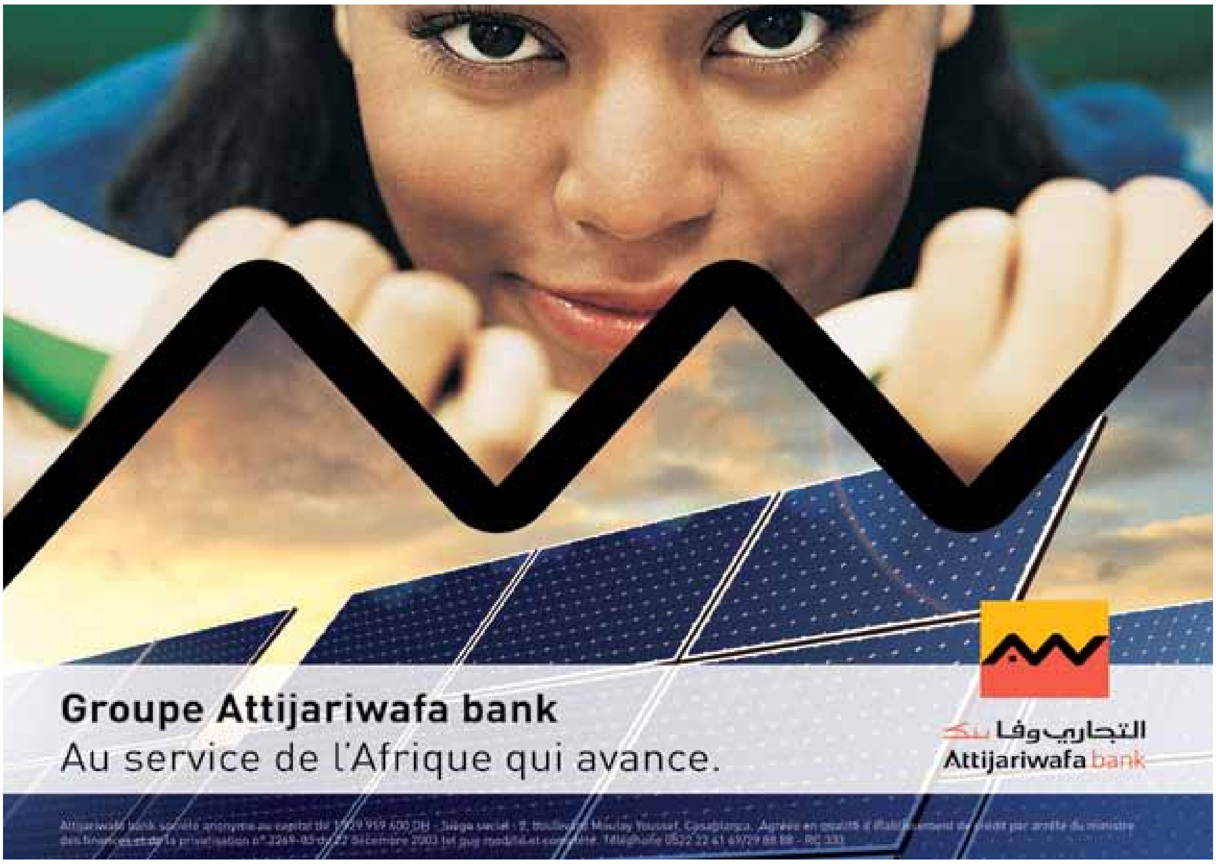
Breakdown of non-life premiums
31 December 2011



Breakdown of life premiums
31 December 2011



INTERNATIONAL RETAIL BANKING



Since 2005, Attijariwafa bank has been rolling out an ambitious regional development plan that has established it as a benchmark across Africa. In 2011, the Group finalised the acquisitions of SCB Cameroon and Attijari bank Mauritanie. After integrating these newcomers, Attijariwafa bank is now present in 11 African countries with a footprint extending to three major regions.

North Africa

Attijari bank Tunisie

Attijariwafa bank Group operates in Tunisia through Attijari bank Tunisie, which is ranked number six in the Tunisian banking sector with an 8.1% market share in terms of lending. With its 179 branches, ABT has the largest network in Tunisia.

Deposits : MAD 18.4 BILLION
Loans : MAD 18.9 BILLION
Network : 179 BRANCHES

Attijari bank Mauritanie

The Mauritanian subsidiary holds a market share of 4.9% by loans and 10.9% by deposits.

Deposits : MAD **933** MILLION
Loans : MAD **415** MILLION
Network : **2** BRANCHES

West Africa

Attijariwafa bank Group is present in the West Africa Economic and Monetary Union through the following subsidiaries: CBAO, Crédit du Sénégal (CDS), Banque Internationale pour le Mali (BIM), Société Ivoirienne de Banque (SIB), CBAO Burkina Faso (subsidiary of CBAO) and SOFIB in Guinea Bissau (subsidiary of CBAO).

CBAO and Crédit du Sénégal

The Group is number one in Senegal with lending market share of 22.2% and with 156 CBAO branches and 8 CDS branches.

Deposits : MAD **9.9** BILLION
Loans : MAD **8.1** BILLION
Network : **164** BRANCHES

Société Ivoirienne de Banque

Société Ivoirienne de Banque is ranked fifth in Ivory Coast with a 9.8% lending market share.

At the end of December 2011, SIB's network had grown to 36 branches.

Deposits : MAD **4.8** BILLION
Loans : MAD **3.7** BILLION
Network : **36** BRANCHES

Banque Internationale pour le Mali

The Malian subsidiary is the fourth domestically with 11.3% market share in terms of lending. It had a network of 79 branches at the end of 2011.

Deposits : MAD **3.0** BILLION
Loans : MAD **2.5** BILLION
Network : **79** BRANCHES

Central Africa

The Economic and Monetary Community of Central Africa is covered by the following group subsidiaries: Union Gabonaise de Banque (UGB), Crédit du Congo (CDC) and Société Commerciale de Banque Cameroun (SCB).

Union Gabonaise de Banque

Union Gabonaise de Banque

The Gabonese subsidiary of Attijariwafa bank is ranked third with a loan market share of 14.6%.

Deposits : MAD 4.2 BILLION

Loans : MAD 2.9 BILLION

Network : 10 BRANCHES

SCB Cameroun

Société Commerciale de Banque Cameroun

The Cameroonian subsidiary is number four with market share of 11.3% in terms of lending.

Deposits : MAD 5.6 BILLION

Loans : MAD 3.4 BILLION

Network : 19 BRANCHES

Crédit du Congo

Crédit du Congo

The Congolese subsidiary is number three in the country with a loan market share of 14.3%.

Deposits : MAD 3.4 BILLION

Loans : MAD 1.1 BILLION

Network : 14 BRANCHES

Tunisia and Ivory Coast : resilience to political crises

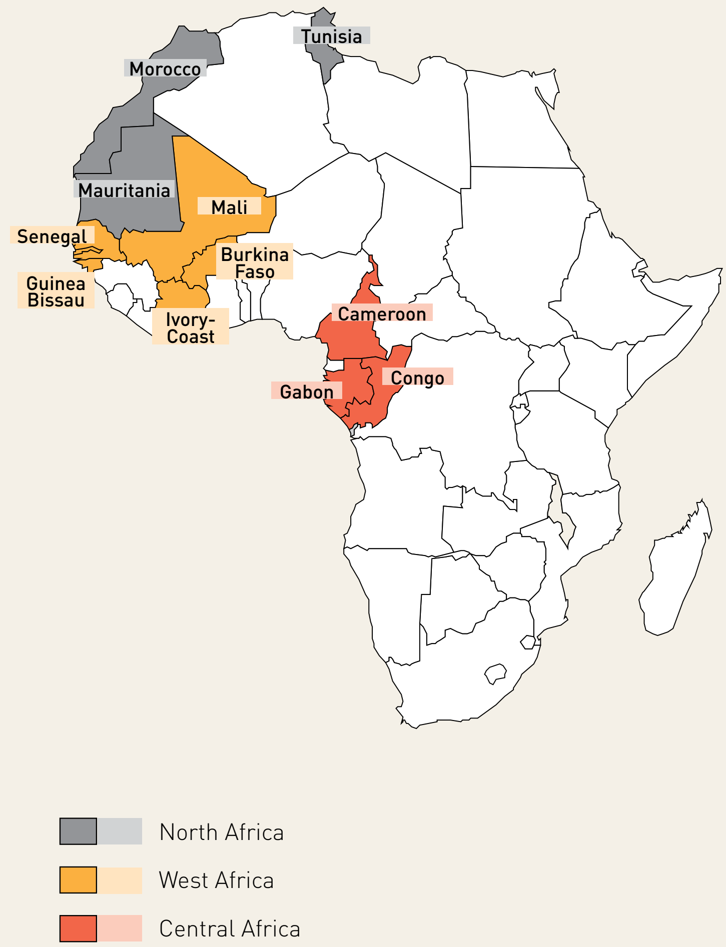
After political crises in Tunisia and Ivory Coast set the tone of early 2011, security, political and economic situations returned to normal in the second half of the year.

With lengthy experience and a sound business model, especially with regard to risk management, Attijari bank Tunisie generated sustained growth and profitability in 2011.

In Ivory Coast, despite the suspension of the SIB's activity, which lasted nearly three months, the Ivorian subsidiary improved on all of its aggregates and market shares between 2010 and 2011, thanks to meticulous crisis management and an outstanding image among its customers and the national and regional authorities.

A broad, diversified pan-African network

Attijariwafa bank Group is present in 11 African countries representing a market of 141.2 million inhabitants.



International retail banking: steering, supervision and control

The International Retail Banking manages and supports the development of African subsidiaries. Its main role being to:

- draw up subsidiaries' strategic plans as well as development and integration plans;
- coordinate and execute these plans;
- capture synergies between countries and manage Africa-wide initiatives;
- extend the Group's profitable businesses across the African network;
- forge closer ties between African subsidiaries and the Group's central departments (Group Risk Management, Audit, Compliance, etc.).

SOLIDARITY

ETHICS

CORPORATE CITIZENSHIP

COMMITMENT

LEADERSHIP

4. A GROUP WITH A LONG-STANDING COMMITMENT TO THE COMMUNITY

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

+ 1372

RECRUITS*
IN 2011

54%

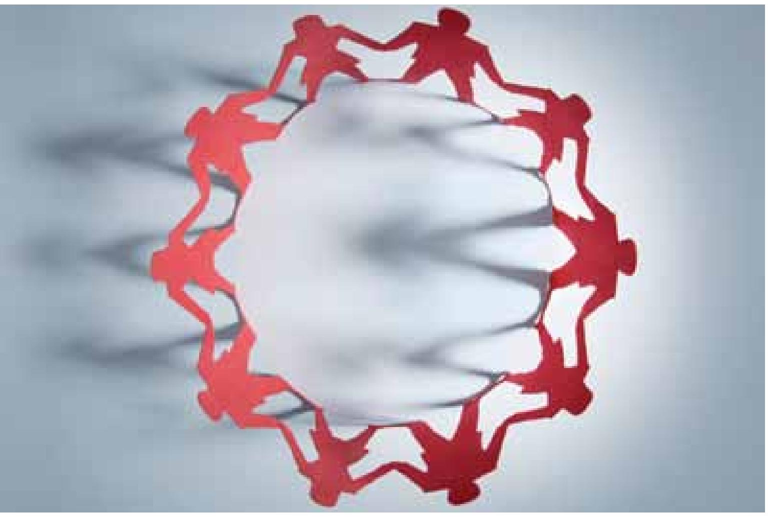
OF EMPLOYEES
ARE UNDER 35 YEARS OLD

* recruitment net of departures

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

A LEADING REGIONAL FINANCIAL PLAYER,

Attijariwafa bank strives to be socially responsible, calling on all employees to apply the Group's values – leadership, commitment, solidarity, ethics, corporate citizenship – in a concerted effort.



As part of a development project that combines economic performance with public interest in all its operating countries, the Group takes into account many factors including :

1. Economic responsibility, giving access to banking and financial services to as wide an audience as possible,

2. Exemplary professional conduct,

3. Compliance beyond banking and regulatory requirements,

4. Responsible management of human resources,

5. Involvement in education and training,

6. A tradition of cultural patronage, promoting art and sport.

Solidarity from Attijari bank Tunisie

Attijari bank called for unity to attract contributions to the Citizen 111 fund.

A Solidarity and Support Caravan was also set up for refugees at Ras Jdir on the border between Tunisia and Libya.

Access to banking services : original initiatives on a global scale

In respect of its corporate social responsibility, the Group encourages wider access to banking and financial services.

An effective contribution to enlarge banking services access

Branch networks have been developed at a steady pace in all areas, establishing a local presence even in the most distant regions.

The Group has also come up with an unprecedented low-income banking service in Morocco.
Called «Hissab Bikhir», this concept offers a bank account without a chequebook, using simple electronic banking products and giving access to suitable loan and bancassurance possibilities. Available since 2009 through the Wafacash network (Moroccan leader on the international transfer and cash transactions market), which provides accessible, user-friendly retail areas with flexible opening hours, Hissab Bikhir has enjoyed great success with its target customers.

Senegal : a distinguished approach

Recognised for its work to extend banking services to all parts of society, CBAO of Attijariwafa bank Group was voted "SEDAR de l'Initiative", which acknowledges companies involved in cultural and social development.

This rewards the bank's work to increase its presence in the country and develop an effective, diversified, innovative, low-cost banking service for all Senegalese.

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

TO SERVE VSE AND MIGRANTS

Special focus on Very Small Enterprises

Another step towards social progress is the vast programme to promote and strengthen the VSE network, which resulted in the introduction of a special business package and the innovative Rasmali pack.

In a similar vein, the Moussanada pack was introduced in Tunisia in the aftermath of the Arab Spring, providing support for enterprises whose business had been affected.

Meanwhile, the bank increased its sponsorship of the Kairouan business incubator, whose aim is to promote the creation of projects on a Tunisian regional scale.

Serving migrants

Fully aware of migrant communities' importance to the economy of their countries of origin, the Group is also trying to develop North-South money transfers, which are clearly a source of wealth for home countries.

Attijariwafa bank is working to tighten links between migrant communities and countries of origin through its European network, calling on its experience of money transfers by migrant workers. Fast, efficient, cheap transfers – often for small but vitally important amounts – are now possible between the bank in Europe and the Group's banks in Africa, as well as between the bank's subsidiaries in its different operating countries (intra-regional flows in Africa).

Two awards for contribution to South-South development

The Chairman and Chief Executive Officer of Attijariwafa bank was awarded the Business MEDays prize in the development and strengthening of economic ties category for his contribution to South-South cooperation. This follows the Economic Diplomacy Award presented at the Public Diplomacy ceremony held in Rabat, reflecting the Group's commitment to pan-African development.

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

RESPECTING ETHICS AND RULES OF PROFESSIONAL CONDUCT

Professional conduct : strict rules

Making professional conduct one of the management's primary concerns, Attijariwafa bank has been a pioneer on the Moroccan market by creating a special Group department and introducing a code of conduct in 2003.

This approach was given national recognition with a Corporate Social Responsibility award at the «Intégrales de l'Investissement» in Rabat to celebrate socially responsible investment. In December 2005, Attijariwafa bank Group was also rewarded for its innovative anti-corruption measures and its work in this field.

This emphasises strict rules to ensure healthy governance, establishing a climate of confidence and relationships based on transparency and fairness to all partners, giving rise to four codes of conduct and several charters, in particular :

- A **code of conduct for Directors ;**
- A **code of conduct for employees,** the result of constructive work lasting several months and involving teams from the Group's various business lines.

This code of conduct combines professional standards with practical rules, which the Group has decided to respect in order to boost its image and reputation. It is a benchmark for professional and personal attitudes and behaviour. Its general application has benefited from an ambitious training programme in all Group entities in Morocco, Europe and Africa ;

- A **code for "sensitive" positions** to cover staff with access to insider information, adopting security measures to prevent the unauthorised disclosure of private and confidential information, thereby guaranteeing the permanent protection of such information in accordance with applicable laws. It establishes rules to be respected at all times by these individuals when carrying our financial transactions on the market and trading in Attijariwafa bank shares ;
- A **procurement code,** for Group employees involved in the purchase or sale of non-banking goods and services or in a position to influence these transactions. This code emphasises anti-corruption measures and the importance of Group suppliers respecting employee rights.

Anti-corruption :
extended application of professional standards

In 2011, all suppliers and service providers of the bank and its subsidiaries in Morocco were given individual recourse to the Group's code of professional conduct in the event of a breach of the rules established in Attijariwafa bank's procurement code.

To instil shared values in all staff in an ongoing bid to strengthen governance, Attijariwafa bank is constantly adapting its rules of professional conduct to changes in the environment and to new challenges facing the Group.

A confidentiality charter based on the Borj-Pilotage customer relationship management tool was drawn up in March 2011 to secure the use of data given the number of employees concerned.

The charter was adopted as amendment 2 to the code of good conduct after the code for "sensitive positions".

A substantial programme and country-specific codes :

Code of good conduct : more than 9,000 staff in Morocco and 2,850 employees of European and African subsidiaries have received training at special sessions. Specific codes taking into account regulations and local culture in each country have been drawn up with the involvement of teams concerned.

Code for "sensitive positions" : more than 250 affected employees have been trained by Group Professional Conduct in accordance with applicable regulations.

Procurement code of conduct : more than 120 employees involved.

Compliance beyond legal and regulatory requirements

Internal Control

Against a backdrop of tight regulation and with a view to enhancing and extending its internal control measures, Attijariwafa bank has established internal control procedures that meet the highest international standards and are based on frequent assessments of operations, processes and systems. The aim is to constantly improve operational efficiency and risk management in all Group entities.

This system of control relies on business lines and segments being operationally dependent on a new central body, which manages internal control at a Group level.

This oversight is reviewed by the Group's Management Committee and Board of Directors, which ensure the system is working properly and being constantly improved.

Anti Money Laundering and Terrorist Finance

The Group's strategy is based on commercial development underpinned by healthy growth and protection of the bank's goodwill and brand image.

This, an anti money laundering and terrorist finance policy, which meets international standards and Moroccan regulations, has been drawn up, supported by a charter describing individual components such as oversight, strategy and rules.

Attijariwafa bank's AML/TF approach involves procedures, training policies and resources used within the Group, in particular an IT system with internationally proven applications.

Responsible management of human resources :

Supporting development and change, encouraging, motivating and securing loyalty, promoting diversity and listening to staff... all of these remain at the centre of the Group's approach to human resources.

Employee recognition through sharing

Employee shareholding is now a reality with staff owning nearly 5% of the Group's share capital.

This approach, the cornerstone that laid in 1988 to a free share grant to employees of the «Banque Commerciale du Maroc», as it was at the time, has a dual objective: thank the Group's teams for their incredibly hard work and secure their commitment to shared growth. To this end, a series of programmes to encourage employee shareownership, implemented in a spirit of dialogue and cooperation with staff, are part of a long-term plan aimed at building up long-term savings and a top-up pension fund. The observed success of each new programme shows employees' enthusiasm for this vision and reflects their confidence in the future.

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

TO ENSURE RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

The most recent capital increase reserved for Group employees in Morocco, between 30 April and 11 May 2012, involved a total of 7,893,853 shares attracting MAD 1,997,550,720 in subscriptions and equating to a take-up of 95.72% (100% for the first tranche). It reflected the success of this programme, which is unprecedented in terms of scale and investment terms.

With this new operation – the third of its kind since 2005 – Moroccan employees' stake in Attijariwafa bank has been increased to **5%**, which is the highest rate of employee shareownership for any company listed in Morocco and one of the highest at an international level.

5% of the share capital held by employees

Capital increase reserved for Group employees : an unprecedented operation

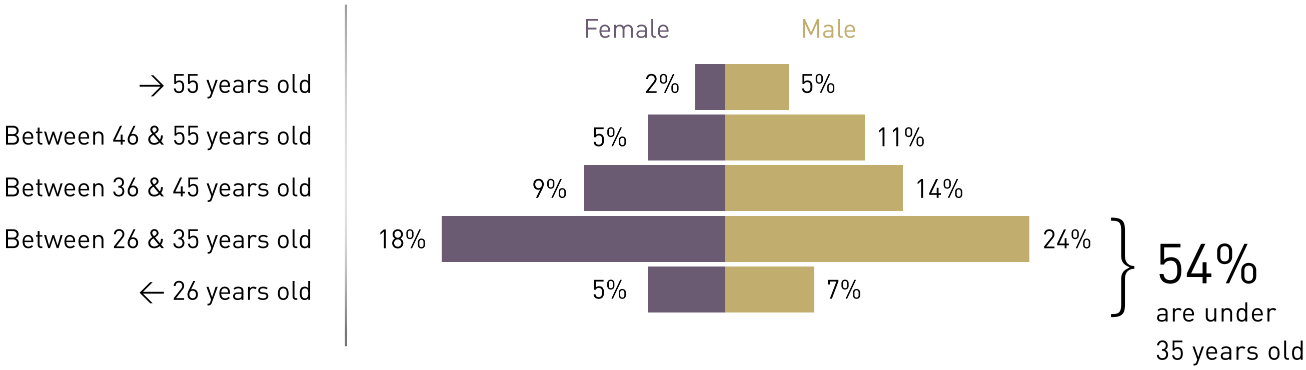
From 30 April to 11 May 2012, Group employees in Morocco were invited to subscribe to an exclusive and exceptional capital increase. Worth MAD 2.1 billion, this operation offered a significant discount and preferential loan terms.

It also opened a new chapter in the institution's history, reflecting the Group's size and overseas expansion and involving staff at international subsidiaries for the first time with an additional MAD 1 billion of shares reserved for these employees. Given these different authorisations required by overseas market authorities, this tranche of the capital increase will be released gradually within three years of the Extraordinary General Meeting approving the operation and with the same discount as that offered to staff based in Morocco.

Recruitment in line with the Group strategy

The active policy of forging partnerships with schools and universities continued, bolstered by numerous initiatives to support graduates and thereby enhance the Group's appeal.

Attijariwafa bank Group age pyramid
31 December 2011



800 graduates of Moroccan and foreign universities joined the bank in Morocco in 2011 under distinct, tailored recruitment programmes, taking into account the specific nature of each business.

Attijari bank Tunisie welcomed 124 graduates. On a Group scale, the workforce grew by 10.3% year-on-year to meet development requirements, making an active contribution to graduate employment.

The Group's recruitment drive also takes into account cultural diversity, promoting Moroccan recruitment of Moroccan college and university, graduates originally from sub-Saharan countries in which Attijariwafa bank subsidiaries operate.

This incubator of young talent, instilled with Group culture and benefiting from the experience of settling staff in to Attijariwafa bank, is a real source of integration between sub-Saharan subsidiaries and the parent company.

The recruitment caravan

Launched in 2011 to increase local presence, the recruitment caravan visited seven regions of Morocco. Promoting regional employment to meet the bank's needs, this original programme helped to bring young people into the workplace in these regions. 218 individuals were hired, 51% of the requirement for retail and commercial banking in Morocco.

Group headcount at 2011

14686

+10.3% VS. 2010

+ 1,372 RECRUITS* VS. 2010

* recruitment net of departures

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

TO ENSURE RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

Launch of «Yeelen» 2010

Yeelen 2010 is the second promotion for young employees who have completed their training at the different central offices in Morocco. This new programme includes some 20 managers from five sub-Saharan countries in which the Group operates, graduates from Moroccan business and engineering schools able to develop local skills at subsidiaries in Burkina Faso, Cameroon, Ivory Coast, Gabon and Congo.

Trained in audit, risk analysis, project management, business relations and retail/professional customer relations, these new recruits have also taken operational positions in business lines throughout their induction in Morocco.

Support growth and change

The management planning for jobs and skills aims at acquiring the necessary managerial resources and training them to the key positions.

Several tools have been developed to manage careers and skills: the annual appraisal with a dedicated IT platform, « Mawarid Développement », succession plans for key positions, and internal mobility as a mean of improving employability.

To support growth, the Group tries to develop a breeding ground for skills, to quickly and effectively induct new arrivals and to instruct business skills to all employees. Various programmes are open to all staff, covering all aspects of a career.

In 2011, 26,353 days/man of training were provided for the bank in Morocco through courses at the Attijariwafa bank academy, through managerial and behavioural training as part of development cycles and through business-specific training, adapting to the skill-sets required by each entity. This is in addition to "Produits" training that the bank provides in each region.

Developed first at the bank in Morocco, the E-learning is gradually becoming more commonplace with the integration of three new modules in 2011.

An IT platform dedicated to human resources

The Maw@rid site : online service centre for employees and essential tool for processing various requests.

108,000 employee requests were made through the site in 2011.

Maw@rid Développement : integrated HR development management system (training, internal and external recruitment, appraisal, job and competency planning, academic internships, occupational health, etc.).

e-recruitment site : number one transactional site in the Moroccan banking system and preferred channel for receiving applications: 7,000 candidates sent a total of 15,000 applications through the e-recruitment site in 2011.

Shared HR decisional platform with business units : aggregated management reports and scorecards for HR activities (headcount, recruitment, departures, age pyramid, holidays, etc.).

In line with its strategy of intra-group synergies capture, the HR information system will be opened to the Group's main subsidiaries in Morocco.

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

TO ENSURE RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES

The Academy, a lasting experience

The Attijari Academy in Tunisia continued its mission, doubling student numbers in 2011. The academy has increased the mobility of many employees, especially in the commercial network. Actions to reform programmes and content, modernise methods and increase local presence were emphasised with a view to decentralising training and establishing a remote system based on V-Learning.

Building on the model of the training academy in Morocco and just after Attijari bank in Tunisia, CBAO in Senegal launched its own training academy. The CBAO academy is set to extend over the region, welcoming staff from the other banks of the Group.

Sindbad: an original initiative

The warmth and friendliness that reigned at the 11th Sindbad have become cultural traits and a hallmark of this event so eagerly awaited by new recruits.

160 new employees from all Group entities were able to meet and get to know their colleagues, whether local or from afar.

Organised in the form of seven journeys, the event took participants on several guided tours of the Group. The afternoon was reserved for the seventh journey, a time for listening and talking, which led to the creation of the " Workshop News Broadcast".

The six journalists on each team presented a report on their work, using satire to give the audience the lowdown on the usual daily discipline of banking positions.

A dynamic social policy

Health, hygiene, presence and dialogue are the key words of Attijariwafa bank's social policy with the Group working each day to create a work environment in which its employees can flourish.

Social policy is developed in partnership with staff representatives, who are closely involved in applying this approach, for example working with art schools and sport centres for staff children, and managing the adults' mini-soccer teams. Regional managers also help to apply and support this policy.

Started in 2006, the regionalisation of activities provided by the bank in Morocco has led to an increase in health centres and the opening of at least five schools each year (painting, music, dance, mini-soccer, mini-basketball, tennis, swimming, martial arts) for staff children. The number of people taking part in artistic and sporting activities in Morocco increased by 28% between 2009 and 2011.

Occupational Health Day, the first of its kind

The Occupational Health Day was held at the end of 2011 with the participation of the Ministry of Health, bank representatives, CGEM, USIB, CMIM, GPBM, large firms and multinational companies. The aim is to establish a discussion forum between the workplace and health experts, to raise businesses' awareness of health issues and their importance in corporate social responsibility, and to share good practices and the knowledge required to maintain, improve and spread them.

« AWB CUP » : a symbolic competition for the Group

After Tunis in 2010, Casablanca hosted the third AWB Cup, which rotates between each of the countries in which the Group is present. A vehicle for cultural exchange between all Group entities, this event welcomed teams from Senegal, Gabon, Mali, Congo, Ivory Coast, Cameroon, Tunisia, Morocco and Europe. In a sporty, festive atmosphere, 140 employees played no less than 10 matches with victory ultimately going to the team from Morocco.

A special attention to retirees

The traditional "Retirees Day" paid tribute to staff leaving the company. In 2011, this ceremony brought together 108 colleagues reaching the end of their careers, which had lasted an average of 35 years.

Crowning a lifetime work, the 2011 event stuck with tradition, hearing testimonies, listening to anecdotes and sharing some emotional moments.

Internal communications to increase presence

The main objective of internal communications is to foster integration, complementarity and sharing of information between the Group's various stakeholders.

Driven by a desire to reflect cultural diversity, the internal communications department, along 2011, gets closer to staff and federates them around a common goal.

To this end, all gatherings (committees, conferences, meetings, breakfasts with young workers and the CEO, etc.) and important moments were covered by internal communications at Group entities.

Dialogue and sharing are key concerns with a series of institutional meetings scheduled to create a platform for discussion and collaboration. All these initiatives are to establish information as a value that brings the Group closer to its employees.

A cornerstone of the approach, the Group Committee meets four times a year, bringing together 120 top managers representing all Group entities. Organised around workshops to consider issues affecting the Group's day-to-day life and its development, the Group Committee is the preferred vehicle for dialogue and for sharing information between all parts of the company.

Diverse initiatives

In a very relaxed atmosphere, Wafabail held its third conference on Saturday 28 May 2011 with some one hundred employees tackling the theme: "Overcoming new challenges together".

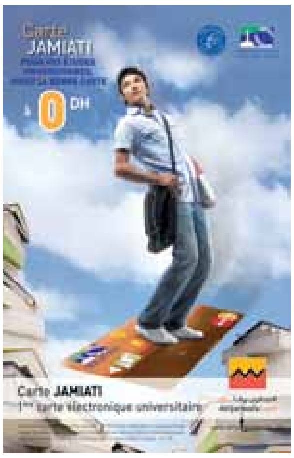
The International Retail Banking organised a residential seminar in Marrakech in December 2011 so that senior managers of the Group and international subsidiaries could discuss how to converge managerial practices and bring development into line with the Group's ambitions.

Education : promoting and developing knowledge

Attijariwafa bank's approach to corporate citizenship emphasises initiatives likely to help young people flourish, convinced that this generation's talents will be the most effective force behind the country's economic and social development.

Attijariwafa bank intends to provide support, expertise and material resources to help give young people every chance of succeeding.

Attijariwafa bank is actively involved in education – an important pillar of its approach – lending its support to literacy initiatives, the modernisation of teaching methods and the improvement of staff skills through :



- Three innovative projects developed in partnership with Santander, supporting the university : the Jamiati card, Jamiati portal and international masters in Banking and Financial Markets ;
- Support for preparatory classes students with the upgrading of libraries at centres in Morocco, help preparing for entry exams to leading French engineering and business schools (160 students in 2011) and motivation for the best performers with the award of prizes to the most deserving to have joined leading Moroccan and French universities (82 students in 2011) ;
- Support for primary and secondary schools alongside the Al Jisr and Injaz Al-Maghrib associations, which benefit from subsidies, grants and sponsorship, and the assistance of Group executives. With the Al Jisr association, the Group actively contributes to the equipment of Moroccan public schools by providing 11,000 recycled computers.

Applying to all Group subsidiaries in Morocco, this programme is gradually being extended to the Group's international subsidiaries. In particular, Attijari bank Tunisie has introduced an educational support programme and in 2011 launched the Jamiati card in partnership with a private university.

Promoting excellence

In 2011, libraries at six new centres were fitted with management software and specialist reference material, the 15 other centres having already been provided with new material. Meanwhile, training was arranged for 24 librarians, along with sessions on improving use of libraries' management resources.

Encouraging entrepreneurial spirit

Through Injaz Al-Maghrib, 16 Attijariwafa bank Group advisors including two members of the senior management delivered 320 hours of training to groups of high school entrepreneurs to help them prepare for the start-up olympics. This accounts for 12% of the hours spent by all advisors on hand from 60 partner companies.

Attijari bank Tunisie has renewed its sponsorship of the Kairouan business incubator, whose aim is to promote the creation of projects on a regional scale. The same goes for the SIFE-Tunisia programme, which tries to instil an entrepreneurial spirit in university students.

Jamiati. ma targets a very broad community of Moroccan students and set as an interface to the university world and a communication channel between universities and their partners. Three years after its deployment, the Jamiati portal has been highly successful with an ever-growing number of visits, reaching peaks of more than 60,000 per day. It comes out top of results following an Internet search for university information.

CORPORATE SOCIAL RESPONSIBILITY BASED ON VALUES AND A PROACTIVE APPROACH

HELPING TO SPREAD ART AND CULTURE

The arts patronage : a tradition

As a pioneer of arts sponsorship, the Group – through its Actua foundation – promotes intercultural exchange in pursuit of cultural excellence in Africa. The aim is to support contemporary art and make it accessible by raising public and Group partners' awareness, assisting public schools in artistic education and building the Group's collection of works of art.

Launched in 2010 in collaboration with the «Académie de l'Enseignement et de la Formation du Grand Casablanca», the «Académie des Arts» was born to open art up to public school pupils by capitalising on the Group's collection. Led by renowned artists, this workshop for artistic expression welcomed 100 pupils aged between 10 and 14. The success of this programme has led the Académie des Arts to consider an extension to other Moroccan cities in partnership with regional academies on a 2015 horizon.

Now operating in Africa, Attijariwafa bank is establishing closer links with artists and cultural mediators from the countries in which the Group operates. In collaboration with its subsidiaries, the Group has created a network of some 30 artists from the continent and its overseas diaspora. The foundation targets budding and experienced artists from Morocco and elsewhere. As it did initially, Attijariwafa bank has been promoting Senegalese artists, adding some 20 pieces to its collection.

Retrospectives : major art figures open to the public

The cycle of retrospectives aimed at securing leading national artists' place in history is ongoing. 2011 was dedicated to Ahmed Ben Yessef, a top artist from the figurative school of northern Morocco and Spain. Combining tribute to 50 years of this artist's creations with a rigorous scientific and conceptual analysis of his work, the Foundation brought the public closer to Andalucian culture, gaining an insight into the artist's identity and heritage.

Entitled **« Link : CBAO and contemporary art in Senegal »** an exhibition of paintings was organised by CBAO, paying close attention to the cultural element and its key role in economic and social development. Five talented young painters embodying the spirit of sustainable development were able to exhibit their work for public viewing and critique.

Art : promoting the national art scene

Attijariwafa bank Group has confirmed its role as a corporate citizen, maintaining historical partnerships to promote major national cultural and sporting events.

Encouraging regional cultural development and helping to make the country more attractive, the Group was again present at :

- the 18th sacred music festival in Fez, entitled «Re-enchanting the world» (Tribute to Omar Al Khayyam) and aimed at encouraging dialogue between cultures and civilisations through religious musical and artistic expression ;
- the 11th Mawazine World Rhythms Festival in Rabat, allowing the public to discover artists and multicultural forms of expression;
- the 9th Timitar "Signs and cultures" Festival encouraging multicultural dialogue while revealing the diversity and wealth of Amazigh and world music.

Sport : promoting national sport

The Group is also involved in promoting sport through:

- a partnership with the Moroccan Royal Athletics Federation and its attendance at the 5th Mohamed VI International Athletics Meet. Attijariwafa bank is committed to promoting this sport, supporting high level athletes, organising training and identifying factors that could help raise the national flag ;
- a sponsorship of the Atlas Pro Tour 2012 in partnership with the Hassan II Trophy Association. This circuit, which began in 2010, includes several competitions held in different cities, (Marrakech, El Jadida, Agadir, Essaouira), livening up the regions.

MANAGEMENT REPORT

MANAGEMENT REPORT

CONTENTS

Economic Environment

Worldwide : modest economic growth in 2011, decline on the rate of 2010[1]

Economic growth

After gathering considerable pace in 2010, the global economy slowed in 2011, undermined by a combination of several factors.

In the United States, the absence of a medium-term debt reduction plan, weakness of the property market and gloom among consumers and businesses weighed on the economy. In the eurozone, the financial crisis was ongoing, creating a climate of uncertainty about the risk of contagion. In Japan, the earthquake and tsunami that devastated the East of the country disrupted domestic economic activity and held back Asian growth. In the Middle East and North Africa, regional troubles and the surge in oil prices following the Arab Spring fuelled a state of instability and uncertainty.

In these increasingly turbulent, unaccommodating conditions, global economic growth came to 3.8% in 2011^E, down from 5.2% in 2010, according to the International Monetary Fund's most recent forecasts.

Growth was lacklustre in advanced countries, limited to 1.6% in 2011^E compared with 3.2% in 2010 and 1.2% in 2012^P. In contrast, economic activity in emerging and developing countries was much stronger with growth estimated at 6.2% in 2011 and forecasted to be 5.4% in 2012, a shade lower than the 7.3% recorded in 2010.

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

	Q1 - 2010	Q2 - 2010	Q3 - 2010	Q4 - 2010	Q1 - 2011	Q2 - 2011	Q3 - 2011	Q4 - 2011	2010*	2011*	2012*
World	-	-	-	-	-	-	-	-	5.2	3.8	3.3
Euro area	1.0	2.1	2.1	2.0	2.4	1.6	1.3	0.7	1.9	1.6	-0.5
France	1.0	1.5	1.6	1.4	2.2	1.6	1.5	1.4	1.4	1.6	0.2
Germany	2.4	4.1	4.0	3.8	4.6	2.9	2.7	2.0	3.6	3.0	0.3
Spain	-1.3	0.0	0.4	0.7	0.9	0.8	0.8	0.3	-0.1	0.7	-1.7
United Kingdom	0.9	2.2	2.6	1.3	1.7	0.6	0.5	0.8	2.1	0.9	0.6
United States	2.2	3.3	3.5	3.1	2.2	1.6	1.5	1.6	3.0	1.8	1.8
Japan	4.9	4.5	5.2	3.3	-0.1	-1.7	-0.6	-1.0	4.4	-0.9	1.7

Source : OECD (*) : IMF – January 2012

According to the latest IMF estimates, the US economy ended 2011 with a modest growth of 1.8% – rather than the 3.0% seen in 2010 – despite the recovery of the manufacturing sector, the pick-up in the labour market and the consumer confidence. Indeed, the ISM manufacturing index climbed 1.2 point to reach a six-month high of 53.9 points in December. Retail sales were up 0.2% in November following an improvement in demand and fall in unemployment (8.5% in December 2011 and 8.3% in February 2012).

In the euro area, economic growth was slow due to heavier pressure on the financial markets and greater uncertainty in the region. With this in mind, the European Central Bank continued to ease its monetary policy, lowering its key interest rate by another 25 basis points to 1.0% in early December 2011. Economic growth in the euro area should amount to 1.6% in 2011^E, down 0.3 point on the previous year.

The Japanese economy will have contracted by 0.9% in 2011^E but should expand by 1.7% in 2012^P. UK growth will be 0.9% in 2011^E and 0.6% in 2012^P.

Emerging countries' growth remains firm on the whole despite a slight drop-off in some economies, linked to weaker global demand. In the BRIC countries, growth eased to 2.9% in Brazil, 4.1% in Russia, 7.4% in India and 9.2% in China.

Upturn in world trade (goods and services) in 2011 :

After rebounding in 2010, world trade lost momentum with volume growth down to 6.9% in 2011^E from 12.7% a year earlier. This slowdown partly stemmed from seismic activity in Japan, which rocked supply in the motor industry, and from the spike in oil prices, which decreased the global demand.

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

Inflation and oil prices :

- Global inflation is still relatively high, largely due to the rise in international energy and commodity prices. These inflationary pressures have been heavier in emerging countries than in advanced economies. Indeed, consumer price inflation is expected to be 2.7% in 2011^{E} and 1.6% in 2012^{P} in advanced countries, versus 7.2% in 2011^{E} and 6.2% in 2012^{P} in emerging and developing countries.
- The troubles that spread through the Middle East and North Africa were partly responsible for the surge in oil prices. According to the IMF, these averaged $103.2 per barrel in 2011 and will average $100.0 per barrel in 2012. The World Bank's estimates are of $103 per barrel in 2011 but a fall to $94.7 per barrel in 2012. The budget law for 2012, presented by the Moroccan government, expects a price of oil of $100.0 per barrel in 2012.

Euro/US Dollar parity :

- After trending upwards during the first five months of the year and then peaking at $1.48, the euro began its descent, which steepened in the fourth quarter of 2011 with the single currency ending the year at $1.29. This devaluation was attributable to unrest in the euro area and essentially to the deepening of the Greek debt crisis.

African economies : context and outlook

African economies have proved fairly resilient to the fall-out from the global crisis, even gaining momentum in 2010. However, recent political events in North Africa, slowdown in global demand and high food and oil prices have decelerated the continent's growth in 2011.

A slight decrease in growth with 3.7% in 2011 versus 4.9% in 2010

According to the African Development Bank, (AfDB), African growth was 3.7% in 2011, down from 4.9% in 2010. This rate should improve to 5.8% in 2012.

At a regional level, growth in North Africa suffered from the political instability that dominated 2011. The hardest hits were industry, tourism, oil production and, indirectly, employment and consumer spending. The region's GDP forecasts for 2011 have thus been revised downward to less than 1%, compared with 4.7% in 2010 (AfDB).

In Sub-Saharan Africa, macroeconomic achievements remain firm with growth close to its pre-crisis levels. For 2011, the IMF is anticipating GDP growth of 5.2% as opposed to 5.4% in 2010. This performance was supported by robust public and private spending as well as stronger economic policies in the region's emerging countries. Inflation is thought to have risen to 8.4% in 2011, largely due to the surge in commodity prices.

The social and political situation remains precarious in several countries. This instability is generally linked to elections, which have triggered violence and insecurity in the region. A Coup d'Etat overthrew the Malian President Amadou Toumani TOURE on 22 March 2012.

East Africa suffered its worst drought in 60 years, whose impact continues to deepen. It coincided with soaring food prices, which threatened low-income countries and led to a famine.

African growth varied between the continent's different regions : oil exporters benefited from the surge in oil prices at the expense of importing countries.

GDP growth by African region

	2010	2011
Africa	4.9%	3.7%
Central Africa	4.7%	5.3%
East Africa	6.2%	6.7%
North Africa	4.6%	0.7%
Southern Africa	3.3%	4.5%
West Africa	6.7%	6.0%

Source : AfDB

African GDP breaks down between each region as follows : Southern Africa contributed the most to African growth, accounting for 1.4 %. It is followed by West Africa (1.1 %) and East Africa (0.7 %). The last positions are occupied by Central Africa and North Africa with respectively 0.3 % and 0.2 %.

Inflation up to 8.4% in 2011 from 7.7% in 2010

After falling to 7.7% in 2010, inflation resumed its upward trend and should have reached 8.4% in 2011. The rise in energy and foodstuff prices explains the bulk of this inflationary pressure. However, there are differences between regions.

Inflation by African region

	2010	2011
Africa	7.7%	8.4%
Central Africa	5.5%	4.8%
East Africa	9.3%	11.3%
North Africa	7.1%	8.8%
Southern Africa	6.4%	6.6%
West Africa	10.4%	9.2%

Source : AfDB

The following section illustrates the changes in the economic environment of the different regions and countries where the Group Attijariwafa bank operates.

North Africa (except Egypt)

Surface area : 6 million sq.km

Population growth rate : 1.9%

Population : 88.3 million
- Morocco : 31.9 million
- Tunisia : 10.5 million
- Libya : 6.6 million
- Mauritania : 3.2 million
- Algeria : 36.1 million

Currencies : Dirhams / Dinars/Ouguiyas

Source : IMF

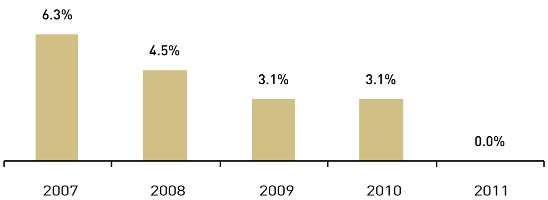
Tunisia

The economy is thought to have stagnated in 2011 after growing by 3.1% in 2010

2011 saw the fall of the political regime after demonstrations that began in December 2010. The country has known a gradual normalization of its political situation through the election of a Constitutional Assembly in October 2011 and the appointment of a new President.

According to IMF estimates, the GDP in Tunisia hovered around zero growth in 2011.

Annual GDP growth (%)



Source : IMF

The tourism industry was first to be hit as hotel bookings collapsed. Furthermore, the closure of production units at the beginning of the year due to social unrest has led both manufacturing and services activity to contract. Investors' wait-and-see attitude to the rapidly changing political landscape led to a reduction in foreign direct investment.

Inflation of 3.5% in 2011 versus 4.4% in 2010

After rising to 4.4% in 2010, consumer prices are likely to rise more slowly in 2011 (3.5%).

Libya

GDP down to - 19% in 2011 after a 4.2% increase in 2010

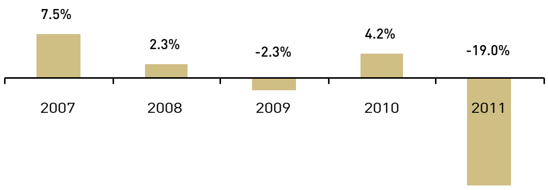
Libya registered growth of 4.2% in 2010 and sustained this trend until the outbreak the conflict in 2011. The latter had serious repercussion on the country's economic activity, which continues to depend on hydrocarbons (contributing of 70% to GDP and 95% to export revenues). Indeed, the oil production which amounted to 1.65 million barrels a day before the crisis, had decreased by 95%.

The ability to pay for imported goods and services was limited by international sanctions, which blocked access to foreign currency. As a result, pressure spread to sectors unrelated to hydrocarbons. In addition, the feeling of uncertainty created by the political troubles discouraged tourists and investors in 2011.

Contagion was then felt in neighbouring countries, largely through an upsurge in unemployment as expatriate workers fled the repression in Tripoli.

According to IMF forecasts and Libyan national sources, GDP contracted by 19% in 2011 after growing by 4.2% in 2010.

Annual GDP growth (%)



Source : IMF

Inflation up to 12.1% in 2011[E]

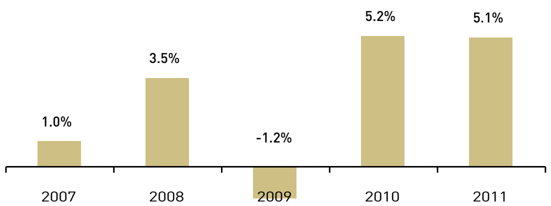
Inflation is likely to have reached 12.1% in 2011, vs. 4.7% in 2010.

Mauritania

Growth should come to 5.1% in 2011, down 0.1 point on 2010

Mauritanian GDP growth picked up in 2010 to reach 5.2%, compared with negative 1.2% in 2009. It should have settled at 5.1% in 2011 despite higher energy expenses (over 2 points of GDP). This performance is due to the strengthening of mining products exports (iron, copper and gold), their higher prices, the increase in private investment in the mining industry, and the streamlining of public spending.

Annual GDP growth (%)

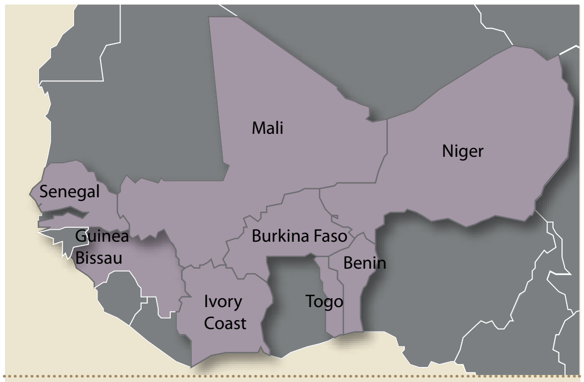


Source : IMF

Inflation of 6.2% in 2011 versus 6.3% in 2010

Inflation remained high in 2011 at 6.2%, against 6.3% in 2010. Furthermore, if staple food prices continue their upward trend, inflationary pressures could remain in 2012, pushing the rate back up to 6.3% as commodity price subsidies are cut.

WAEMU : West African Economic and Monetary Union



Surface area : 3.5 million sq.km

Population growth rate : 3%

Population : 90.4 million sq.km
- Senegal : 11.7 million
- Ivory Coast : 20.8 million
- Mali : 12.4 million
- Burkina Faso : 15.0 million
- Benin : 9.1 million
- Niger : 14.3 million
- Guinea Bissau : 1.4 million
- Togo : 5.7 million

Currencies : CFA franc

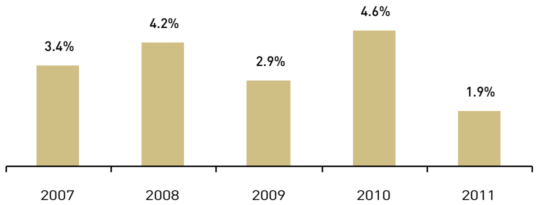
Source : WAEMU-April 2010

Growth down from 4.6% in 2010 to 1.9% in 2011

While the global economy was running out of steam, members of the WAEMU were enjoying better fortunes. An upturn in the non-farm sector resulted from stronger performances in industry (+4.8% year-on-year in Q3-2011) and services (+8.1% in Q3-2011). However, the harvest – of cereals in particular – was not as good.

According to the IMF, economic activity in the countries of the WAEMU will continue to strengthen, albeit with uncertainty surrounding recent international events. Real GDP growth is estimated at 1.9% in 2011 compared with 4.6% in 2010. It is projected to be 6.6% in 2012^{P} owing to increased gold output in Burkina Faso, Ivory Coast and Mali, benefiting the mining sector, and to the start of oil production in Niger.

Annual GDP growth (%)



Source : IMF

Inflation up to 3.0% in 2011^{E} from 1.2% in 2010

According to the IMF, inflation will have been 3.0% in 2011, up from 1.2% in 2010 due to higher food and fuel prices.

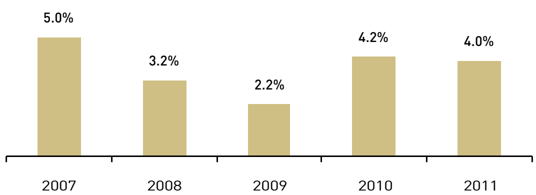
Senegal

Growth is likely to have slipped by 0.2 point to 4.0% in 2011 compared with 4.2% in 2010.

According to Senegal's Ministry of the Economy and Finance, exports are essentially based on petroleum, fishing, phosphoric acid and hydraulic cement. The country's main trading partners are Mali, India, Switzerland, France, Guinea, Spain and Italy.

Senegal imports crude, engine and machine oils, transport equipment and grain, especially rice. Its imports come from France, Nigeria, China, the United States and Peru.

Annual GDP growth (%)



Source : FMI

Inflation of 3.6% in 2011 versus 1.2% in 2010

According to IMF, consumer price inflation stood at 3.6% in 2011^{E}. The increase was largely attributable to rising food and transport service prices, which were up 4.5% and 6.4% year-on-year in the third quarter of 2011. This trend is correlated with the higher cost of fuel as international oil prices surged.

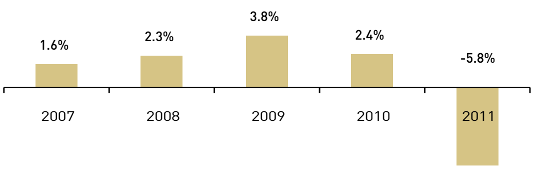
Ivory Coast

GDP contraction of 5.8% in 2011^{E}

The IMF has estimated Ivory Coast's growth rate to be negative 5.8% in 2011, down from +2.4% the previous year. This can be explained by the postelectoral crisis triggered in December 2010, which shook the country for five months. Indeed, disruption caused by the partial destruction of production tools, looting of company supplies and widespread insecurity hit the country's economy hard.

However, the Ivorian economy should gradually pick up after the political normalization and the recognition of Mr Ouattara as President-elect of Ivory-Coast.

Annual GDP growth (%)



Source : IMF

Inflation of 3.0% in 2011 versus 1.4% in 2010

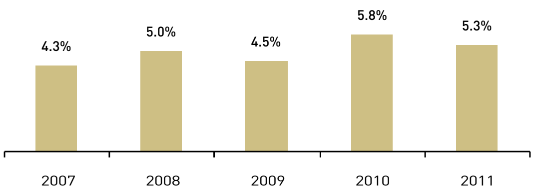
According to Ivory Coast's Ministry of the Economy and Finance, inflation had risen to an average of 5.5% at the end of September 2011. The primary source of inflationary pressures was the "food" component at +13.1%. This was followed by "restaurants and hotels" at +7.5%, "housing" at +2.3% and "transport" at +1.1%. For its part, the IMF is forecasting an increase of inflation from 1.4% in 2010 to 3% in 2011[E] and 2.5% in 2012[P].

Mali

Mali's growth is estimated to have been 5.3% in 2011, down half a point from 5.8% in 2010.

The growth forecast for 2011 was 5.3%, assuming a good harvest, upturn in gold production and rise in gold and cotton prices. (gold with cotton being Mali's main export products).

Annual GDP growth (%)



Source : IMF

Inflation up to 2.8% in 2011 from 1.3% in 2010

Mali's inflation is likely to have been 2.8% in 2011 compared with 1.3% in 2010 due to the higher cost of basic necessities.

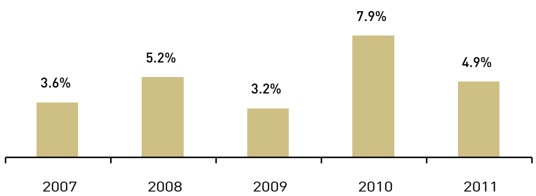
On 22 March, President Amadou Toumani TOURE was ousted in a coup d'etat.

Burkina Faso

Growth is estimated at 4.9% in 2011, down three points on 2010

At a domestic economic level, growth amounted to 7.9% in 2010 compared with 3.2% in 2009. This acceleration resulted from the strength of the agricultural and mining sectors. 2011 was notable for a considerable output of gold – more than 28 tonnes – and the start of managanese production which is thought to have reached 60,000 tonnes. However, given the poor harvest, economic slowed to 4.9%.

Annual GDP growth (%)

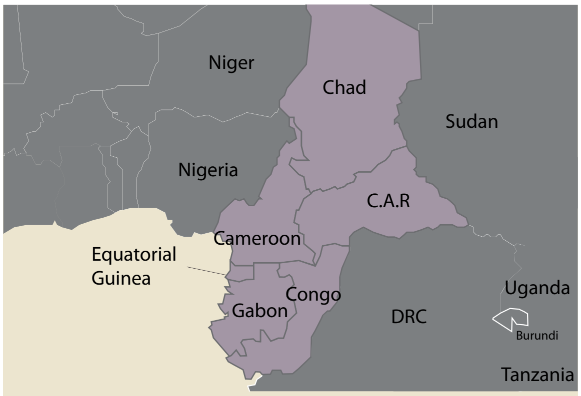


Source : FMI

Inflation up to 1.9% in 2011 from negative 0.6 in 2010

According to the IMF's latest forecasts, consumer price inflation is estimated to have been 1.9% due to rising food prices, linked to the poor harvest versus a deflation of 0.6% in 2010.

EMCCA : Economic and Monetary Community of Central Africa



Surface area : 3 million sq.km

Population growth rate : 2.8%

Population : 41.4 million
- Cameroon : 19.5 million
- Gabon : 1.5 million
- Congo : 3.9 million
- CAR : 4.5 million
- Chad : 11.3 million
- Equatorial Guinea : 1.5 million

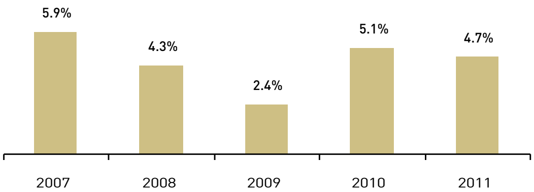
Currencies : CFA franc

Slight dip in the region's economic growth to 4.7% in 2011^{E} compared with 5.1% in 2010

At the end of the first half of 2011, the economic achievements remained strong in most sectors of the economy. In agriculture, cotton output had leapt 42% and forestry production 36.6%, while coffee had stagnated (+0.3%).

In industry, production of uncut diamonds increased by 15% while gold output doubled, the sugar segment grew by 3% and manufacturing activities by 3.4%. The construction sector remained buoyant. However, water production was down 3.4%. At a tertiary level, business-to-business sales were up 1.1%. Road haulage increased by 9.4% and air freight 19.3%. The telecom sector remained firm, enjoying slight growth of 1.2%.

Annual GDP growth (%)



Source : IMF

At the end of 2011, the IMF was forecasting growth of 4.7% as opposed to 5.1% in 2010. This dip was largely attributable to the fall in public investment.

Inflation is likely to have been 3.8% in 2011 versus 2.4% in 2010

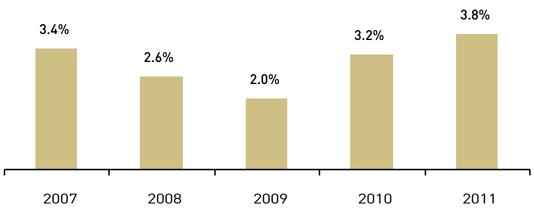
Inflation was 2.4% in 2010, down 2.3 points on 2009. In 2011, the IMF was forecasting inflation of 3.8% due to the escalation of world food prices and insecurity shrouding certain commodity producing areas.

Cameroon

Growth up to 3.8% in 2011 from 3.2% in 2010

The upturn in economic growth that began in 2010 (3.2% versus 2.0% in 2009) continued and should reach 3.8% in 2011. This performance stems from domestic demand, private investment in the non-oil sector and possibly the tapping of oil reserves in the Bakassi region.

Annual GDP growth (%)



Source : IMF

Inflation up to 2.6% in 2011 from 1.3% in 2010

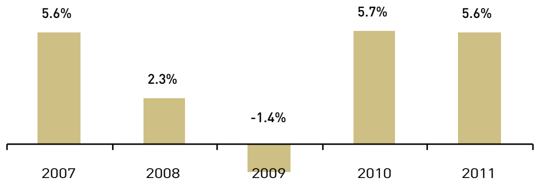
Consumer price inflation was 2.6% in 2011^{E}, up from 1.3% the previous year.

Gabon

Growth of 5.6% in 2011 compared with 5.7% in 2010

Gabon's growth rate in 2010 was 5.7% compared with negative 1.4% the previous year. The IMF has estimated Gabon's growth to be 5.6% in 2011.

Annual GDP growth (%)



Source : IMF

This economic improvement, which began in 2010, is underpinned by several investment programmes, in particular construction for the 2012 African Cup of Nations and infrastructure building. Indeed, the upgrading of national roads, construction of social housing and creation of an economic zone to process wood should generate 50,000 jobs.

Inflation of 2.3% in 2011 compared with 1.4% in 2010

Inflation came to 2.3% in 2011 versus 1.4% in 2010. According to Gabon's General Statistics Office, this inflationary pressure is attributable to transport, clothing and "housing, water, gas, electricity and other fuels", which were up 3.5%, 5.1% and 1.0% year-on-year respectively at the end of November 2011.

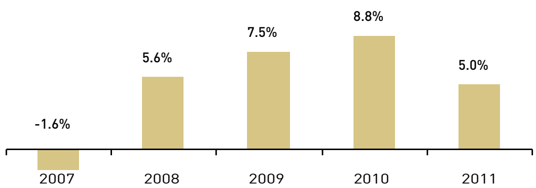
Republic of Congo

Economic growth was 5% in 2011^{E}, down from 8.8% in 2010

The Congolese economy depends on the international fuel market and persistently high oil production.

The strong growth rate of 8.8% registered in 2010 resulted from the strength of the oil sector, which hit a record of 115 million barrels. In 2011, Congo's economy continued to grow albeit at a slower pace. The IMF has forecast growth of 5%.

Annual GDP growth (%)



Source : IMF

Inflation is likely to have been 5.9% in 2011^E compared with 5% in 2010

Inflation came to 5.9% in 2011^E due to rising international food prices.

MOROCCO : Persistently strong economic growth in 2011

2011 was a particularly eventful year both nationally and internationally.

Morocco was affected by : (i) uncertainty surrounding global economies, which are still feeling the effects of the 2008 crisis, especially in the United States and also Europe's deepening sovereign debt-crisis ; (ii) events in Asia following the earthquake and flooding that shook the Fukushima region of Japan ; (iii) upheaval in the Middle East and North Africa with the Arab Spring ; and (iv) constitutional and political change at a national level.

Morocco entered a new democratic era launched by a royal speech in March 2011. A constitutional reform was submitted and approved by referendum on 1st July 2011. These changes which are part of the process of building democracy, consolidating plurality, of human rights and individual freedoms, have been followed by the organization of legislative elections and a new government taking office.

Despite the slower growth of Morocco's main trading partners, economic indicators bode well for the Moroccan economy as a whole.

According to Ministry of the Economy and Finance forecasts, the national economy grew by 4.8% in 2011^E, up from 3.7% the previous year.

The HCP (High Commission for Planning) is expecting growth of 4.8% in 2011^E. This is based on the strong performance of non-agricultural activities, which together grew by 5% of GDP compared with 4.3% in 2010.

The improvement in the secondary sector owed to the ongoing strength of mining and the pick-up in construction, as well as individual branches of the processing industry. According to the HCP, industrial value-added increased by 4.6% in 2011^E. By segment :

- Exports of phosphate and its derivatives were up 35.0% at 31 December 2011 ;
- Electricity sales had risen by 7.9% at 31 December 2011 ;
- Refining activity had climbed 11.8% at 31 December 2011 ;
- Construction activity had expanded 10.7% at 31 December 2011.

The tertiary sector grown by 5.2% in 2011^E compared with 3.3% in 2010, bolstered by the continued strength of the tourism industry, which was able to limit the impact of the Arab Spring despite a 5.8% fall in visitor nights, and by the telecom and transport sectors contractions.

The primary sector consolidated in 2011 with a 3.5% rise in value-added. This improvement was fuelled by a good cereal harvest of around 84 million quintals, up 12% on the previous year according to the Ministry of Agriculture and Fisheries. Meanwhile, imports of cereals had risen 6% to 26.2 million quintals at 31 December 2011.

Morocco's quarterly year-on-year GDP growth

Volume	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11	Q4-11	2011*	2012*
GDP (volume)	5.4%	3.6%	3.9%	2.0%	3.7%	5.2%	4.3%	4.9%	5.3%	4.8%	4.2%
Agricultural Value-added (exc. fisheries)	0.6%	-3.4%	0.0%	-3.6%	-1.6%	3.7%	4.6%	4.1%	4.5%	4.1%(**)	1.9%(**)
Non Agricultural value-added	6.0%	4.4%	4.3%	2.3%	4.5%	5.1%	4.4%	4.8%	5.6%	5.4%	4.6%

(*): Forecasts (**) including fisheries Source : HCP – BAM

The general direction in which the Moroccan economy is heading can be attributed to local demand, which remains firm in a context of slowing demand from Morocco's main trading partners, and to ongoing investment programmes. In this way, 47 investment programmes undertaken by Moroccan investors, with a budget of MAD 52 billion, have been approved by the interministerial commission. These programmes, which mostly involve infrastructures, tourism, energy and industry, will create 5,400 jobs.

Morocco's GDP growth showed an improvement over 2011. This reflects the upward trend for agricultural and non-agricultural activities. The impact of the worsening economic situation in Morocco's main European trading partners was offset first and foremost by the strength of domestic demand, which catalysed the construction, mail and telecom sectors amongst others. Domestic consumption benefited from sustained investment in 2011, with a MAD 15 billion rise in compensatory expenditure and MAD 8 billion increase in additional public spending approved following social dialogue. This adds 2.7 points to GDP growth.

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

	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11
Primary sector	0.1%	-0.7%	-0.1%	-0.8%	0.6%	0.7%	0.6%	0,7%
Secondary sector	1.9%	1.7%	1.2%	1.3%	0.9%	0.6%	0.6%	1,3%
Tertiary sector	2.5%	1.7%	2.0%	0.6%	2.7%	2.6%	2.9%	2,8%

Source : BAM

In 2012, the HCP is expecting the national economy to grow by 4.5% with increases of 1.5% in agricultural GDP and 4.8% in non-agricultural GDP. Inflation should be around 2.5%. The 2012 budget law foresees a GDP growth rate of 4.2% in 2012 and an inflation rate of 2.5%.

Construction sector :

In 2011, the construction sector benefited from the boost to social housing through government tax incentives in the 2010 budget, along with the continuation of major infrastructure projects in various sectors of the economy and in the pursuit of urban development.

At 31 December 2011, cement sales had reached 16.13 million tonnes, up 10.7% on the previous year. This increase was largely due to five regions of Morocco, which together channelled 43% of total spending. The biggest contributors to the increase were as follows :

- 22.4% for the Tadla-Azilal region, whose cement consumption soared 80.3% to 782.7 thousand tonnes;
- 18.5% for Greater Casablanca, whose cement sales rose 13.2% to 2.47 million tonnes ;
- 12.5% for the Fès-Bouleman region, whose cement sales climbed 31.7% to 808.8 thousand tonnes ;
- 9.9% for the Oriental region, whose cement consumption increased 12.7% to 1.37 million tonnes ;
- And 9.3% for the Souss-Massa-Draa region, whose cement sales rose 10.3% to 1.56 million tonnes.

During 2011, 275,508 homes had been built. Social housing units represented a 49.2% share of the total, compared with 43.6% the previous year. The number of housing starts was up 26.3% compared to December 2010 and reached 473,894 with a proportion of 70.2% of social housing.

The home loan outstanding amounted to nearly MAD 207.1 billion at 31 December 2011, a 10.1% year-on-year increase.

MAD 10.6 billion in loans had been issued through the FOGARIM guarantee fund at the end of 2011, benefiting 72,438 households.

Banks' lending rate on mortgages averaged 6.17% in the third quarter of 2011, down 17 basis points on the second quarter of 2011.

Meanwhile, foreign direct investment in property (FDIP) amounted to MAD 2.03 billion in the first quarter of 2011, up 10.9% from MAD 1.83 billion in the equivalent period of 2010.

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. This investment programme covers the following sectors :

Roads and motorways : Opening of the Fès-Oujda motorway in July 2011, stretching for 320km ; start of work to build a motorway bypassing Rabat in February 2011 ; ongoing construction of the Berrechid-Beni Mellal motorway, which was launched in 2010, and the continuation of the project related to Casablanca-Rabat motorway widening, which began in 2009.

Railways : Continuation of the vast programme to renovate and modernise more than 40 railway stations ; start of building work on the high-speed train project in September 2011, for travel at 320 km/h between Tangiers and Casablanca via Rabat from 2015 ; and opening of two tram lines in 2011 linking Rabat to Salé. Work continues on the Casablanca tramway, whose a first line will be operational since December 2012.

Ports : Continuation of work on the Tangiers Med ports complex with the opening of a second port, which should increase the number of containers by five million in 2012 ; start of the new channel through the Marchica lagoon at Nador in October 2011 ; and launch of construction work on Tangiers' new fishing, leisure and cruise ship port in December 2011.

Air transport : Construction of a factory at the Nouaceur aeropole at the behest of the world's third biggest aircraft manufacturer, Bombardier, creating 580 direct and 4,000 indirect jobs on a 2013 horizon and requiring a budget of MAD 1.6 billion, (10%) and will be partly financed by the Moroccan government.

Tourism : Signature of a partnership agreement between Morocco and three Gulf countries (Qatar, Kuwait and the United Arab Emirates) to promote tourism in Morocco. Under the initiative, the Wessal Capital fund was set up and will bring more than MAD 22.3 billion of investment into the tourism sector ; opening of the Morocco Mall in December 2011 which required total investment of MAD 2 billion and created 21,000 indirect and 5,000 direct jobs.

Energy : Considerable investment in renewable energy (cooperation between Germany and Morocco) and export of Moroccan solar electricity to France as part of the Euro-Mediterranean Energy Pact.

Agriculture : As part of the "Plan Maroc Vert" national strategy, continuation of several agropole projects, whose deliveries are is expected in 2012 (the Meknès and Berkane agropoles) and research into other agropoles in the Souss, Haouz and Tadla-Azilal regions.

Housing : Social housing received a kick-start in 2011 as part of the government's action in deprived areas, with the launch of several projects, such as Al Firdous in the Ain Aouda commune. The overall social housing programme in the Greater Casablanca area requires investment of MAD 4.43 billion for the construction of 20,402 housing units including 16,055 social homes, while four new towns are being built : Tamensourt, Tamesna, Cherafate and Lakhyayta.

Energy sector :

The oil refinery industry has been demonstrating strong momentum for the last two years. Indeed, refinery intake rose to 7.1 million tonnes in 2011 from 6.3 million tonnes in 2010, an increase of 11.8%.

At the end of December 2011, refinery output had grown 12.5% year-on-year to 6.4 million de tonnes. This figure takes into account a 53.9% increase in fuel oil to 2.4 million tonnes, a 6.5% rise in diesel to 2.4 million tonnes and a 48.7% drop in "other products".

Imports of energy products set a new record at the end of December 2011, reaching MAD 89.8 billion versus MAD 68.5 billion a year earlier. This 31.2% rise is attributable to the 63.4% and 24.8% increases in diesel/fuel oil and crude oil respectively, which together account for 70.4% of energy imports by value. Their respective average prices climbed 28.2% to MAD 6,644 a tonne and 31.1% to MAD 6,280 a tonne.

By volume, imports of diesel and fuel oil amounted to 4,813.1 thousand tonnes, up 27.4%, while imports of crude oil came to 4,987.6 thousand tonnes, a decrease of 4.8% on the end of December 2010.

At the end of December 2011, electricity generation had increased 6.6% to 24,363.4 Gwh. This should be viewed in the context of a 16.0% rise in thermal energy production to 21,532.5 Gwh which accounts for 88.4% of total energy production (+7.15 percentage points on the end of December 2010). Hydroelectric energy production was down 41.1% to 2,138.7 Gwh.

Attaching considerable importance to green issues, Morocco is diversifying its sources of power supply by encouraging the adoption of renewable energies. The aim is to reduce energy dependency and diversify supplies while protecting the environment.

ONE (National Electricity Office) has launched a vast programme called the "Initiative 1 000MW", which aims to build 14 electricity generation sites using wind power.

Several renewable energy projects have been launched, including :

- the Tarfaya wind farm, with a production capacity of 300 MW and which will become operational in 2012 ;
- the Taza wind farm, with a production capacity of 150 MW, due in 2014 ;
- the M'DEZ EL MENZEL hydroelectric complex in Sefrou, planned for 2015 ;
- the ABDELMOUMEN pump storage plant in Agadir, expected to go into service in mid-2016 ;
- the coal-powered thermal energy plant with production capacity of 1,320 MW, scheduled for 2014 ;
- the extension of the JORF AL ASFAR thermal power plant on a 2014 horizon ;
- and international solar energy projects at Ouarzazate, Ain Beni Mathar, Foum Al Ouad, Boujdour and Sebkhat Tah.

Mining sector :

The upward trend in the mining sector, which began in 2010, continued in 2011. This strength is drawn primarily from exports of phosphate and its derivatives.

At 31 December 2011, commercial phosphate production stood at 28.1 million tonnes, up 5.3% on the same period of the previous year. Production of phosphate fertilisers and phosphoric acid increased 17.2% and 9.5% year-on-year to reach 4.4 million and 4.5 million tonnes respectively.

At 31 December 2011, exports of phosphate and its derivatives had leapt 35.0% to MAD 48.4 billion, compared with MAD 35.9 billion a year earlier. This improvement was fuelled by exports of phosphate rock and derivatives, whose respective values increased by 40.4% to MAD 12.6 billion and 33.2% to MAD 35.8 billion, benefiting from robust international prices. Indeed, average export prices rose by 52.8% to MAD 1,338/tonne and 29.9% to MAD 5,978/tonne respectively. In terms of volumes, exports of rock phosphate actually fell 8.1% while exports of phosphate derivatives edged up 2.5%.

Primary sector :

Following a slight dip in 2010, agricultural activities picked up in 2011. Indeed, the 2011 harvest benefited from kind weather conditions, which boosted production of crops with long growing cycles. According to the National Interprofessional Cereals and Vegetables Office (ONICL), production of the three main cereals reached nearly 87.6 million quintals, up 13.4% on the previous harvest and almost 26% on the average of the last five years. By type of cereal, production of soft wheat climbed to 45 million quintals, of hard wheat to 18.5 million quintals and of barley to 24.1 million quintals.

Cereal prices continued the upward trend begun in May 2010, in line with rocketing international cereal prices.

At 31 December 2011, imports of food products were up 30.6% to MAD 38.0 billion from MAD 29.1 billion the previous year. The bulk of this increase came from the 48.0% surge in purchases of wheat, which accounted for 28.8% of all food imports. The average price of a tonne of wheat stood at MAD 2,902 at 31 December 2011, against MAD 2,281 at 31 December 2010, up 27.2%. Purchases of sugar, corn and tea were 46%, 27% and 50.1% higher.

Food exports had fallen 9.1% to MAD 24.3 billion at the end of December 2011. This was mainly due to foreign sales decreases of 14.9% for canned fish and 23.4% for citrus fruit. However, this decline was partly offset by the 5.5% rise in sales of crustaceans, molluscs and shellfish to MAD 4.8 billion.

Furthermore, the Ministry of Agriculture and Fisheries took a number of measures to boost the 2011-2012 harvest, such as :

- Introducing a new agricultural insurance scheme to cover meteorological risks ;
- Stepping up issuance of loans needed to modernise and maintain irrigation networks and to install local irrigation systems under the water savings programme ;
- Earmarking 1.3 million quintals to supply the cereal chain, and lowering the sale price by offering a higher subsidy (more than 10 dirhams per quintal) ;
- And providing sufficient quantities of fertiliser.

Fisheries :

According to the National Fisheries Office, landed catches for in-shore and artisanal fisheries totalled 908,258 tonnes at the end of 2011, compared with 1,086,246 a year earlier, thereby falling 16%. The decrease was attributable to the drop in fishing yields : -19.0% for pelagic fish to 781,566 tonnes and -3.0% for white fish to 69,978 tonnes. Landed volumes of cephalopods and crustaceans were up 27.0% to 32,432 tonnes and 85.0% to 8,443 tonnes respectively but this could not make up for the other declines.

By value, landed catches for in-shore and artisanal fisheries climbed 19% to MAD 5.0 billion with increases of 4.0% to MAD 1.2 billion for white fish, 99.0% to MAD 1.8 billion for cephalopods and 27.0% to MAD 274,376 for crustaceans. However, the value of landed pelagic fish catches slipped 11.0% to MAD 1.7 billion.

In-shore yields were mostly destined for freezing (28.9%), local consumption (36.7%), the fishmeal and fish oil industry (21.0%) and canning (12.9%).

Tourism :

At 31 December 2011, Morocco had attracted 9.3 million tourists, up 0.6% year-on-year. The number of Moroccans Living Abroad (MLA) having visited their native country during the year reached 4.41 million, compared with 4.38 million at 31 December 2010, an increase of 0.7%. Arrivals of foreign tourists rose by 0.5% to 4.9 million.

By country of residence, arrivals from Belgium, Germany, the Netherlands and the United Kingdom, had climbed 10.5%, 8.5%, 6.1%, and 5.9% at 31 December 2011, offsetting the 0.8%, 6.0% and 3.7% decreases in arrivals from France, Italy and Spain.

The number of nights spent in graded establishments was down 6.4% to 16.9 million. This resulted from the 11% reduction in nights spent by non-residents, to 12.4 million. However, 4.5 million nights were spent in graded establishments by Moroccan residents, an increase of 9.5% on December 2010.

At 31 December 2011, figures were lower for those arriving from France (-15.6%), Spain (-25.3%), Italy (-29.9%) and the Netherlands (-14.9%). They were higher for tourists from Belgium, and Arab states : 8.8% and 9.4% respectively.

By destination, at 31 December 2011, only the new coastal resorts – Oujda-Essaidia, Essaouira-Mogador and El Jadida-Mazagan – had recorded improvements in terms of additional nights : 119,767 nights, 40,997 nights and 14,510 nights respectively. In contrast, Marrakech, Agadir, Fès and Casablanca suffered falls of 603,269, 319,558, 177,007 and 76,397.

Foreign trade :

At 31 December 2011, Moroccan foreign trade figures revealed a faster pace of growth in exports, bolstered by the Office Cherifien de Phosphate's strong foreign sales. However, rapidly climbing global energy and oil prices pushed up the value of imports, thereby widening the trade deficit.

At 31 December 2011, Morocco's foreign trade amounted to MAD 527.4 billion, an increase of 17.8% from MAD 447.5 billion the previous year.

59% of these commercial transactions were with Europe, 21.2% with Asia, 13.3% with the Americas, 6.1% with Africa and 0.4% with Oceania.

France is Morocco's number one trading partner in Europe, accounting for 15.9% of all commercial transactions, i.e. MAD 84.1 billion. Spain ranks second with 13.3%, worth a total of MAD 69.9 billion. The United States takes third place with 7.2% of trade (MAD 38.1 billion), followed by China with 4.9% (MAD 25.7 billion) and Italy with 4.8% (MAD 25.4 billion).

At 31 December 2011, goods exports added up to MAD 170.9 billion, up 14.3% on 2010. This improvement was mainly attributable to the 24.3% increase in the sale of unfinished goods to MAD 54.0 billion, a performance itself driven by the 33.2% rise in exports of phosphate derivatives to MAD 35.8 billion. These benefited from the leap in international phosphate prices, which increased by an average of 29.9% to MAD 5,978 per tonne in 2011.

Sales of phosphate rose 40.4% to MAD 12.6 billion at the end of December 2011. The weight of phosphates and derivatives in total sales reached 28.3%, up from 24.0% at 31 December 2010.

Meanwhile, goods imports totalled MAD 356.4 billion at 31 December 2011, up 19.6% year-on-year. The reason for this change lies with energy products, which account for 25.2% of goods imports, and were 31.2% higher than the previous year. Broken down by main energy products, the increase conceals a 63.4% rise in purchases of diesel and fuel oil to MAD 32.0 billion, and a 24.8% rise in purchases of crude oil to MAD 31.3 billion.

This resulted in a trade deficit of MAD 185.5 billion at 31 December 2011, compared with MAD 148.4 billion a year earlier. It also brings the export-to-import coverage ratio down from 50.2% to 48.0%.

Morocco's trade in services produced a surplus of MAD 42.1 billion, down 1.7% on the end of 2010. This situation can be explained by the 10.9% rise in imports to MAD 69.5 billion and 5.8% rise in exports to MAD 111.6 billion.

Overall, the balance of trade in goods and services shows a deficit of MAD 116.6 billion. This was 40.2% wider than in 2010, dragging the export-to-import coverage ratio down from 75.4% at 31 December 2010 to 70.8% at 31 December 2011.

Tourist revenue and remittances from MLAs :

Tourist revenue and remittances from MLAs continued the upturn that began in 2010.

According to the Moroccan Foreign Exchange Office's latest estimates, tourism revenues reached MAD 58.7 billion at 31 December 2011, up 4.0% from MAD 56.4 billion a year earlier. Compared with the average of MAD 55.2 billion recorded over the last five years, these revenues had increased by 6.3%.

Travel and tourism expenses by Moroccan nationals living abroad climbed 1.2% to MAD 10.3 billion. The surplus generated from tourism and travel-related activities thus rose to MAD 48.4 billion, up 4.6% year-on-year.

Remittances from MLAs totalled MAD 58.5 billion at 31 December 2011, an increase of 7.6%. Set against average remittances for the 2006 to 2010 period, MLA revenue climbed 12.3%.

Foreign investments and private loans :

After an improvement in 2010, foreign investment followed a downward trend in 2011, seemingly linked to the global economic crisis.

Revenue from foreign direct investments and private loans amounted to MAD 28.9 billion at 31 December 2011, down 26.4% year-on-year. Compared with average of MAD 35.4 billion over the last five years, these revenues had fallen 18.3%.

Direct investment was the number one source of revenues from foreign investment and private loans, accounting for 82.9%. This was followed by portfolio investments (12.3%) and private loans (4.8%).

Expenses in this area amounted to MAD 8.1 billion at the end of 2011, down 67.4% on the end of 2010, and were comprised mostly of disposals of foreign direct investments, which accounted for 58.7% of total expenses. The remainder was divided between disposals of portfolio investments (26.3%) and repayments of private foreign loans (15.0%).

Government finance :

The uncertain state of the global economy and surge in commodity – especially oil prices –compounded the budget deficit and increased the weight of Morocco's debt.

According to the Ministry of the Economy and Finance, the budget was MAD 50.1 billion in the red at 31 December 2011. However, the Finance Bill was generally on target. Ordinary revenues reached 106.6% of the budgeted amount. Tax revenues were 103.0% of the budgeted amount and non-tax revenues (excluding privatisation) 140.4%.

Ordinary expenditure was 117.3% of the budgeted amount.

At the end of December 2011, the ordinary budget balance showed a deficit of MAD 2.2 billion, compared with a surplus of MAD 12.1 billion at 31 December 2010.

Revenues

At the end of 2011, ordinary revenues came to MAD 191.3 billion, marking a 9.8% increase on 31 December 2010. This was mainly the result of the 5.7% rise in tax revenues to MAD 162.8 billion. These revenues are essentially comprised of :

- A 7.4% increase in direct taxes to MAD 69.8 billion, linked to healthy revenues from income and corporation taxes ;
- An 8.1% improvement in indirect taxes to MAD 72.2 billion driven essentially by a 10.2% rise in VAT to MAD 50.3 billion ;
- And a 16.0% decline in revenue from customs duties to MAD 10.3 billion.

Conversely, non-tax revenues leapt 55.6% to MAD 25.3 billion.

This was mainly attributable to the 18.0% increase in revenues from state-owned monopolies to MAD 10.5 billion, and the 29.3% rise in other receipts (excluding privatisation) to MAD 9.5 billion.

Expenditure

At 31 December 2011, ordinary expenditure totalled MAD 193.5 billion, up 19.4% on the equivalent period of the previous year. This was mainly due to the 79.6% increase in compensation expenses to MAD 48.8 billion, which related to higher international commodity prices. Excluding the impact of compensation expenses, ordinary expenditure increased by 7.3%. Expenditure on goods and services rose 7.9% to MAD 126.5 billion as the 12.4% increase in payroll expenses to MAD 88.6 billion eliminated the benefit of the 1.5% decrease in expenditure on other goods and services to MAD 37.9 billion.

Investment expenditure in the state budget edged up 6.1% to MAD 49.9 billion at 31 December 2011.

The budget balance recorded a deficit of MAD 50.1 billion at 31 December 2011, representing 6.1% of GDP.

Money supply measures and liquid investments :

At 31 December 2011, M3 money supply came to MAD 966.3 billion, up 6.8% on 31 December 2010. This change is comprised of : (i) a 6.8% increase in current accounts, sight deposits and cheques to MAD 435.6 billion ; (ii) a 9.3% rise in bank notes to MAD 158.1 billion ; (iii) a 9.4% improvement in sight deposits to MAD 102.8 billion ; and (iv) a 4.5% hike in other money market instruments to MAD 269.8 billion.

The money supply thus created is essentially due to the 10.3% rise in domestic credit to MAD 791.6 billion. This change affected all credit categories and especially real estate loans (+10.1% to MAD 207.1 billion), cash facilities and overdrafts (+19.9% to MAD 171.4 billion), consumer loans (+10.5% to MAD 35.8 billion) and equipment loans (+5.1% to MAD 142.2 billion). Net external assets were down 12.4% to MAD 168.8 billion. This fall stemmed from the 11.1% decrease in Bank Al Maghrib's net external assets to MAD 166.8 billion and to a lesser extent the near halving of other depository institutions' net external assets, from MAD 4.9 billion in December 2010 to MAD 2.0 billion at the end of 2011.

Net receivables of the central administration increased 25.1% to MAD 115.0 billion in December 2011, compared with MAD 92.0 billion in December 2010.

Inflation :

Despite higher commodity prices on international markets, inflation remains modest thanks to medium-term price stability and the absence of significant inflationary pressures from domestic demand.

At the end of December 2011, the average level of the consumer price index (CPI) had increased by 0.9% to 109.4 points. This change is attributable to foodstuffs and non-food products, whose respective indices climbed 1.3% to 115.9 points and 0.6% to 104.8 points.

At a regional level, the average annual increases in consumer price indices per city varied between +3.1% to 110.8 points for Tétouan and negative 0.2% to 109.2 points for Guelmim.

Banking and financial environment

Morocco : developments and main trends

Banking sector : review of achievements in 2011

The Moroccan banking sector is made up of 83 financial institutions 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.

Extension of Banking Facilities

In a bid to increase market penetration, network expansion continues with the opening of 306 new branches in 2010, compared with 400 in 2009 and 390 in 2008. The number of banking branches rose to 4,787, including 943 which belong to Al Barid Bank – equating to one for every 6,600 inhabitants, above the level seen in nearly all MENA countries.

At the same time, the Moroccan banking system is expanding internationally. It has 30 subsidiaries in some 30 countries, 18 of which are in Africa.

In terms of financial inclusion, development of the banking network raised the bank penetration rate to 52% at the end of 2011, instead of 25% in 1999.

Furthermore, the number of bank cards in circulation continued its upward trend to reach 8.0 million in 2011, up 13.6% from 7.1 million in 2010. This pushed the number of card transactions up to 12.4 million in 2011, worth MAD 7.6 billion, with increases of 22.9% in number and 21.1% by value relative to 2010. There were 5,024 ATMs in 2011 compared with 4,544 at the end of 2010.

Deposits and liabilities of the banking sector

In difficult international conditions, the Moroccan banking system again showed its resilience, as reflected in sector earnings and growth in 2011.

At the end of 2011, deposits by banking system customers amounted to MAD 646.2 billion, up 5.0% from MAD 615.4 billion a year earlier.

Non-interest bearing deposits were again dominant, accounting for 62.7% of resources at 31 December 2011, up 1.0 percentage point year-on-year. Interest bearing deposits contributed 37.3%.

MLA deposits came to MAD 133.7 billion at 31 December 2011, an improvement of 6.8% on the same period of 2010, and representing 20.7% of total bank deposits.

Local economy loans rose 10.3% from MAD 610.3 billion in December 2010 to MAD 672.9 billion a year later. They represented 104.1% of resources in 2011, up from 99.2% in 2010. This change results from increases in : (i) home loans (+9.1% to MAD 207.4 billion) ; (ii) equipment loans (+6.8% to MAD 146.4 billion) ; (iii) cash loans (+16.4% to MAD 173.4 billion). 95.0% of all loans satisfied the criteria to be considered as healthy loans.

At 31 December 2011, signed commitments had climbed 4.3% year-on-year to MAD 176.0 billion.

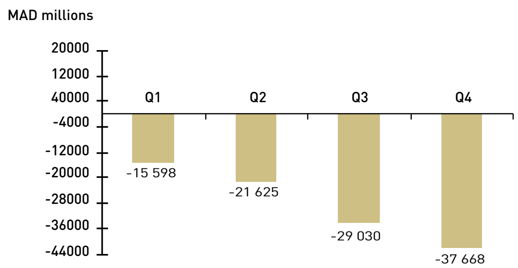
In terms of credit risk, non-performing loans were up 8.4% year-on-year to MAD 33.4 billion at 31 December 2010. Provisions and reserved charges increased by 10.4% to MAD 23.1 billion.

The NPL ratio fell by 0.2 percentage points to 4.9% on December 2011, and the provisioning rate reached 3.4% down 0.2 points from December 2010.

Money market :

Following a marked improvement in 2010, the banking system's internal liquidity shortfall worsened considerably to reach MAD 37 billion in the fourth quarter of 2011. The reason for this lies with factors unrelated to liquidity, not least the increase in banknotes and coins in circulation during the year and the Treasury's high issuance of bonds. The rise in collections of advances on corporation tax also contributed to this trend.

Average quarterly change in the cash position in 2011



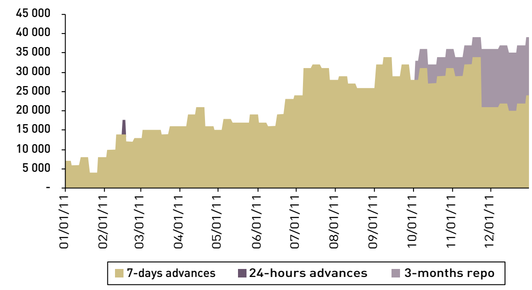
Faced with this structural need, the central bank made a firm undertaking in 2011 to shore up market liquidity and limit pressure on banks.

In the second quarter, for example, it excluded passbook savings accounts from the basis for calculating the minimum capital requirement, thereby putting another MAD 5 billion into circulation. Despite this measure, liquidity pressures continued to grow. This led BAM to revise its monetary policy by adjusting the capital requirement observation period, extending the range of assets eligible as collateral for these advances (government-backed securities, negotiable debt securities), and diversifying monetary policy instruments with the introduction of long-term operations.

The seven-days advance remains the primary monetary policy instrument used by Bank Al-Maghrib to refinance banks and push interbank rates towards the 3.25% benchmark interest rate. These injections averaged MAD 21.3 billion, compared with MAD 16.7 billion in 2010, indicating real pressure on the money market. They continued to climb, reaching MAD 39 billion in Q4-2011.

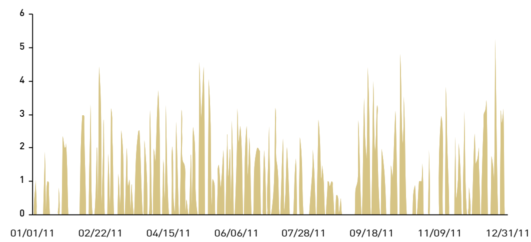
To ease the pressure, BAM introduced new monetary policy directives with the launch of two long-term refinancing operations in the form of a three-month repurchase agreement for a total of MAD 15 billion.

Bank Al-Maghrib's Intervention On the Money Market in 2011



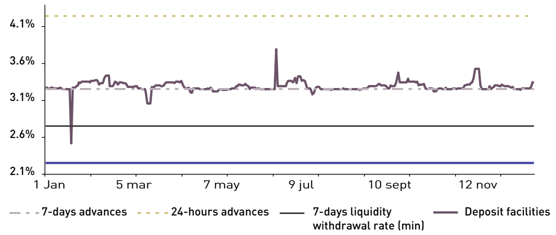
The government was very busy on the money market. Indeed, the Treasury played a highly active role on the market with a daily average of around MAD 2.2 billion in investments with and without repurchase agreements.

Treasury Intervention on the Money Market in 2011



Thanks to BAM's constant intervention and the Treasury's frequent investments, the weighted average money market rate was 3.29%, one basis point higher than the level of the previous year, ending 2011 at four basis points above the reference interest rate.

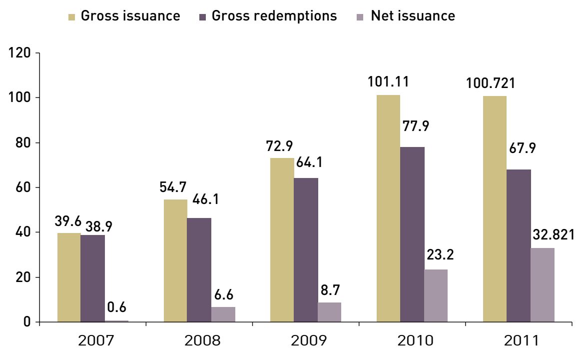
Weighted average of overnight interest rates in 2011



Bond Market :

To meet its 2011 borrowing requirement related to the budget deficit of MAD 50.1 billion (6.1% of GDP), the Treasury kept up the steady pace of primary market issuance seen in recent years.

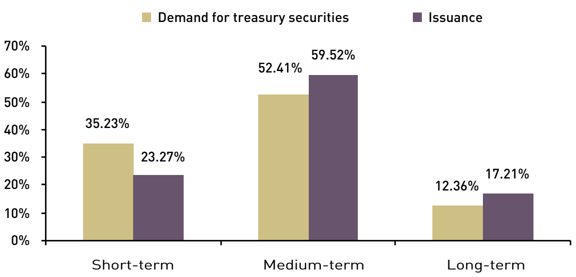
Breakdown of demand for and issuance of treasury securities in 2011



Investors' demand for treasury securities dropped by 18.6% from MAD 679.7 billion at 31 December 2010 to MAD 552.9 billion at 31 December 2011.

Investors' demand for short-term securities dropped from 50% to 35.22% of total issuance in 2011. This benefited demand for medium- and long-term securities, which increased to 52.41% and 12.36% from 43% and 7% the previous year.

Breakdown of demand for and issuance of treasury securities in 2011

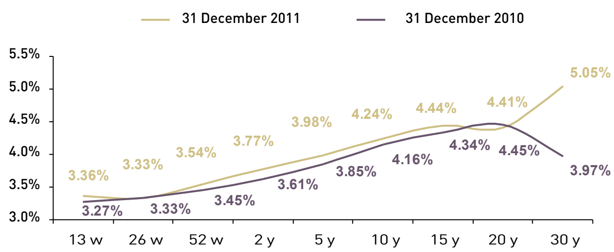


At 31 December 2011, a total of MAD 100.7 billion had been issued in treasury securities, bringing outstanding to MAD 314 billion, a difference of nearly 13% on the end of 2010. The medium-term segment generated 59.51% of the total while short-issues accounted for another 23.27%. Long-term issuance leapt to 17.21% as the Treasury returned to long maturities after a period away. 10-year and 15-year issues accounted for more than 87% of the segment total.

At 31 December, the Treasury auctioned 30-year securities for the first time since March 2007. It deemed this return necessary to ensure a more natural yield curve and meet its needs for long maturities.

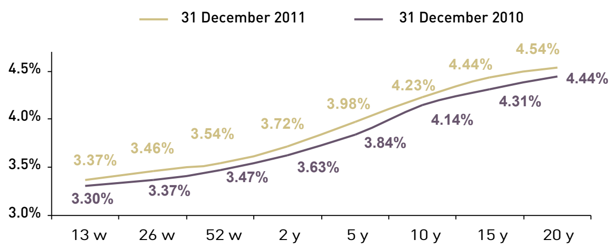
Yields in the primary market went through two steps : a period of stability over the first three quarters of the year followed by a bull market for all segments of the curve in the fourth quarter. The second phase was mostly attributable to higher compensation expenses and the absence of any new eurobonds as the escalation of the euro area sovereign debt crisis dominated the international scene.

Primary market yield curve for treasury securities in 2011



The secondary market followed the same trend as the primary market, namely a curve increase of between [7bp and 14bp]. Investors reaffirmed their interest for medium-term securities, which recorded the sharpest rises, with 5-year yields in particular ending the year at 3.98%, 14bp more than in 2010.

BAM secondary market yield curve in 2011



Interest rates :

Weighted average interbank rates were 3.3% in December 2011.

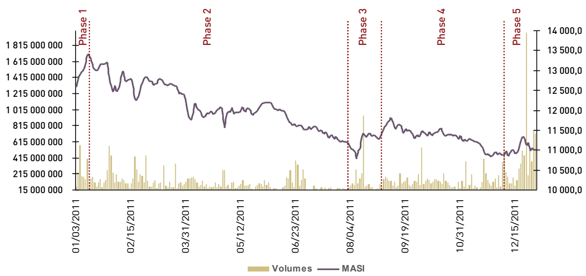
Weighted average rates for 6-month term accounts and certificates of deposit reached 3.4% in June 2011 before easing to 3.36% in December. In the same vein, rates for 12-month term accounts and certificates of deposit were 3.9% in December 2011.

Banks' minimum rate applied to passbook savings accounts fell by 3bp to 2.9% in H2-2011, from 3% in the first half of the year.

The agreed maximum interest rate, which had been 14.3% from 1 April 2010 to 31 March 2011, should remain close to this level (14.1%) between 1 April 2011 and 31 March 2012.

Stock market :

The stock market's performance in 2011 was in stark contrast to the 21.2% rise seen in 2010 with the MASI down 12.9% to 11 065.27 points at 31 December 2011. The lack of confidence and doubts that had been plaguing the market since the Arab uprising in January were significant factors in the MASI's reversal of trend. The decline was also reflected in trading with average daily volumes slipping from MAD 205.6 million in 2010 to MAD 140.1 million in 2011, a decrease of 31.9%. Market capitalisation amounted to MAD 516.22 billion, affected by low trading on the primary market. In a similar vein, only three new modestly sized companies were floated on the market : Stroc Industrie, Jet Alu and S2M. Unusually for IPOs, retail investors showed very little interest in these companies.



In analysing equity market performance in 2011, we distinguish between five main phases :

Phase 1 : From 3 January to 27 January

The MASI continued the momentum gathered in 2010, gaining 4.34%. This performance was mainly driven by the mining sector, which leapt 17.2%. For example, Managem gained 19,2%, CMT 15.6% and SMI 14.2%.

Phase 2 : From 28 January to 12 August

A series of events saw the MASI wipe out the gains made during the previous phase. The index lost 13.9% with average daily volumes limited to MAD 106.2 million compared with MAD 177.82 million in phase 1.

First of all, the repercussions of the Jasmine revolution were felt in other Arab countries (Egypt, Libya, Syria, Yemen, etc.), sapping confidence among foreign investors, who were soon copied by local, institutional and retail investors.

Another significant event was the announcement of public companies' annual results, which revealed earnings growth of 11.3%. However, investors barely responded to this good news, steepening the MASI's decline.

Rumours – followed by the call for tender – concerning the Moroccan government's sale of a 7.0% stake in Maroc Telecom caused a technical sell-off that lasted several months due to Maroc Telecom's significant weight (nearly 23.0%) in the global market capitalisation.

All in all, this phase was characterised by doubts and uncertainty among investors and this was reflected in their inaction on the market.

Phase 3: From 15 August to 13 September

After the Moroccan government cancelled the sale of its 7.0% stake in Maroc Télécom on 12 August, the MASI regained its strength and climbed 2.3%, reversing the losses it recorded in the previous phase.

Among those sectors contributing to the MASI's improvement was mining, which fully benefited from the surge in international precious metal prices.

Phase 4 : From 14 September to 15 December

This period saw the MASI fall by 6.12% following the publication of half-year results, which were well below forecast with earnings growth of 4.1%.

In response, we revised our 2011 full-year earnings growth forecasts downward from 8.9% to 4.3%.

Phase 5 : From 16 to 30 December

In the last two weeks of 2011, the market edged up 0.99% as a result of round-trip trades by investors looking to raise the value of their strategic portfolios.

In line with this technical recovery, the average daily volume on the central market amounted to MAD 565.8 million, against MAD 135.0 million during the previous phase.

Africa : developments and main trends

North Africa :

Tunisia :

The Tunisian banking sector currently includes 29 banks alongside the Central Bank of Tunisia. These banks are subdivided into 18 universal banks, 11 of which are listed on the Tunisian stock exchange, eight offshore banks, two investment banks and one 100% Tunisian Islamic bank (Zitouna).

At a time of economic and political uncertainty, the Tunisian banking industry is holding up relatively well. As of 30 September 2011, Tunisian banking deposits amounted to MAD 205.2 billion, a 3% improvement on 31 December 2010. Lending was up 10% to MAD 214.0 billion.

Mauritania :

The Mauritanian banking and financial sector is comprised of 10 commercial banks, two financial institutions, some 50 micro-lending companies and a postal banking service. These establishments are concentrated in cities. The bank penetration rate is just 4% as the sector is compartmentalised, stable resources are lacking and access to financial services is restricted to certain customers.

Compared with 31 December 2010, bank deposits were up 11% to MAD 7.6 billion in the first half of 2011.

Loan outstanding amounted to MAD 7.6 billion at 30 June 2011, an increase of 4% on the end of 2010.

WAEMU :

The banking sector in WAEMU countries remains dominated by pan-African – especially Moroccan and Nigerian – banking groups. The bank penetration rate remains low in this region. However, various steps have been taken to boost the sector and support economic development, most notably the extension of networks, adaptation and diversification of services and BCEAO's awareness campaign in rural communities.

At 30 September 2011, customer deposits in WAEMU member countries had increased considerably. Deposits in Senegal and Ivory Coast rose by 6% to MAD 40.3 billion and 13% to MAD 53.5 billion respectively, while deposits in Mali were stable at MAD 22.6 billion.

Outstanding balances of funds in WAEMU countries were mixed at 30 September 2011 : around MAD 32.4 billion in Senegal (+9% vs. December 2010), MAD 30.8 billion (-15% vs. December 2010) in Ivory Coast and MAD 15.7 billion (-2% vs. December 2010) in Mali.

EMCCA :

At 30 June 2011, the CEMAC region's banking industry included 44 operational banks : 13 in Cameroon, 4 in the Central African Republic, 6 in the Republic of Congo, 9 in Gabon, 4 in Equatorial Guinea and 8 in Chad. 2011 saw the launch of a new bank, BGFIBAnk Cameroon, approved by the Monetary Authority at the end of 2010.

According to the Central African Banking Commission, deposits totalling MAD 112.3 billion were collected in the first half of 2011, up 14.8% on the same period of 2010. Total customer loan outstanding rose 19.9% to MAD 72.6 billion.

Between 31 December 2010 and 30 September 2011, customer deposits grew 8% to MAD 44.0 billion in Cameroon, 4% to MAD 21.2 billion in Gabon and 56% to MAD 24.9 billion in Congo.

At 30 September 2011, Cameroon had issued loans worth MAD 31.1 billion (+19% vs. December 2010), Gabon MAD 12.8 billion (stable on December 2010) and Congo MAD 7.1 billion (+22% vs. December 2010).

Attijariwafa bank's business activity and results analysis

Business activity in Morocco :

Customer deposits

At 31 December 2011, Attijariwafa bank's customer deposits totalled MAD 164.8 billion, up 5.5% on 31 December 2010. Non-interest bearing deposits amounted to MAD 106.1 billion, a rise of 8.0% from MAD 98.3 billion a year earlier. Interest bearing deposits grew 1.3% to MAD 58.7 billion. The bank ended 2011 with a market share of 25.5%.

Non-interest bearing deposits accounted for 64.4% of total customer deposits at 31 December 2011, up 1.5 point on the end of 2010. These figures conceal a 9.7% improvement in cheque accounts to MAD 73.9 billion and a 9.5% increase in current accounts in credit to MAD 25.7 billion. With respect to non-interest bearing deposits, the bank now has a market share of 26.8%.

Interest bearing deposits made up 35.6% of the total. Their growth stemmed from :

- a 9.3% increase in savings accounts to MAD 20.6 billion ;
- and an 11.1% rise in term deposits to MAD 35.9 billion.

This resulted in market share of 23.5%, up 0.5 point on 2010.

Disbursed loans

Representing 26.1% of local economy loans by the banking system, Attijariwafa bank's disbursed loans rose 11.3% to MAD 176.8 billion at 31 December 2011. This resulted from :

- an 11.5% improvement in home loans to MAD 50.3 billion ;
- a 15.6% increase in equipment loans to MAD 49.2 billion ;
- and the 15.7% hike in cash facilities and consumer loans to MAD 54.3 billion.

Non-performing loans amounted to MAD 5.3 billion and provisions for non-performing loans MAD 4.3 billion, providing a coverage ratio of 81.3%.

The non-performing loan ratio was 3.0% and the cost of risk 0.40%.

Healthy loan outstanding reached MAD 171.5 billion, up 11.60% on 2010. The bank's share of this market is around 26.6%.

Signed loan commitments

At 31 December 2011, signed loan commitments had increased by 9.8% to MAD 47.6 billion, giving Attijariwafa bank a 27.0% share of this market.

Results of the parent company's operations to 31 December 2011 :

Net banking income

At 31 December 2011, net banking income (NBI) came to MAD 8.97 billion, up 8.9% (MAD 735 million) from MAD 8.24 billion at 31 December 2010. This growth was mainly due to the 8.6% rise in the net interest margin to MAD 6.32 billion and the 12.5% improvement in income from market transactions to MAD 1.29 billion.

The structure of Net Banking Income is as follows :

In MAD millions	December 2011	Share of NBI	December 2010	Share of NBI	Change	
					MAD millions	%
Net interest margin	6,322	70.5%	5,821	70.7	501	8.6%
Income from finance leases and operating leases	11	0.1%	18	0.2%	-7	-39.5%
Fee income	1,132	12.6%	1,074	13.0%	58	5.4%
Income from the market transactions	1,291	14.4%	1,147	13.9%	144	12.5%
(+)Other miscellaneous banking income	886	9.9%	855	10.4%	31	3.7%
(-)Other miscellaneous banking expenses	669	7.5%	677	8.2%	-8	-1.2%
Net banking income	**8,973**	**100.0%**	**8,238**	**100%**	**735**	**8.9%**

Net interest margin

The net interest margin grew 8.6% to MAD 6.32 billion in 2011, representing 71% of NBI. This improvement was mainly due to the MAD 13.7 billion (9.1%) increase in average disbursed loan outstanding. The net interest margin can be broken down as follows :

- Interest income rose 8.2% to MAD 9.94 billion as a result of the 10.7% (MAD 814 million) increase in loans and advances to customers to MAD 8.43 billion, which more than offset the 3.5% (MAD -41 million) decline in interest income from loans and advances to banks to MAD 1.11 billion.
- Interest expense was up 7.4% to MAD 3.62 billion. This resulted from the MAD 216 million increase in interest expenses on debt securities issued, to MAD 420.7 million, and to a lesser extent the 2.5% (MAD 60 million) rise in interest expense from customer deposits. Interest expense from transactions with banks dropped 3.8% to MAD 711.2 million.

Income from finance leases and operating leases

At 31 December 2011, income from finance leases and operating leases totalled MAD 10.9 million, down 39.5% from MAD 18.0 million the previous year.

Fee income

Fee income posted growth of 5.4% (MAD 58 million) to MAD 1.13 billion at 31 December 2011. This increase was largely due to network extensions and the launch of new products and services to reflect the changing needs of customers.

Income from market transactions

Income from market transactions totalled MAD 1.29 billion, up 12.5% from MAD 1.15 billion in 2010. This improvement mainly resulted from the 48.1% leap in income from trading account securities to MAD 697.6 million, which compensated for the 17.7% fall in income from foreign exchange transactions to MAD 422.5 million.

Other miscellaneous banking income

Other banking income improved 3.6% to MAD 886.48 million. This was chiefly attributable to the 3.5% rise in dividends received by Group subsidiaries to MAD 870.3 million.

Other miscellaneous banking expenses

Other banking expenses dropped 1.2% to MAD 669.0 million following a reduction in management and introduction fees paid to Wafa Immobilier, Wafasalaf, Wafacash and Wafabail.

General operating expenses

Though up 7.5% on the end of 2010, general operating expenses were limited to MAD 3.35 billion despite the Group's various investment, transformation and development programmes. This variation was primarily attributable to the 11.8% hike in staff costs to MAD 1.54 billion and the 2.6% rise in operating expenses to MAD 1.34 billion, which represent 46.1% and 39.9% of all general operating expenses respectively.

The cost-to-income ratio was 37.3% in 2011, an improvement of half a percentage point from 37.8% at 31 December 2010.

In MAD millions	December 2011	December 2010	Change (in MAD million)	%
General expenses	**2 876**	**2 679**	**197**	**7.4%**
Staff costs	1 541	1 378	163	11.8%
Operating expenses	1 336	1 301	35	2.6%
Obligations under property finance leases	44	11	33	290.5%
Depreciation, amortisation and provisions	**423**	**423**	**0**	**0.1%**
Expenses brought forward from prior years	1.7	0.1	1.6	NS
Other general operating expenses	-	-	-	-
General operating expenses	**3 346**	**3 114**	**232**	**7.5%**

Gross operating income

Gross operating income climbed 9.3% from MAD 5.16 billion in 2010 to MAD 5.64 billion in 2011. The bulk of this improvement came from the MAD 734.8 million rise in NBI after a MAD 232 million increase in general operating expenses.

Income before exceptional items

At 31 December 2011, income before exceptional items amounted to MAD 4.63 billion, up 6.3% from MAD 4.35 billion a year earlier.

Net provisions rose by MAD 240.3 million to MAD 937.4 million over the year.

Net provisions to customers amounted to MAD 227.6 million, down 32.1% in comparison with 2010 (MAD -107.7 million).

The provision coverage ratio for non-performing loans was 81.3% in 2011.

Net income

Altogether, net income grew 4.9% from MAD 3.0 billion to MAD 3.2 billion between the ends of 2010 and 2011.

The Return on Equity came to 17.2% in 2011, down 0.6 points. The Return on Assets remained stable at 1.3%.

Equity

Excluding the net profit for the year, equity increased by 8.7% to MAD 18.30 billion, from MAD 16.83 billion in 2010.

Total Balance sheet

At 31 December 2011, Attijariwafa bank's balance sheet totalled MAD 253.33 billion, marking an increase of 11.3% from MAD 227.46 billion in 2010.

Net income allocation (MAD)

Net income for the year	**3 154 677 298.62**
To the legal reserve	-
To the investment reserve	-
Retained earnings from prior years	6 881 327.87
Distributable income	3 161 558 626.49
Allocation	
Statutory dividend	115 797 576.00
Amount required to bring the dividend per share to MAD 8.5	1 524 668 084.00
Thus a total distribution of	**1 640 465 660.00**
To extraordinary reserves	**1 515 000 000.00**
Retained earnings	**6 092 966.49**

Subsidiaries business activity and results

Specialised financial subsidiaries

Wafasalaf

In 2011, the application of an important change in consumer protection regulations set the tone for the consumer credit market.

In terms of business, the volume of loans issued to finance automobile purchases had risen by 4.3% at December 2011. The new vehicle market had grown 8.4% at the end of 2011.

The financing market for household equipment purchases was down (-18.5%) at the end of 2011, affected in particular by the general retailer sector.

Against this backdrop, Wafasalaf's overall production was MAD 9.94 billion in 2011, an increase of 11.0% over the previous year. This was buoyed by the 20.5% increase in managed production to MAD 5.30 billion. Total loans outstanding grew 11.9% to MAD 21.40 billion as a result of the 24.9% increase in managed loans outstanding to MAD 8.79 billion and the 4.4% rise in held loans outstanding to MAD 12.61 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. Its objective was to retain its status as a market leader in new product development and spur growth in sales.

Wafasalaf consolidated its leadership position in the consumer credit market, with a 30.3% market share in loan production and a 30.2% market share in loans outstanding at the end of December 2011.

Placing a priority on geographic closeness to its customers, Wafasalaf continued its efforts to expand its network of agencies. Two new agencies opened in 2011 : in Beni-Mellal and Laayoune, taking the network to 43, of which 15 dedicated to the financing of cars and household equipment.

With respect to results, net banking income grew 3.7% to MAD 1,050.7 million. Gross operating income rose 1.8% year-on-year to MAD 740.65 million. The cost-to-income ratio was 29.5% in 2011, up from 28.2% in 2010. Finally, net income came to MAD 335.7 million.

Wafabail

After slowing in 2010, the finance lease market picked up in 2011 with overall production growing 3.7% to MAD 14.8 billion at the end of the year. However, this improvement hides very mixed fortunes for companies operating in the sector with some experiencing a sharp drop in business and others making considerable progress.

Wafabail stood out as the sector's strongest performer with annual production growth of 16.0% to MAD 4.2 billion at 31 December 2011. This achievement reflects better positioning in the different customer segments, not just for individuals and very small businesses but also for traditional customers : small, medium and large sized enterprises. This position was established through close synergies with the Attijariwafa bank network as well as proven business skills.

As a result, the subsidiary confirmed its leadership of the finance lease sector with a market share of 28.2% at 31 December 2011.

The subsidiary's lease finance outstanding amounted to MAD 10.4 billion, up 13% at the end of 2010. This translated to a market share of 25% at 31 December 2011.

In terms of profitability, Wafabail recorded net banking income of MAD 280.9 million at 31 December 2011, representing an increase of 5.7% on the previous year. Its cost-to-income ratio stabilised at 24% while gross operating income increased 4.7% to MAD 214 million.

The subsidiary ended 2011 with net income of MAD 108.3 million, up 16.2%.

Attijariwafa bank's leasing subsidiary implemented a new marketing and communications plan in 2011 aimed at :

- rolling out Wafabail's new graphic charter ;
- and launching the institutional campaign.

2011 also saw the continuation of structural projects to improve operational efficiency and risk management by transforming information systems and ensuring compliance with new regulatory requirements.

Wafa Immobilier

Through the strong performance of the mid-range property and social housing segments, the real estate sector continued to drive Moroccan economic growth in 2011.

In this environment, Wafa Immobilier reinforced its market leading positions in the financing of housing loans and property development. Drawing on synergies with Attijariwafa bank and the group's cross-selling strategy, Wafa Immobilier claimed a market share of 24.3%, up 65 basis points at 31 December 2011.

At 31 December 2011, Wafa Immobilier was managing 110,872 loan files compared with 99,020 a year earlier. Loans outstanding related to home buyers grew 12.4% from MAD 29.1 billion at the end of 2010 to MAD 32.7 billion a year later, while loans outstanding related to property development grew 16.8% to MAD 5.2 billion at 31 December 2011.

Wafa Immobilier continues to work with buyers and developers to facilitate access to housing with a view to optimising its finance and support services. It also won the bidding to manage Al Barid Bank's home loans through its branch network.

Several events marked the landscape in 2011 :

- the launch of several strategic projects and signature of numerous agreements with major public and private groups ;
- and the launch of an institutional campaign with the slogan "Working alongside you to improve access to housing".

Furthermore, Wafa Immobilier consolidated 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 2011, Wafa Immobilier's net banking income increased 6% to MAD 218.8 million. Net income reached MAD 58.1 million, representing an increase of 9% from MAD 53.4 million in 2010.

Wafacash

In 2011, Wafacash faced stiffer competition following the arrival of new players and Western Union and Money Gram's partnership with a number of companies operating in the Moroccan market. Wafacash further consolidated its position as leading money transfer company on the Moroccan market.

At a commercial level, several events affected Wafacash's operations in 2011, in particular :

- the launch of Pay Cash ;
- the introduction of online payments for the Floussy card ;
- the start of international mobile to cash transfers (Allo Cash) ;
- the launch of the account to cash transfer with Attijariwafa bank ;
- the signature of new partnership agreements ;
- and the opening of 99 new branches.

The total volume of flows handled by Wafacash increased 30% to MAD 29.6 billion. There were 10.5 million transactions in all, up 33% on 2010.

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

- The number of international transfers rose by 20%;
- The number of domestic transfers climbed 36%;
- The number of manual foreign exchange transactions was 9% higher.

Wafacash posted net banking income of MAD 184.6 million in 2011, up 13% from MAD 163 million in 2010.

Net income came to MAD 52.6 million, an increase of 20% despite a 25% rise in expenses incurred on Wafacash's investment programmes.

Going forward, Wafacash intends to build on its money transfer specialisation policy. Enjoying a strong competitive position, it will continue to develop and diversify its range of products to meet its customers' latent needs.

Attijari Factoring Maroc

Over the course of 2011, all of Attijari Factoring's business lines enjoyed positive growth :

- The company performed well on the domestic market with production soaring 47% from MAD 4,029 million to MAD 5,939 million. This progress is due to sector diversification and the optimisation of existing contracts, an increase in the value of existing contracts and the signature of major deals with large firms ;
- Despite a sharp drop in activity over the second half of 2011, the export segment ended the year with production growth of 9%. On the export market, demand from foreign partners – located for the most part in Europe – was highly volatile, largely due to the ongoing effects of the financial and economic crisis. As it was, production rose from MAD 593 million in 2010 to MAD 643 million in 2011 ;
- Conversely, import production plummeted 75%. This was linked to demand from the subsidiary's main foreign partners and to the risk characteristics of transactions.

In terms of indicators, net banking income grew 26% to MAD 53.3 million, largely as a result of a rise in interest – and to a lesser extent fees – received. Despite the 17% hike in general operating expenses, net income came to MAD 25.9 million, up 34% on 2010.

Wafa LLD

The long-term rental market performed well in 2011. 112,099 new vehicles were sold in 2011, up 8.4% from 103,463 in 2010.

However, following a prime-ministerial circular banning government agencies from purchasing or leasing service vehicles in 2011, there were considerably fewer calls for tender in this sector.

Amid this environment, Wafa LLD managed a net fleet of 4,074 vehicles following the addition of 762 new vehicles and sale of 787 others. Its market share is estimated to be more than 20%.

In terms of results, Attijariwafa bank's long-term rental subsidiary posted revenue of MAD 176.4 million at 31 December 2011, up 6.7% from MAD 165.3 million a year earlier. Net income came to MAD 7.9 million.

Corporate and Investment Bank Subsidiaries

Corporate Finance : Attijari Finances Corp

In 2011, the Attijari Finances Corp investment banking subsidiary further strengthened its market-leading position in M&A advisory services, working successfully on the following strategic deals :

- Advisor to **DAR SAÂDA** (subsidiary of the **PALMERAIE HOLDING** group) specialised in the development and marketing of social housing and mid-range property projects, involving a **MAD 1.1 billion** private investment by means of a capital increase ;
- Advisor to **Société Nationale de Réalisation et de Gestion des Stades (SONARGES)** in the preparation of an optimal financing programme for stadia in Marrakech, Tangiers, Agadir and Casablanca ;
- Advisor to the **Attijariwafa bank Group** for the acquisition of a **51%** stake in **Société Camerounaise de Banque (SCB)** ;
- Advisor to the **Moroccan government** regarding the privatisation of **Société des Sels de Mohammedia (SSM)** for **MAD 655 million** ;
- Advisor to **Royal Air Maroc (RAM)** concerning the sale of its entire stake in **MATIS** ;
- Advisor to the **OCP Group** in its partnership with the **Yara Group**. In particular, this partnership will be involved in the purchase of a 50% interest in the Yara Group's industrial and ports complex in Rio Grande (Southern Brazil), which includes a phosphate-based fertiliser production unit, the largest fertiliser terminal in the region and fertiliser storage capacity ;
- Advisor to **Intelcia Group** regarding the financing of a complete takeover of **The Marketingroup**.

In the area of market transactions, Attijari Finances Corp maintained its participation in the equity capital market and debt capital market through its successful involvements in the following deals :

- Advisor to **Managem** in connection with its **MAD 878 million** capital increase in cash ;
- Advisor to **Auto-Hall** on its capital increase through the optional conversion of extraordinary dividends into new equities, for **MAD 118 million** ;
- Advisor to **Autoroutes du Maroc** regarding a **MAD 1.0 billion** bond issue (5th and final bond issue as part of a programme to raise a total of **MAD 7.0 billion** between 2009 and 2011) ;
- Advisor to Attijariwafa bank in connection with a **MAD 1.0 billion** subordinated bond issue ;
- Advisor to **OCP Group** for a **MAD 2.0 billion** bond issue ;
- Advisor to **Alliances Développement Immobilier (ADI)** regarding a **MAD 1.0 billion** bond issue ;
- Advisor to **Office National des Chemins de Fer (ONCF)** in relation to a **MAD 1.5 billion** bond issue.

Securities brokerage : Attijari Intermédiation

Following gains of 21.1% in 2010, the Casablanca stock exchange suffered a downturn in 2011 with the MASI floating index down 12.8% to 11,027.65 points.

A total of MAD 205.7 billion was traded on the market, 13.8% lower than in 2010. Broken down, the equity market processed transactions worth MAD 102.6 billion, down 37.2% on the previous year, with 68.6% of trading taking place on the Central Market.

At 31 December 2011, Attijari Intermédiation had processed MAD 90.7 billion of the MAD 205.7 billion of trades on the Casablanca stock exchange, giving it a market share of 44.1%.

On the Central Equity Market, Attijari Intermédiation held a 25.5% market share with a volume of MAD 17.9 billion.

Attijari Intermédiation generated a revenue of MAD 38.8 million in 2011, down 62.2% on 2010. Net income tumbled 71.3% to MAD 15.6 million.

Analysis and Research

Analysis and research was stepped up in 2011 with extensive coverage broadened to a number of areas, confirming the Attijariwafa group's role as a think tank.

Through more than 20 in-depth sector and themed research notes and periodicals, the Analysis and Research team was able to establish an editorial policy and demonstrate considerable knowledge of issues covered on behalf of the group and its customers. This was fully reflected in the ATI confidence index, which has quickly become a measure of Casablanca financial market conditions.

Securities brokerage : Wafa Bourse

Specialising in online brokerage services, Wafa Bourse continues to offer its customers a wide range of services.

In 2011, Wafa Bourse pursued its policy of innovating and improving the services available to its customers. Accordingly, the company introduced a new technology platform to give its customers access to a greater variety of savings products and services. Through this, customers could benefit from equity savings plans, using the Wafa Bourse website, subscribe to IPOs taking place in 2011 such as those of JET ALU and S2M.

This strategy allowed the subsidiary to confirm its position as an online brokerage specialist, handling 29% of volumes traded on this market. Wafa Bourse generated revenue of MAD 4.4 million in 2011.

Asset management : Wafa Gestion

In a fiercely competitive environment, Wafa Gestion held MAD 66,517 million in assets under management at 31 December 2011, up 5.6% from MAD 63,009 million a year earlier.

Wafa Gestion ended 2011 with MAD 64,528 million in assets under management, up 7.25% on 2010.

Wafa Gestion maintained its status as the leader on the Moroccan asset management market with a market share of 28.8%, an improvement of 80 basis points at the end of 2010.

The collective management market, which welcomed a new independent management company in 2011, recorded 2.7% growth in assets under management at the end of the year.

The highlights of Wafa Gestion's year were as follows :

- the launch of an equity savings plan in collaboration with « Banque des Particuliers et des Professionnels », with two eligible funds (Attijari Actions and Attijari Moucharaka) ;
- a successful bid to manage a dedicated equity fund on behalf of Caisse Marocaine de Retraite ;
- the start of Wafa Gestion's management of a bond fund for Dar Ad-Damane following a call for tender ;
- the signature of two new management mandates for funds aimed at individuals ;
- the launch of the "Age d'Or Symphonie" project with Wafa Assurance (unit-linked policy) ;

Additionally in 2011, Fitch Ratings upgraded Wafa Gestion from M2 (mor) to M2+ (mor). This performance enables Wafa Gestion to be the first Moroccan asset management company rated M2+ (mor).

Wafa Gestion reached a revenue of MAD 252.8 million in 2011, an increase of 3.0% on the previous year, along with a gross operating income of MAD 95.8 million and a net income of MAD 69.6 million.

Restructuring and private equity : Attijari Invest

Attijari Invest managed to confirm its position as one of Morocco's leading private equity companies in 2011 with the successful closing of two new investment funds :

- Foncière Emergence is a MAD 1.05 billion investment fund dedicated to the purchase and/or development of industrial, logistical and office properties. The fund's properties will for the most part be located in Industrial Integrated Platforms (P2I) as defined in the National Pact for Industrial Emergence (PNEI).
- 3P is an investment fund containing an initial amount of MAD 400 million. It is one of two public-private funds dedicated to the financing of Moroccan SMEs with strong growth potential, launched by Caisse Centrale de Garantie at the request of the Ministry of Industry, Trade and New Technologies.

In association with leading financial and strategic partners, research is being carried out on the structuring of new investment funds intended for African regional development, infrastructure and energy projects.

Through the investment funds that it manages, Attijari Invest offers support solutions and call-out vouchers to help businesses of all sizes to meet their capital needs at each stage.

At an organisational level, Attijari Invest is split into three divisions : Private Equity, Real Estate and Infrastructure.

In terms of human resources, Attijari Invest has strengthened its operational teams with workers whose skills, experience and proactive approach will help to identify real investment opportunities and to increase the rate at which these are seized.

Wafa Assurance

Insurance sector

2011 saw the actual signature of the insurance industry programme contract for the 2011-2015 period. This programme contract has five main goals :

- Extend coverage of individuals and goods ;
- Improve the quality of services and take stronger preventative measures ;
- Increase the sector's financial contribution to the economy ;
- Develop the sector abroad, especially at a regional level ;
- And consolidate insurance companies' fundamentals.

There were two main changes to regulations in 2011 which concerned :

- finance companies, which are now permitted to sell life and disability insurance with loans ;
- and victims of accidents at work for whom compensation procedures have been simplified in a law carrying new benefits for recipients.

As regards taxation on insurance, there were two important changes in 2011 :

- the abolition of tax on endowment policies ;
- and the reduction in contributions to the accidents at work top-up fund from 12% to 8%.

Wafa Assurance activity

2011 highlights

In the automobile market

Wafa Assurance launched two new products in 2011 : « Wafa OTO Commerçants » & « Professions Libérales and Wafa OTO MOUADDAF ». It also added flood cover to the range of automobile policies.

The subsidiary began targeted communication campaigns and kept an active online presence to accompany the launch of these products.

It also expanded its distribution network to support the company's business development. As a result, the exclusive network of direct sales offices and agents totalled 187 at 31 December 2011, giving 32 more sales branches than in 2010, while the number of partner brokers was increased from 144 to 176 at the end of 2011.

In the corporate insurance market

Development in the corporate insurance market continued in 2011 with :

- a very good renewal campaign in 2011, with a high capture rate for businesses whose terms had been under renegotiation in the last quarter of 2010.
- and an increase in the number of leading corporations as clients of Wafa Assurance.

Meanwhile, the downward trend in prices on the corporate insurance market continued in 2011.

Wafa Assurance joins the International Network of Insurance

Wafa Assurance is the first company in Africa to join the INI as a producing member.

In doing so, it can negotiate – in Morocco – with corporate clients requiring insurance abroad, and design the most appropriate cover for these companies' foreign subsidiaries. INI partners abroad then issue a local policy, all or part of which may be reinsured by Wafa Assurance.

In the life insurance market

The company enjoyed sustained growth in 2011, driven by the Attijariwafa bank network. Wafa Assurance thus consolidated its leadership of the life insurance market, relying on :

- a product range better suited to its customers varying needs,
- a new bancassurance operating model with the Attijariwafa bank network,
- a strong sales network,
- and a revamped IT infrastructure.

Furthermore, the new generation of Wafa Assurance policies yielded 5.15% in 2010, compared with 4.95% for the old version.

Launch of the support business

A support service in partnership with Attijariwafa bank, Wafa Assurance and Inter Mutuelles Assistance was launched in June 2011 : Wafa IMA Assistance.

The actual launch of this service during the MLA campaign was accompanied by an institutional press and product campaign.

In terms of human resources and organisation

Wafa Assurance continued its recruitment program in 2011 to underpin growth in its business. 40 new jobs were created, bringing the company's total headcount to 491 at the end of the year.

Wafa Assurance also pursued its team training programme with at least half of all employees receiving training in 2011, while a management training scheme was run for all managers.

Results

Revenue

In 2011, Wafa Assurance posted total revenue of MAD 5,280 million, an increase of 17.4% from the previous year.

Revenue for the life insurance segment came to MAD 2.828 million, up 25.1% over the year.

This improvement resulted from the company's savings products, which benefited from the upturn in bancassurance activity as the product range was more closely aligned with customers' varying needs, and from the successful launch of two new products through the Attijariwafa bank network in 2011.

The term life insurance business registered growth of 9.4%, pushing revenue up to MAD 627 million.

Revenue for the non-life insurance segment came to MAD 2,452 million, up 9.6% on 2010. This performance can be explained by progress on the corporate and automobile insurance markets.

Claims paid and management expenses

Claims paid and management expenses amounted to MAD 4,484 million in 2011, up 10.1% on 2010.

Claims paid and management expenses for the non-life insurance segment came to MAD 1,571 million in 2011, stable on the level of 2010 despite an increase in business. This was due to lower payouts in the absence of major claims for damage to property.

In the life insurance segment, claims paid and management expenses totalled MAD 2,913 million in 2011, rising 16.5% from year-end 2010. This change reflects a sharp increase in savings'production, only partly offset by the lower cost of policy renewals.

Operating expenses for underwriting

Operating expenses for underwriting came to MAD 788 million in 2011, an increase of 12.2% on 2010.

Acquisition costs for contracts rose 11.2% to MAD 428 million.

The breakdown of this was as follows :

- average commission in the non-life segment stable at 12% of earning premiums compared with 11.9% in 2010 ;
- and an average commission in the life insurance segment down 0.7 points to 4.7% of earning premiums due to the product mix.

Administrative expenses came to MAD 360 million in 2011, 13.8% higher than in 2010.

In the non-life insurance segment, the ratio of administrative expenses to earned premiums was stable at 11.8%.

For the life insurance segment, the ratio of administrative expenses to assets under management climbed from 0.43% in 2010 to 0.53% in 2011 as allocation formulae were updated and assets under management registered weak growth.

In the term life insurance segment, the ratio was steady at 3.6% of earned premiums.

Cost of reinsurance

The net cost of reinsurance came to MAD 118 million in 2011, up MAD 91 million on 2010. This improvement is attributable to the non-life insurance segment, for which the cost of reinsurance soared to MAD 175 million from MAD 29 million in 2010.

The latter increase can be explained by the absence of major claims in 2011, as these could have triggered covered provided by our reinsurance policies.

Investment income

Investment income dropped 9.3% to MAD 1,211 million in 2011.

Capital gains realised by the company limited the fall in total financial income to 13% despite the equity market's decline.

Investment income related to the non-life business came to MAD 716 million in 2011, up 10.0% thanks to capital gains.

Investment income in the life insurance segment totalled MAD 489 million, down 16.0% as the equity market's fall was only partially offset by capital gains.

Technical reserves

At 31 December 2011, technical reserves had increased 6.3% to MAD 19,113 million from MAD 17,972 million a year earlier.

Technical reserves for the non-life insurance segment accounted for MAD 7,007 million of the total with the remaining MAD 12,106 million attributable to the life insurance segment, representing increases of 7.8% and 5.9% year-on-year.

Results

In 2011, the company's non-life and life insurance businesses posted pre-tax profits of MAD 1,152 million, up 23.3% from MAD 934 million in 2010.

Pre-tax profit for the non-life insurance segment was MAD 890 million, while that for the life insurance segment was MAD 262 million.

In the non-life insurance segment, the improvement in income was 15.9% and resulted from both underwriting and the financial component.

For the life insurance business, income growth of 57.4% was split equally been savings and term life insurance.

Given the shortfall of MAD 6 million excluding underwriting and after taking into account a corporation tax expense of MAD 336 million, the company generated a net profit of MAD 810 million in 2011, an increase of 11.8% from MAD 724 million the previous year.

Subsidiaries in Africa

Attijariwafa bank's international retail banking subsidiaries closed the 2011 financial year with positive results in line with the initial budget targets specified within the Group's strategic plan :

North Africa

North Africa comprises Attijari bank Tunisie (ABT) and Attijari bank Mauritanie (ABM).

In 2011, ABT operated in unstable conditions due to the fallout from the Arab Spring.

Against this backdrop, customer deposits reached MAD 18.4 billion in 2011, down 1% on 2010. Meanwhile, loans outstanding grew 16.4% from MAD 16.2 billion in 2010 to MAD 18.9 billion in 2011. ABT's market share was 9.2% for deposits and 8.1% for loans at 31 December 2011.

In terms of results, NBI amounted to MAD 1.0 billion in 2011, an improvement of 5.2% on 2010. Net income slid 49.5% to MAD 176.4 million partly due to the payment of corporate tax from 2011.

Attijari bank Tunisie continued its human resources and network development plan. The Tunisian subsidiary expanded its network by opening 10 new branches in 2011 bringing the total to 179. It also recruited 111 employees during the year to give a total headcount of 1,600 at 31 December.

ABM's customer deposits came to MAD 933 million at 31 December 2011, up 30% year-on-year. The Mauritanian bank issued nearly MAD 414.7 million of loans in 2011 compared with MAD 246.3 million the previous year, an increase of 68.4%. NBI climbed 17.2% to MAD 54.4 million while its net income leapt 119.3% to MAD 12.3 million.

WAEMU member countries

The Attijariwafa bank group pursued its African growth strategy through its operations in Senegal with CBAO and CDS, Ivory Coast with SIB and Mali with BIM.

At 31 December 2011, CBAO's customer deposits and loans stood at MAD 8.3 billion and MAD 6.3 billion, down 6.5% and 8.9% respectively. In terms of results, CBAO posted net banking income of MAD 784.2 million at the end of 2011, up 5.3% from MAD 745 million a year earlier. Its net income fell 41.2% to MAD 76.3 million.

At 31 December 2011, CDS had seen its customer deposits shrink by 6.5% to MAD 1.6 billion. However, its loans outstanding increased 5.1% to MAD 1.7 billion. CDS ended the year with net banking income rising 4.8% to MAD 149.5 million, and net income leaping 31.9% to MAD 47.9 million.

In a context of Ivorian crisis which led to the closing of the bank during more than 2 months, SIB's customer deposits climbed 38.4% to MAD 4.8 billion and loans outstanding 1.5% to MAD 3.7 billion at 31 December 2011. Net banking income and net income amounted to MAD 428.7 million and MAD 107.0 million, showing growth of 3.2% and 2.3% respectively.

At BIM, customer deposits were down 4.6% to MAD 3.0 billion while loans outstanding increased by 7.3% to MAD 2.5 billion. At 31 December 2011, net banking income had risen 24.4% to MAD 275.4 million and net income dropped 6.7% to MAD 19.7 million.

CAEMC member countries

Attijariwafa bank maintains operations in CAEMC member countries through the following subsidiaries: Union Gabonaise de Banque, Crédit du Congo and Société Camerounaise de Banque.

The acquisition of SCB was completed in April 2011 following a protocol agreement signed with Crédit Agricole in 2008, under which the latter would sell its shares.

At 31 December 2011, UGB's customer deposits and loans outstanding were up 5.6% and 13.6% to MAD 4.2 billion and MAD 2.9 billion respectively. In terms of results, net banking income came to MAD 422.4 million, an improvement of 8.1%. Net income dropped 25.1% to MAD 83.5 million.

CDC's achievements in 2011 saw customer deposits rise 13.8% to MAD 3.4 billion and loans outstanding grow 38.4% to MAD 1.1 billion. Net banking income and net income amounted to MAD 267.3 million and MAD 87.8 million, gaining 12.6% and 14.8% respectively.

At 31 December 2011, SCB had customer deposits of MAD 5.6 billion, an increase of 16.0%, and loans outstanding of MAD 3.4 billion, higher by 16.4%. Its net banking income rose 4.9% to MAD 430.8 million and its net income 7.3% to MAD 68.3 million.

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.

In 2011, the scope widened with the completion of the SCB Cameroun takeover and acquisition of a controlling interest in BNP Paribas Mauritanie.

Analysis of consolidated balance sheet

At 31 December 2011, consolidated customer deposits totalled MAD 218.8 billion, an increase of 8.6% year-on-year. This improvement breaks down as follows:

- Domestic banking, Europe and Offshore deposits rose 5.7% to MAD 166.2 billion;
- Specialised financial subsidiaries deposits grew 16.3% to MAD 1.5 billion;
- International retail banking deposits increased 19.3% to MAD 51.1 billion;

Consolidated loans outstanding amounted to MAD 230.7 billion, up 15.2% over 2010. This increase was mainly due to:

- a 14.4% increase in loans outstanding in Domestic banking, Europe and Offshore to MAD 165.5 billion;
- an 8.7% rise in loans outstanding in Specialised financial subsidiaries to MAD 22.7 billion;
- a 21.5% climb in loans outstanding in International retail banking to MAD 39.7 billion;

Total balance sheet

At 31 December, Attijariwafa bank's balance sheet total came to MAD 343.5 billion, up 12.0% year-on-year.

Total assets were comprised of loans and advances to customers (67.2%), financial assets measured at fair value through profit or loss (10.5%) and available for sale financial assets (7.7%). These three types of assets together accounted for 85.4% of the total balance sheet.

Total assets increased by MAD 36.8 billion as a result of the following changes:

- a 15.2% increase in loans and advances to customers to MAD 230.68 billion;
- a 51.9% jump in financial assets measured at fair value through profit or loss to MAD 36.11 billion;

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

- An 8.6% increase in amounts due to customers to MAD 218.82 billion, which accounted for 63.7% of total liabilities;
- A 50.6% increase in government loans to MAD 34.66 billion, which accounted for 10.1% of total liabilities;
- A 31.5% rise in issued debt securities to MAD 15.61 billion, which accounted for 4.6% of total liabilities.

Consolidated equity

Consolidated equity increased 8.1% year-on-year to MAD 30.3 billion.

Analysis of consolidated results

Consolidated net banking income

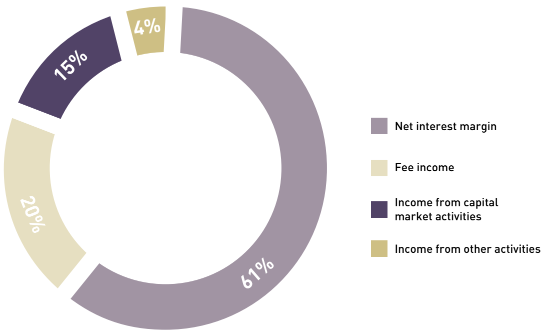
Attijariwafa bank's consolidated net banking income rose 8.3% in 2011 to MAD 15.88 billion. This increase reflects the combined impact of:

- a 9.7% rise in the net interest margin to MAD 9.77 billion ;
- a 9.8% jump in fee income to MAD 3.16 billion ;
- and a 7.4% fall in capital market activities to MAD 2.39 billion.

On a pro-forma basis[2], consolidated net banking income climbed 5.7%.

At 31 December 2011, the composition of consolidated banking income was as shown in the chart below :

Composition of consolidated net banking income at 31 December 2011



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 5.3% to MAD 8.68 billion (4.2% at constant structure). General operating expenses increased by 12.3% giving a cost-to-income ratio of 45.3%.

Cost of risk

The cost of risk fell 38.5% to MAD 749.7 million. As a percentage of total loans outstanding, the cost of risk dropped 0.27 point to 0.31%. Non-performing loans amounted to MAD 11.63 billion for a total outstanding of MAD 238.76 billion. The non-performing loan ratio fell 0.4 point to 4.9%.

Consolidated net income

The Group's consolidated net income broke the MAD 5 billion barrier for the first time in 2011, reaching MAD 5.30 billion, an 11.8% improvement in comparison with 2010.

Net income group share

All in all, the net income group share grew by 8.7% to MAD 4.46 billion. This improvement is the result of concerted efforts during the year by Attijariwafa bank's various entities as well as the Group's subsidiaries active in specialised financial subsidiaries, international retail banking and insurance.

Return on equity (RoE) came to 21.2% in 2011. The return on total assets remained stable at 1.5%.

Main contributors to net income group share in 2011

Domestic banking, Europe and Offshore	+3.3%[1]
Specialised financial subsidiaries	+14.2%
Insurance	+36.9%
International retail banking	+51.8%

(1) After reprocessing of exceptional gain on disposal of securites (+MAD 186 million) registered in 2010.

GLOBAL RISK MANAGEMENT

GLOBAL RISK MANAGEMENT

CONTENTS

GLOBAL RISK MANAGEMENT

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 dispositions

1. Governance and organization

The governance practices followed by the Group for risk management and the organization 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 authorizes 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 & Consultancy 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 itemized 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 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 standardized 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.

B – Procedures

I- Decision-making processes

I.1 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, decisions are reached by the bank's various committees.

I.2 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 formalize 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.

I.3 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.

I.4 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 authorized 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.

II- Surveillance:

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 organizational 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.

III- 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 nonperforming 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.

IV- 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.

From 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:

- Healthy 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.

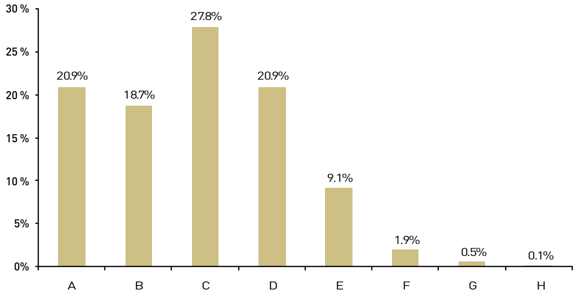
The rating system is intended to be flexible and is back-tested on an annual basis in order to:

- 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 2011*



*) Excluding government agencies, holding companies and property development companies

A property development rating system based on two main factors (client/project) has been created. This takes into account an expert's opinion of qualitative and quantitative variables. These variables have been approved by the different parties concerned with detailed specifications drawn up. IT preparations for the system are in their final stages.

In the second half of 2011, a rating project for the retail customer segment was launched with the help of an international firm.

The default database was upgraded to comply with Basel II criteria in 2011.

Given the overall progress of the Basel II project and the central bank's recommendations made during site inspections, the Bank has begun an experience test to ensure the business segment plan is standardised with the Basel II advanced approach.

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

I- 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 2011, the bank's total forward foreign exchange position amounted to MAD 24.7 billion with the following maturities:

(MAD millions)	< 3 months	3M-6 months	> 6 months
Cash flow hedges	13,900	4,000	6,800

At 31 December 2011, the bank's foreign exchange option position amounted to MAD 7.6 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.

II- 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.

Stakeholders' roles

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.

III- 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.

The limits' requests are expressed by the different product lines of the Trading room and have to be addressed to the Control and Methods Unit, completed by a note explaining:

– The limits requested and the nature of the related risks
– The reasons for their deployment

Furthermore, the Market Risk Committee established a stop less system for each product (fixed income products, FOREX, equities…). This system relies on the immediate closure for any position in case of the trader reached the levels of maximal losses fixed by the committee.

Limits monitoring and overruns processing

Compliance with the limits is ensured by:

- 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.

IV- 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 inhouse applications for measuring and quantifying market risks associated with the various trading room products.

B – Methodology for measuring market risks (internal model)

I- 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	1 952 739 000	5 518 000	17 450 000
Equity interests	66 792 000	2 087 000	6 600 000
Fixed Income (excluding mutual funds)	5 510 000 000	11 180 000	11 643 000

II- 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.

III- 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 2011 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.

A – Monitoring and Surveillance at counterparty Risk in the Group:

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.

B - 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 branches. 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:

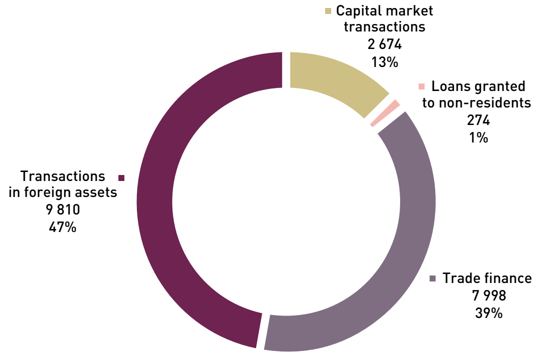
- confirmation of export bills of exchange issued by foreign banks;
- counter-guarantees received from foreign banks;
- Attijariwafa bank's nostro accounts showing a credit balance with foreign correspondent banks as well as the nostro accounts of foreign correspondent banks showing a debit balance in 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;
- ALM portfolio.

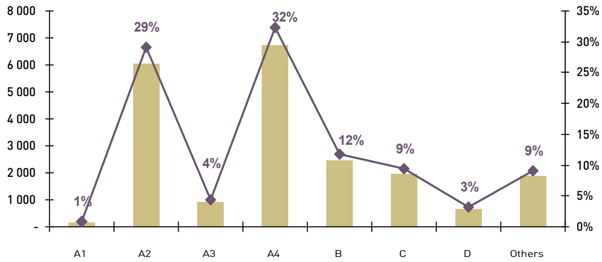
a-4- capital market transactions entailing counterparty risk: spot and forward foreign exchange transactions, foreign exchange swaps, structured products, commodities, currency deposits.

At 31 December 2011, the exposure to country risk broke down as follows, with the predominance of transactions on foreign assets (47% of the total) reflecting the bank's international development strategy. Trade finance carries the second highest exposure at 39%, explained by the opening up of the Moroccan economy and the bank's business growth in the foreign trade sector.



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:

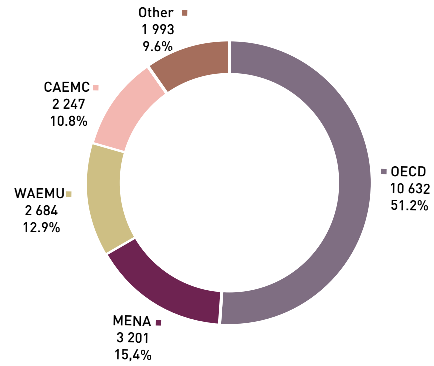
Distribution of Attijariwafa bank's country risk exposures (Coface country rating system)



At 31 December 2011, 66% 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.

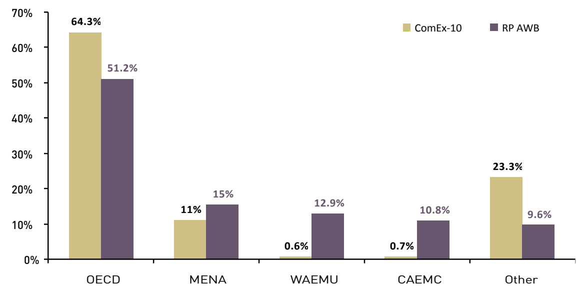
Furthermore, the bank's international loans to customers in OECD countries accounted for nearly half of the overall exposure, as this group includes a number of Morocco's main economic partners, responsible for a sizable share of the country's external exchanges.

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 economic score** 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.

f- the creation of an **internal political score** for country risk to reflect a country's vulnerability to political instability. This score is based on a multi-criteria approach combining:
- justice (legal guarantees, regulatory environment) to assess the quality of a country's legal environment;
- the government and bureaucracy using two indicators: the corruption rating and public sector management, which give an indication of the quality of government agencies;
- the redistribution of wealth by analysing poverty rates in the world;
- the democracy index, to see the quality of a country's political regime;
- and the "doing business" score, which reflects regulations that benefit or hinder businesses.

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.

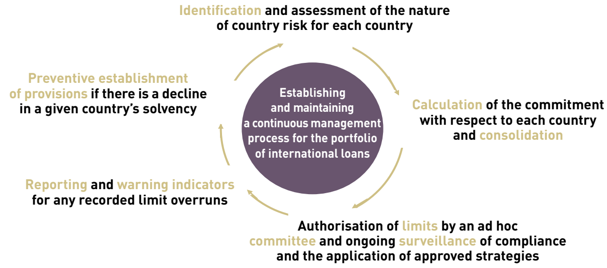
g- **The allocation of limits**, calibrated as a function of the country's risk profile and the bank's level of equity capital is broken down by region, by country, by sector, by type of activity, by maturity, etc...

h- **The monitoring and surveillance** of compliance with limits.

i- 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.).

j- **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.

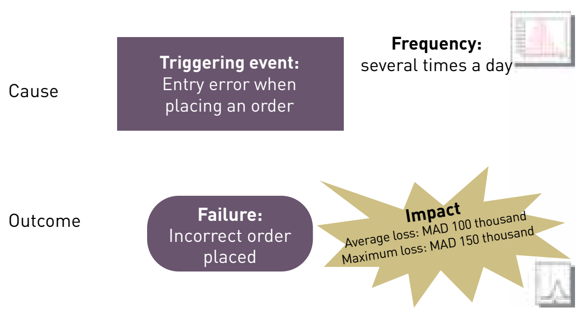
This project is steered by the Operational, Legal, Information System and Human Risk unit, created as part of the Global Risk Management function in 2008. This unit entered its operational phase in April 2009.

Methodology adopted:

Operational risk modelling

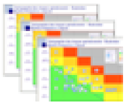
Operational risk is defined by Bank Al-Maghrib as "the risk of losses resulting from inadequacies or failures relating to internal processes, personnel or systems, or to external events". This definition includes legal risks, but excludes strategic risk and the risk of damage to the Group's reputation.

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.

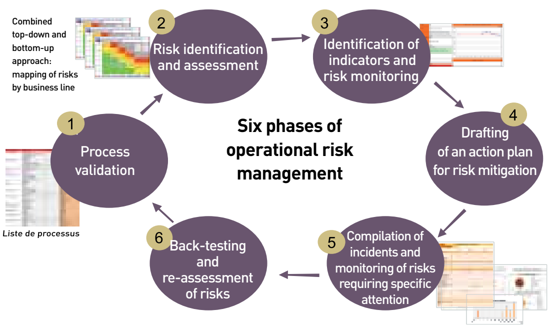
2. **Risk identification and assessment**: each operational risk identified is graded according to the frequency of occurrence of risk events and the resulting impact, thus producing a mapping of business-related operational risks (an assessment based on the opinions of experts within each business line). Particular attention is given to major risks during this phase.

3. 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:

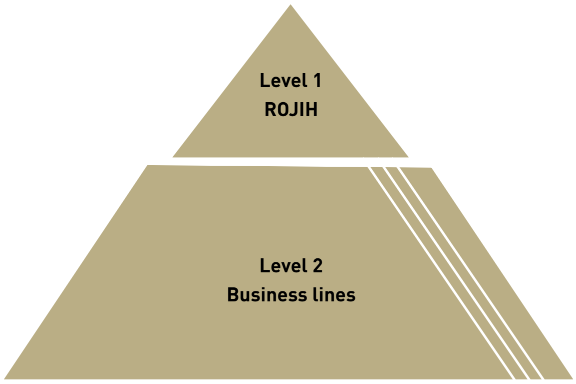
- understand the causes of incidents;
- determine appropriate actions to be taken to mitigate operational risk;
- establish a historical database of incidents and losses;
- guarantee the consistency of the entire process.

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.

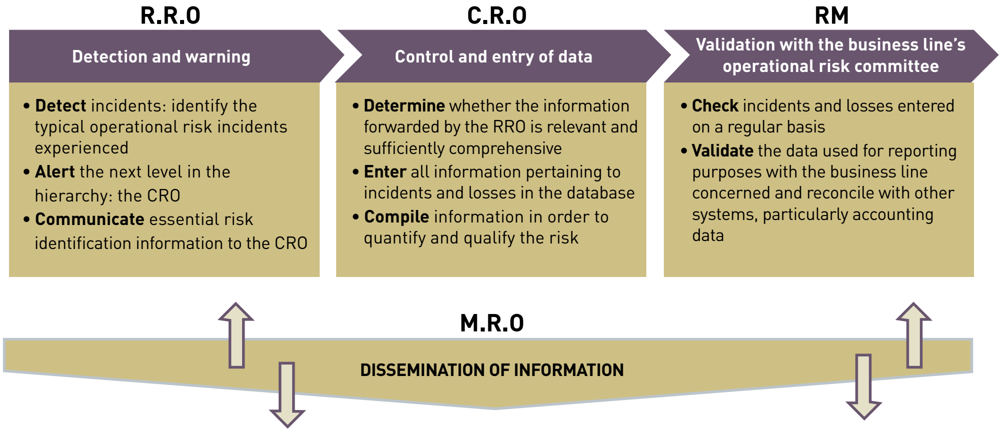
Within each business line, the main participants in operational risk management are known by the following acronyms:

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



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 / Management Committee : Meeting once or twice a year (at the request of the directors and/or management), its objective is :

- to review achievements and plans

Overview of achievements

Communication & Change management

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.

http ://ribatkoum/ROJIH/index.html

Overview of Operational risk production, « full scope »

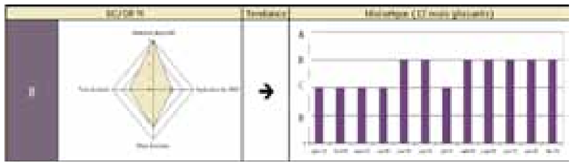
The introduction of the operational risk management system saw a total of 7,689 incidents reported between the bank's 23 business lines at 31 December 2010.

After risk mapping procedures were updated, the 2010 version covered 606 risks, including 166 to be managed (compared with 586 risks, of which 151 needed to be managed, for the 2009 version of risk mapping)

2011 Achievements

Implementation of Attijariwafa bank's operational riskcharter

After a test period which began 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.



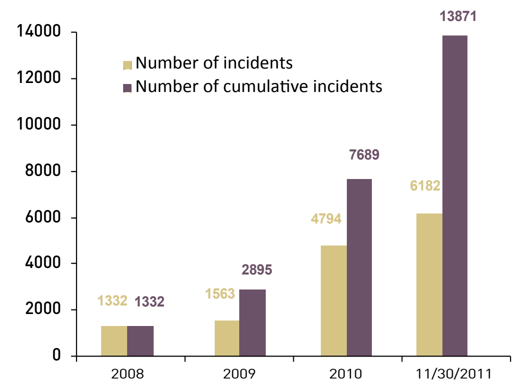
The ROJIH unit has also updated and released a new version of operationl risks chart (April 2011).

Review of the operational risk mapping for the full scope of Attijariwafa bank's operations

Following the exercises of incidents recorded, Attijariwafa's operational risk mapping was updated. As a result, the mapping now includes a total of **645 risks, including 175 risks requiring specific attention**.

Operational risk incidents for the full scope of Attijariwafa bank's operations

At 30 November 2011, the database included nearly 14,000 incidents, 6,182 of which were reported in 2011 (up to 30 November 2011) compared with 4,794 incidents reported in 2010.



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 introduction of an enterprise software package for the management of operational risk

In 2012, 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.

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 package was bought in January 2010.

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 standardized 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 courses of 2011/2012.

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.

Internal Audit Mission

In accordance with Basel II recommendations and circular 29/G/2007, the Bank's operational risk management system was inspected and appraised by the Internal Auditors : This inspection was aimed at checking compliance with operational risk management undertakings and the implementation of the operational risk management charter, in particular :

- Compliance with the different business lines' undertakings
- Different ad hoc committee meetings
- The nature and substance of the incidents database

Bank-Al-Maghrib regulatory inspection

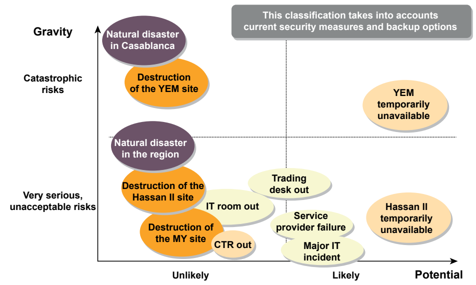
A themed inspection by the regulator presented an opportunity to assess the operational risk management system in place.

Actions planned for 2012

- Updating of the risk mapping following the compilation of incidents during (from 2009 to 2011) ;
- 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 ;
- Application of the auditors' recommendations.
- Transition from the basic indicator approach to the standardized approach for the calculation of regulatory capital requirements for operational risk.

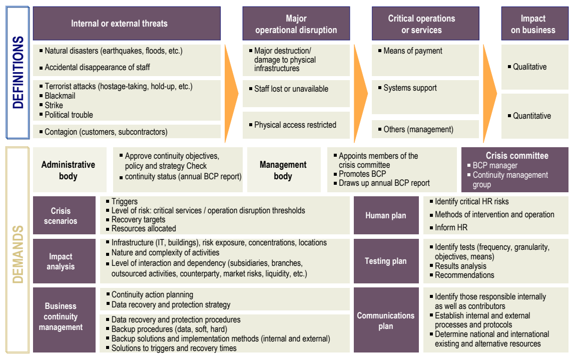
B- Business Continuity Plan (BCP)

Why is AWB establishing a BCP ?



The BCP must allow Attijariwafa bank to overcome major risks

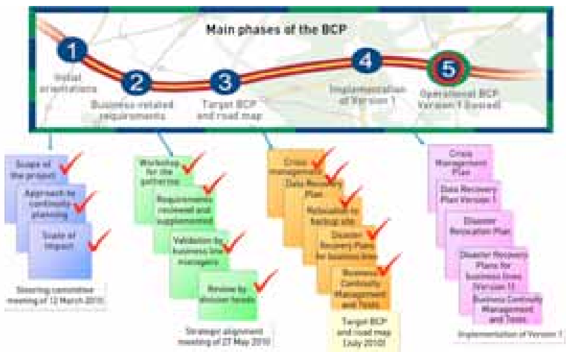
These risks are unlikely to materialise but their consequences would be catastrophic for the bank.



The BCP is a regulatory requirement

BAM circular 47/G/07 on the introduction and management of a continuity plan

Main phases of the BCP



Main achievements of the BCP

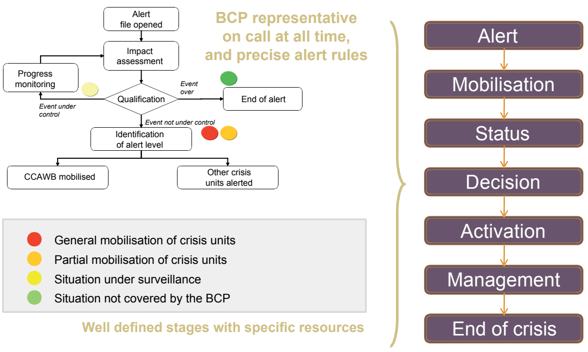
- **Crisis management procedures and tools**
  - Alert and mdbilisation procedure
  - Crisis unit implementation procedures (from mobilisation to the end of the crisis)
  - "Crisis packs"
- **Business continuity pláns of the 26 business lines**
  - Recovery procedures for each business line
  - Limited operating conditions
  - Patches
  - Measures specific to interdisciplinary process
- **Backup solutions**
  - IT backup, fallback and logistics
  - Crisis communications and HR measures

Overcome a disaster

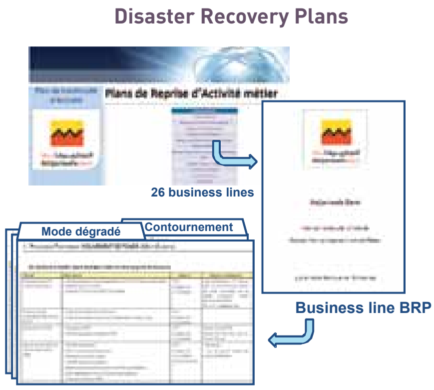
- **Business continuity charter**
- **Operating conditions maintenance plan**
- **V1, V1 and V3 testing plan**
- **Change management plan (communications and training)**
- **Other action: Choice of BCP application and specifications, budget monitoring tools, documentary support, subsidiary package**

Manage the BCP

Crisis management procedures



Disaster Recovery Plans

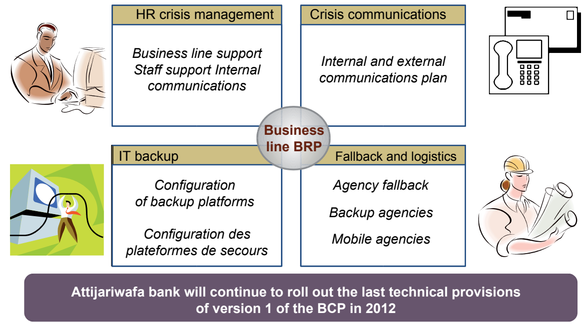


Each business has set up :

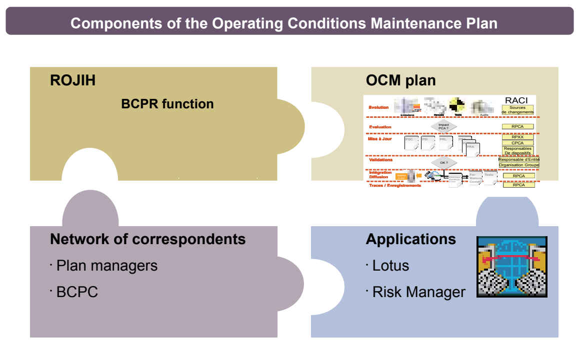
- Its own crisis unit
- Its business recovery procedure
- Limited operating for its critical processes
- Its own patches and recovery solutions
- Interdisciplinary workaround solutions in agreement with other business lines concerned

Backup solutions

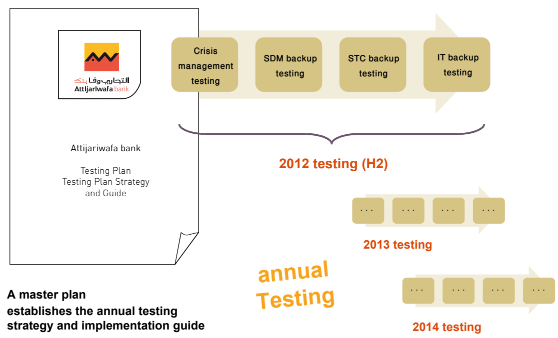
Business line recovery relies on technical and organisational procedures, the implementation of which will depend on the type of incident



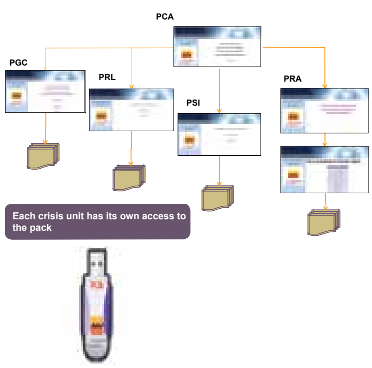
BCP maintenance



BCP testing plan

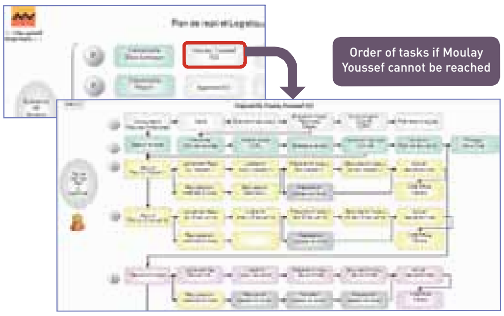


Crisis packs



They contain all the documentation needed on a USB key.

A browser system gives fast access to useful information

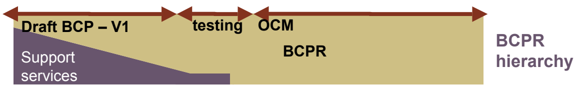


A recovery strategy is established for each risk scenario.

Each provision of the BCP is described with an order of tasks to be carried out.

The BCP in figures...

- Total workload of around 1,800 days/employee and 630 days of support over 16 months
- Nearly 300 members of staff working on the plan
  - 26 BCP contacts
  - Business exports (limited operating conditions)
  - Technical experts (backup solutions)
- More than 2,000 documents produced, 400 of which for the operational implementation of the BCP
- Delivery of V1.0 (before sign-off and testing) : June 2011
- Around 100 employees trained in two areas
  - Crisis management plan
  - Operating conditions maintenance plan
- Close communication on internal media



V. 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).

I- 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.

II- Stress-testing and interest rates

Cumulative interest rate gaps at 31 December 2011 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-10.3	+11.9	+16.4	+16.9	+9.7

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 2011, the sensitivity of Net Banking Income to 200 basis point parallel shock in interest rates was 1.71%. The one related to the economic value of equity capital was 3.8%.

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.

I- 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 2011, the bank's total liquidity reserves were valued at MAD 34.5 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.

II- 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).

III- Exposure:

Cumulative liquidity gaps at 31 December 2011 (MAD billions)

1 month	6 months	1 year	2 years	5 years
-11.3	+23.7	+21.6	+22.6	+16

The banks 1-month refinancing capacity 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 7 billion at 31 December 2011.
- 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.

VI - Pillar III - Basel II: 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. Some 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 aims at 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 2011 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 in 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 thousand MAD)

	12/31/2011	12/31/2010
Core capital	**22 145 278**	**19 841 997**
Items to be included in core capital	**29 318 740**	**26 871 781**
Corporate capital or allocation	1 929 960	1 929 960
Reserves	21 400 217	18 620 120
Minority creditor interest	3 222 500	3 614 410
Items to be deducted from core capital	-7 173 462	-7 029 784
Regulatory Deduction	-221 981	-185 244
Core capital after deduction (Tier 1)	**21 923 297**	**19 656 752**
Supplementary capital	**9 456 753**	**9 908 115**
Including :		
Underlying value added resulting from the holding of investment securities (AFS)	257 760	1 060 945
Subordinated debt which initial term above or equal to five years (*)	8 840 000	8 460 000
Regulatory Deduction	**-221 981**	**-185 244**
Supplementary capital after deduction (Tier 2)	**9 234 772**	**9 722 871**
Total of regulatory capital after deduction of investments in credit institutions and finance companies	**31 158 068**	**29 379 623**

(*) Within the limit of 50% of tier 1 prior to deduction of investments in credit institutions and finance companies

At the end of December 2011, the Tier 1 of the Group before deduction of 50% of investments in credit institutions and finance companies, amounted to 22 145 278 thousand MAD. The supplementary capital (Tier 2) before deduction of 50% of investments in credit institutions and finance companies, amounted to 9 456 753 thousand MAD. The total of regulatory capital after deduction of investments in credit institutions and finance companies amounted to 31 158 068 thousand MAD, i.e. up by 2.61% vs. June 2011.

1-2 Capital adequacy (ICAAP) [1]

In the framework of Pillar III, Attijariwafa bank has set up a forecasting process for the monitoring and the 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 to adopt the best practices.

1-3 Capital requirement

At 31 December 2011, the capital requirement in the framework of Basel II for Attijariwafa bank Group amounted to 22 138 330 thousand MAD. This is calculated by the standardised approach for credit, counterparty and market risks and basic indicator approach for operational risks.

(in thousand MAD)

	12/31/2011	12/31/2010
Credit and Counterparty Risk	**19 094 485**	**17 677 569**
Credit Risk (*)	18 977 803	17 513 104
Counterparty Risk	116 682	164 465
Market Risk	**1 034 315**	**494 504**
Operational Risk	**2 009 530**	**1 944 436**
Total	**22 138 330**	**20 116 508**

(*) including credit risk for other assets (fixed tangible assets, various other assets and equity shares).

	Pillar I	
	Risk Covered	Measurement methodologies
Credit and Counterparty Risk	√	Standardised Approach
Market Risk	√	Standardised Approach
Operational Risk	√	BIA (Basic Indicator Approach)

(1) Internal Capital Adequacy Assessment Process

1-4 Capital Adequacy Ratio

At 31 December 2011, the Group's core capital ratio amounted to 7.92% and the Group's capital adequacy ratio stood at 11.26% vs. 11.32% a semester earlier.

(in thousand MAD)

	12/31/2011	12/31/2010
Core Capital	21 923 297	19 656 752
Total Regulatory Capital	31 158 068	29 379 623
Risk-weighted assets	276 729 126	251 456 355
Tier 1 Ratio	**7.92%**	**7.82%**
Capital Adequacy Ratio	**11.26%**	**11.68%**

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, commodities on the organized market, commodities on the over-the counter market are assessed at the market price.

The foreign exchange options are assessed using the Garman-Kohlhagen model[2].

2-2 Net credit risk on derivative instruments

The counterparty credit risk on derivative instruments at 31 December 2011 amounted to 1 883 973 thousand MAD. The breakdown of this exposure per segment is as follows:

(in thousand MAD)

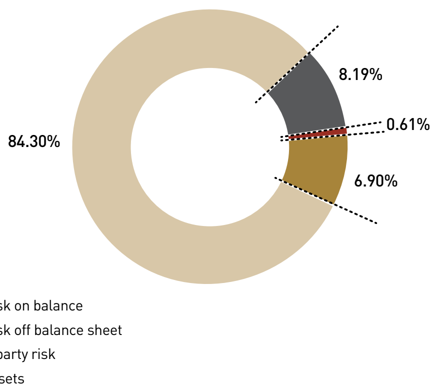
Exposure category	Counterparty Credit Risk
Sovereign	5 555
Credit institutions and related entities	744 177
Customers	1 134 241
Total	**1 883 973**

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% regardless of external ratings.

2-4 Level of exposure pursuant to counterparty risk

The counterparty risk represents 0.61% of the total counterparty credit/risk. It concerns repos, reverse repos and OTC derivatives in the banking and transactions in the trading book.



[2] Black & Shoals derivative model for application to foreign exchange options

2-5 Counterparty credit risk: exposures covered by collateral

The total amount of eligible collateral on counterparty credit risk is 4 246 995 thousand MAD.

The cash collateral mainly impacts the repos and reverse repos.

(in thousand MAD)

Exposition at default	Collateral
24 599 709	**4 246 995**

2-6 Counterparty credit risk on credit derivatives: Exposure covered by guarantees

The total net exposure for credit derivatives is 1 883 973 thousand MAD including 130 thousand MAD covered by eligible guarantee.

(in thousand MAD)

Exposition at default	Guarantees
1 883 973	130

2-7 Guarantees

(in thousand MAD)

	Guarantees
Sovereign	17 768 439
Multilateral development banks	9 526
Credit institutions and related entities in Morocco and abroad	1 668 838
Total	**19 446 803**

2-8 Credit Concentration Risk per Mitigants

(in thousand MAD)

	Exposition At Default	Eligible Guarantee	Eligible Collateral
Sovereign	53 271 567	1 155 926	325 113
Institutions	22 983 073	15 698 968	518 656
Credit institutions and related entities	19 148 089	921 747	2 862 705
Large Enterprises	198 574 391	1 406 438	2 627 775
Small and Medium sized enterprises	16 933 214	236 813	348 318
Very small Enterprises	2 237 449	24 699	70 980
Retail banking customers	61 549 933	2 212	162 178
Total	**374 697 715**	**19 446 803**	**6 915 724**

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%	18 489 442	184 285 088	10.03%

Attijari bank Tunisie

(in thousand Tunisian dinars)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	8%	349 313	2 791 897	12.51%

BCT : Banque Centrale de Tunisie

Attijariwafa bank Europe

(in Euros)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank Europe	CBF	10%	40 358 464	256 679 050	15.72%

CBF : Commission Bancaire Française

Wafasalaf

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafasalaf	Bank Al Maghrib	8%	1 437 129	12 319 566	11.67%

Wafabail

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafabail	Bank Al Maghrib	8%	807 292	6 838 803	11.80%

Wafa Immobilier

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	8%	51 446	245 460	20.96%

Attijari Factoring

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari Factoring	Bank Al Maghrib	8%	129 180	1 181 606	10.93%

Wafa Assurance

(in thousand MAD)	Supervisor	Margin	Minimum of Solvency Margin	Ratio
Wafa Assurance	DAPS	5 111 964	1 186 221	430.95%

DAPS : Direction des Assurances et de la Prévoyance Sociale

CBAO

(in million FCFA)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
CBAO	BCEAO	8%	61 948	385 404	16.07%

BCEAO : Banque Centrale des Etats de l'Afrique de L'Ouest

4. Enterprise Governance

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

Bord of directors

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

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

4-1 General Management Committee

The general management committee joins together the heads of the various centers under the chairmanship of the Chairman and Chief Executive Officer. This Committee meets once a week and provides a summary view of the operational activities in the different sectors and prepares questions to be submitted to the Board of Directors in a joint approach.

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

4-2 General Management and Coordination Committee

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

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

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

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

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	Director, Representing SNI
Mr. Antonio ESCAMEZ TORRES	Vice-chairman
Mr. José REIG	Director

• Major Risk Committee :

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

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

•Audit and Accounts Committee :

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

Members	Function
Mr. Abed YACOUBI-SOUSSANE	Chairman
Mr. Hassan OURIAGLI	Director
Mr. José REIG	Director
Guest Members	
Mr. Talal EL BELLAJ	Deputy Managing Director - Global Risk Management Group
Mr. Ismail EL FILALI	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance
Mr. Abderrazak LAMRANI	Executive Director - Group Compliance

• 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	Director, Representing SIGER
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director

ORDINARY GENERAL MEETING RESOLUTIONS

Ordinary General Meeting Resolutions

of the 29th March 2011

• 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 2011, 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 3,154,677,298.62.

• 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	3,154,677,298.62 DH
– Allocation to the legal reserve	-
– Allocation to the investment reserve	-
– Earnings brought forward	6,881,327.87 DH
• DISTRIBUTABLE EARNINGS	**3,161,558,626.49 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 8.5	1,524,668,084.00 DH
• REPRESENTING A TOTAL DISTRIBUTION OF	**1,640,465,660.00 DH**
– Allocation to extraordinary reserves	1,515,000,000.00 DH
– Retained earnings	6,092,966.49 DH

Accordingly, the Ordinary General Meeting resolves to distribute a dividend, representing income for a year and a day, of MAD 8.5 per share to be disbursed from 2 July 2012 at the Bank's HQ, in accordance with current regulations.

• Resolution IV

Further to the aforementioned resolutions, the General Meeting confers to the members of the Board of Directors final discharge without reservations, of management during the fiscal year the accounts of which have been approved here above and to the statutory auditors for the mandate held during the said financial year.

• Resolution V

The General Meeting sets the amount of directors' fees to be allocated to members of the Board of Directors for financial year 2012 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, having noted that the directorships of Mr. José Reig, Mr. Antonio Escamez Torres and Mr.Javier Hidalgo Blazquez 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 Financial year 2017.

• Resolution VII

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, 2011

Deloitte.

Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

MAZARS

Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

ATTIJARIWAFA BANK GROUP
AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2011

We have audited the consolidated financial statements attached of Attijariwafa bank which include the balance sheet as at December 31st, 2011, 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. These financial statements show total consolidated equity of KMAD 30,280,097 and consolidated net income of KMAD 5,302,162.

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 the risk that the financial statements contain material misstatements, 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 Attijariwafa bank Group as of December 31st, 2011, 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, 3 April 2012

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

CONSOLIDATED FINANCIAL STATEMENTS

1- IFRS accounting standards and principles applied by the Attijariwafa bank Group

1.1 Background

The application of IFRS standards has been mandatory since the reporting period ended 12/31/2008.

The primary goal of regulatory authorities is to establish an accounting and financial reporting framework for banks that complies with the international standards in terms of financial transparency and the quality of disclosures.

The Attijariwafa bank Group acted ahead of plans to adopt the International Financial Reporting Standards for the consolidated financial statements in the first half of 2007 with 2006 for comparative purposes.

The 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 2011.

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-tomaturity 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 or joint control or where it enjoys significant influence.

The entities over which the bank has significant influence, and which must be consolidated, include the special purpose entities regardless of their legal form or the country in which they operate.

A special purpose entity must be consolidated where in substance it is controlled by the relevant bank even in the absence of a shareholder relationship.

A special purpose entity is a separate legal entity that is specifically established for a clearly-defined limited purpose (for example, leasing or securitisation of financial assets).

An entity is excluded from the scope of consolidation when:

- it is only controlled temporarily; that is to say it is acquired and held solely with a view to its subsequent disposal within 12 months;
- it represents held for trading assets that are recognised at fair value, with changes in fair value being recognised in profit or loss (recognition pursuant to IAS 39).

The nature of the control determines the consolidation method. (Full consolidation; proportional consolidation and equity accounting).

A subsidiary is brought within the scope of consolidation even when 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:

To define the companies to be integrated within the scope of consolidation, the following criteria must be respected:

- Attijariwafa bank must directly or indirectly own at least 20% of the existing and potential voting rights;
- one of the following thresholds is reached:
  - the subsidiary's total balance sheet exceeds 0.5% of the total consolidated balance sheet,
  - the subsidiary's net assets exceed 0.5% of the consolidated net assets,
  - the subsidiary's revenue or banking income exceeds 0.5% of consolidated banking income.

Long-term investments over which the Group does not enjoy any form of control are not included within the scope of consolidation even where their contribution satisfies the above criteria.

Exception:

An entity making a non-material contribution must be included within the scope of consolidation when it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities

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. When 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, when the future economic benefits constituting this asset are consumed in the production of other assets, the depreciation expense is included in the cost of these other assets and is deemed to be included in their carrying amounts. For example, the depreciation of production facilities is included in inventory manufacturing costs (IAS 2).

Depreciation periods and methods must be reviewed periodically by the company.

When these assumptions are revised, a change in accounting estimate must be recognised. Similarly, the depreciation expense for the current financial year and for future financial years must be adjusted.

The depreciation is recognised, even where the fair value of the asset exceeds its carrying amount, so long as the residual value does not exceed its carrying amount.

Residual value :

This is the current price of the asset taking into account the estimated age and condition of the item of property, plant and equipment at the end of its useful life. In practice, it is often a non-material amount that does not take into account inflationary effects.

It must be readjusted at the end of each reporting period.

Useful life :

The useful life is the period over which the entity expects to use an asset.

An asset is depreciated from the moment it is available for use. Accordingly, an asset is no longer depreciated once it has been derecognised.

In order to determine the useful life, the following factors are taken into account :

- the expected use to which this asset will be put is assessed by reference to the capacity or physical production expected from this asset ;
- the expected wear and tear, which depends on operating parameters such as the rate at which the asset is used and the maintenance programme, the care taken and the maintenance of the asset outside of its period of use ;
- technical or commercial obsolescence resulting from changes or improvements in the preparation process or changes in market demand for the product or service provided by the asset ;
- legal or similar limits on the use of the asset, such as the expiry of leases.

Borrowing costs :

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 recorded as expenses.

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 :

HFT	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 owneroccupied property : investment property generates cash flows that are largely independent from other assets held by the entity, which is not true of the production or supply of goods or services that is the main purpose underpinning the use of an owner-occupied property.

When an entity holds a property that is leased to, and occupied by its parent company or another subsidiary, for the purposes of the consolidated financial statements the property does not satisfy the investment property criteria since from the perspective of the Group as a whole, the property is owneroccupied.

An entity can choose between :

- Fair value model : (See Section 2.2)

When an entity opts for this accounting treatment, it must be applied to all investment property. It should be noted that the use of this model is encouraged by the independent appraisers.

- Cost model : (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 when 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 when the portion held for use in the production or supply of goods or services or for administrative purposes is not material.

The fair value appraisal of these separate portions classified as operating property must be done in a reliable manner.

1.2.3.2 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 when 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 : when the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Two measurement methodologies are allowed :

Cost model :

The intangible asset is recognised at cost less cumulative amortisation and impairment.

Revaluation model :

The intangible asset must be recognised at its revalued amount, namely its fair value on the date of revaluation less cumulative subsequent amortisation and impairment. This accounting treatment applies when the market is active.

The amortisation of an intangible asset depends on its useful life. Intangible assets with indefinite useful lives are not amortised and are tested for impairment at least annually at the end of each reporting period. On the other hand, intangible assets with definite useful lives are amortised over this period.

The residual value, the useful live and the amortisation 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 when they satisfy the following conditions :

– it is technically feasible to complete the asset for sale or use ;
– it intends to complete the intangible asset and use or sell it ;
– it is able to sell or use the asset produced ;
– the asset will generate future economic benefits ;
– existence of sufficient resources to successfully complete the project ;
– its ability to reliably measure project-related costs.

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. When such an appraisal proves difficult to carry out, such leases must be derecognised through consolidated reserves.

Leasehold rights must be reviewed annually. When 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. When it is not possible to review goodwill, it must be derecognised.

Software:

The useful lives used for software differ depending on whether the software is operating software or desktop software. The IT Department is responsible for defining these useful lives.

The 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. When 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 when 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 when 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 when 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.
- It is discounted from the first date on which the payment of these amounts may be demanded.

For interest-bearing deposits :

Deposits bearing interest at market rates

For deposits bearing interest at market rates, the fair value will be the nominal value, so long as the marginal transaction costs are not material.

- When there are correlative and directly attributable costs, they should be included in the fair value.
- Marginal transaction costs and directly attributable nongroup fees, such as for example business introduction fees.
- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral 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. When the company extends a loan bearing interest at a rate that differs from the market rate and when it earns fees deducted at issuance, the company will recognise the loan at fair value, namely net of the fees it receives. The company will take the discount to profit or loss in accordance with the effective interest rate method.

NB : Advances against interest-bearing deposits are systemically recognized as loans and receivables and treated as such under IFRS.

Passbook accounts :

A single regulated rate applied by most banks is deemed to be a market rate.

Accordingly, no adjustment under IFRS for passbook accounts.

Attijariwafa bank's position :

Savings products must be classified in the "Other liabilities" category.

The Attijariwafa bank Group will not recognise financial liabilities at fair value through profit or loss except when this is exceptionally approved by the (Group) Finance Department.

In fact, in principle, savings activities that constitute part of the banking intermediation business must be recognised in the other liabilities category, meaning that they can be kept at historical cost (subject to certain conditions), and not at fair value.

Except when expressly indicated otherwise, the above options will also apply to any debt securities issued.

1.2.7.2 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.

Trading portfolio securities : financial assets at fair value through profit or loss and financial assets designated at fair value through profit or loss at inception

Pursuant to IAS 39.9, financial assets and liabilities at fair value through profit or loss are assets or liabilities acquired or generated by the company primarily with a view to profiting from short-term price fluctuations or an arbitrage margin.

A financial asset will be classified in the financial assets at fair value through profit or loss category when, regardless of why it was acquired, it is included in a portfolio for which there is a recent pattern of short-term profit taking.

N.B. : All derivatives are financial assets (or liabilities) at fair value through profit or loss, except when they are designated for hedging purposes.

IAS 39 limits the scope of the fair value through profit or loss option when :

- the category in which the securities are classified still exists and the classification in financial assets at fair value through profit or loss reflects true intent on the part of management – classification by nature ;
- the "designated at fair value through profit or loss at inception" – designation at inception – category is used for certain financial assets acquired not for trading purposes but when the fair value measurement (with recognition of fair value changes in profit or loss) meets accounting and operating management needs (for example avoiding the separation of embedded derivatives for financial assets that must be recognised separately under IAS 39).

Recognition principles :

Initial measurement :

Securities classified at fair value through profit or loss must be initially recognised at their acquisition price, excluding transaction costs directly attributable to the acquisition and including accrued coupons.

Subsequent measurement :

Securities classified as financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognised in profit or loss.

This category of securities is not subject to impairment.

Available-for-sale securities portfolio

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 :

When 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.

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 availablefor-sale assets and being unable to use this category for a period of 2 years).

Nevertheless, exceptions to this "tainting" rule are allowed when :

- the sale is close to maturity (within 3 months) ;
- the sale takes place after the company has already received substantially all of the principal of the asset (around 90% of the principal of the asset) ;
- the sale is justified by an external, isolated or unforeseeable event ;
- when the entity does not expect to substantially recover its investment as a result of a deterioration in the issuer's position (in which case the asset is classified as available-for-sale) ;
- sales of securities between Group entities (inter-company sales).

Ability to hold :

Upon acquisition, and at the end of each reporting period, the company must assert its intention and ability to hold the securities to maturity.

Prohibition on interest-rate hedging :

Although interest-rate hedging is not permitted for this portfolio, other types of hedging (counterparty risk, foreign currency risk) are allowed.

Recognition principles :

• Initial measurement :

Held-to-maturity securities must be initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and including accrued coupons (in a related receivables account).

• Subsequent measurement :

Subsequently, recognition will be at amortised cost with a premium / discount in accordance with the effective interest rate rule (actuarial allocation).

Impairment :

When there is objective evidence of impairment, a provision must be recognised for the difference between the carrying amount and the estimated recoverable amount (ERA).

The estimated recoverable amount is obtained by discounting expected future cash flows at the initial effective interest rate.

In the event of subsequent improvement, the excess provision may be reversed.

Profit or loss allocation principle :

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

Loans and receivables

The «Loans and receivables category » includes unquoted financial assets which are not intended to be sold and which the institution intends to keep for the long term.

Recognition principles :

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

Impairment :

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value.

On subsequent improvement, a write-back may be booked against the provision for impairment.

NB : The consolidated advances related to non consolidated long-term investments are valued at their nominal value, whatever their method of remuneration or reimbursement.

Profit or loss allocation principle :

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

1.2.8.1 Options taken by Attijariwafa bank :

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

When 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 when :

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

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

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

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

Customer provisions :

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

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

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

Individual impairment

In the case of a loan in arrears :

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

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

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

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

Collective impairment

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

Assessment of objective evidence of impairment :

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

Such objective evidence may include :

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

Collective impairment : calculation of impairment :

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

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

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

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

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

3. The future cash flows are estimated on the basis of historical losses (adjusted as required) on assets similar to those collectively tested. The methodology and assumptions used to estimate the future cash flows must be regularly reviewed to reduce any difference between estimated and actual losses.

4. Once the future cash flows have been estimated and positioned time-wise, they are discounted at the effective interest rate.

5. Provisions for impairment recognised within a group represent an intermediate step pending the identification of the impairment of each asset within the group of financial assets that have been collectively tested for impairment. Once there is sufficient information to specifically identify the losses on each of the impaired assets within a group, tested individually, these assets are taken out of the group. Accordingly, it is necessary to assess whether any new information 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 ;
- 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.

When 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 :

- when there are sufficient taxable temporary differences levied by the same taxation authority on the same taxable entity that are expected to be reversed :
  - in the financial year in which the deductible temporary differences are expected to reverse, or
  - in financial years in which the tax loss resulting from the deferred tax asset could be carried back or forward ;
- when it is probable that the company will post sufficient taxable profits levied by the same taxation authority on the same taxable entity during the relevant financial years ;
- tax planning enables it to post taxable profits over the relevant financial years.

In the case of a business combination, the cost of acquisition is allocated to acquired identified assets and liabilities on the basis of their fair value without changing their tax basis : deferred tax liabilities stem from taxable temporary differences.

This deferred tax liability impacts goodwill.

In the case of a business combination, when the cost of acquisition allocated to a liability is only tax deductible during the tax year or when the fair value of an asset is lower than its tax basis, a deductible temporary difference arises that gives rise to a deferred tax asset.

The latter impacts goodwill.

When a deferred tax asset of the acquiree is not recognised by the acquirer as an identifiable asset on the date of a business combination and is subsequently recognised in the acquirer's consolidated financial statements, the resulting deferred tax benefit is recognised in profit or loss. Moreover, the acquirer adjusts the gross carrying amount of goodwill and the cumulative amortisation by the amounts that should have been recognised, also expensing the reduction in the net carrying amount of goodwill.

There should be no change with respect to negative goodwill.

IAS prohibits the discounting of deferred tax.

In the event of changes to tax rates or regulations, the deferred tax impact is recognised on the basis of the symmetry principle : when the deferred tax was initially recognised outside profit or loss (in equity), the adjustment should also be recognised outside profit or loss, with the impact otherwise being recognised in profit or loss.

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 when these assets have indefinite useful lives.

Deferred tax asset stemming from deductible temporary differences on consolidated equity interests :

Mandatory recognition of a deferred tax asset for the deductible temporary differences on consolidated equity interests (differences stemming, for example, from the elimination of internal gains (losses) on consolidated equity interests) so long as these temporary differences are likely to be reduced in the foreseeable future (rare case in the absence of a disposal decision) and that the recovery of the deferred tax asset is probable.

Possibility of adjusting goodwill if deferred tax is identified following the period allowed under IFRS for adjustments :

A deferred tax asset deemed not to be identifiable at the date of acquisition and subsequently realised, is recognised in consolidated profit or loss, and the goodwill is subsequently retrospectively adjusted even after the expiry of the adjustment period, the impact of this correction also being recognised in consolidated profit or loss.

Deferred tax initially recognised outside profit or loss (in equity) :
Recognition of the impact of changes in tax rates and/or taxation methods outside profit or loss (in equity).

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) when, 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.

When 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" related 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".

If 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.

If 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 when 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 when the following three conditions are satisfied :

- the hybrid contract is not recognised at fair value (with changes in fair value being taken to profit or loss) ;
- separated from the host contract, the embedded derivative has the characteristics of a derivative ;
- the characteristics of the derivative are not closely linked to those of the host contract.

For example :

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

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

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

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

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

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

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 :

When 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 when the entity has no other realistic option but to pay out the benefits to employees. There would, for example, be a constructive obligation when 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 :

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, longservice benefits (such as "wissam schorl"), long-term incapacity payments, when 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 (when 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 when 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 straightline 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 when 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 when 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 least:

- 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 prorata to the length of service of the employee. Accordingly, the calculation of rights is done on the basis of the employee's length of service and the estimated final salary.

Assumptions:

Actuarial assumptions are the entity's best estimates of variables determining the final cost of post-employment benefits. These assumptions include:

Demographic assumptions:

These relate to the future characteristics of former and current employees (and their dependents) qualifying for benefits.

These demographic assumptions involve the following items:

- mortality, during and post-employment;
- staff turnover, disability and early retirement;
- the proportion of plan members and dependents qualifying for benefits; and
- the level of claims under the medical plans.

Expected rate of return on plan assets:

This rate must be established on the basis of market expectations on the reporting date for the period in which the liabilities are to be settled.

It must reflect the make-up of the asset portfolio. The breakdown of plan assets (bonds, equities, real-estate, ...) and the expected return used for each asset class should be set out in the actuarial report.

Discount rate / inflation rate :

The applicable rate to discount post-employment benefit liabilities (whether funded or not) must be determined by reference to a market rate at the reporting date based on the top-tier corporate bonds. In countries in which this type of market is not active, the relevant rate (at the end of the reporting period) is the treasury bond rate. The currency and maturity of corporate bonds or treasury bonds must be consistent with the currency and estimated maturity of postemployment benefit liabilities.

The maturity of liabilities must be assessed on the basis of the schedule of future payments (weighted average only) for all plan participants on the measurement date.

Salaries, employee benefits and medical costs :

Post-employment benefit liabilities must be measured on a basis that reflects :

- estimated future salary increases ;
- benefit rights as per the terms and conditions of the plan (or resulting from any constructive obligation going beyond these terms and conditions) at the reporting date ; and
- estimated future changes in the level of benefits paid under any mandatory general plan affecting the benefits payable under a defined benefit plan, when, and only when, either :
- these changes have been adopted prior to the reporting date ; or
- past experience or other reliable indicators, show that these benefits paid under a mandatory general plan will change in a foreseeable manner, for example that they will reflect general price inflation or general salary inflation.

The assumptions related to medical costs must factor in the estimated future changes in the cost of medical services stemming both from inflation and changes specific to medical costs.

1.2.14.1 Options taken by Attijariwafa bank :

It was agreed that in Attijariwafa bank's case the pension benefits were defined contribution plans. Accordingly, no IFRS adjustment is required.

In the case of post-employment medical coverage (CMIM), Attijariwafa bank does not have sufficient information to 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 :

When 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 ;

When 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 2011 **(thousand MAD)**

ASSETS (under IFRS)	Notes	12/31/2011	12/31/2010
Cash and balances with central banks, the Treasury and post office accounts		13 817 615	13 374 249
Financial assets at fair value through income	2.1	36 111 566	23 776 381
Derivative hedging instruments			
Available-for-sale financial assets	2.2	25 965 979	29 921 521
Loans and advances to credit institutions and similar establishments	2.3	15 164 488	16 912 923
Loans and advances to customers	2.4	230 681 667	200 216 617
Interest rate hedging reserve		-	-
Held-to-maturity investments		-	-
Current tax assets	2.5	72 623	135 373
Deferred tax assets	2.5	381 699	625 727
Other assets	2.6	6 301 601	7 011 157
Participations of insured parties in differed profits	2.2	501 467	816 307
Non-current assets held for sale		150 209	-
Investments in companies accounted for under the equity method	2.7	110 980	108 935
Investment property	2.8	1 158 463	1 319 993
Property, plant and equipment	2.9	5 077 373	4 647 412
Intangible assets	2.9	1 339 331	1 396 860
Goodwill	2.10	6 616 988	6 391 864
TOTAL ASSETS		**343 452 049**	**306 655 318**

LIABILITIES (under IFRS)	Notes	12/31/2011	12/31/2010
Amounts owing to central banks, the Treasury and post office accounts		227 490	164 915
Financial liabilities at fair value through income	2.11	2 591 760	3 390 320
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	34 655 547	23 006 975
Customer deposits	2.13	218 815 270	201 447 928
Debt securities issued	2.14	15 613 534	11 872 036
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	636 759	133 609
Deferred tax liabilities	2.5	1 384 100	1 837 115
Other liabilities	2.6	8 763 194	8 350 041
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		18 602 128	17 579 940
General provisions	2.15	1 171 295	1 123 111
Subsidies, public funds and special guarantee funds		187 587	207 289
Subordinated debt	2.14	10 523 289	9 516 757
Share capital and related reserves		7 366 523	7 366 523
Consolidated reserves		17 132 734	14 992 969
- Group share		*13 759 424*	*11 578 042*
- Minority interests		*3 373 310*	*3 414 927*
Unrealised deferred capital gains or losses		478 677	921 357
Net income for the financial year		5 302 162	4 744 433
- Group share		*4 458 745*	*4 102 489*
- Minority interests		*843 417*	*641 944*
TOTAL LIABILITIES		**343 452 049**	**306 655 318**

Consolidated income statement under IFRS at 31 december 2011 **(thousand MAD)**

	Notes	12/31/2011	12/31/2010
Interest and similar income	3.1	15 479 302	14 075 852
Interest and similar expenses	3.1	5 713 876	5 177 078
NET INTEREST MARGIN		**9 765 427**	**8 898 774**
Fees received	3.2	3 473 516	3 113 089
Fees paid	3.2	314 261	234 668
NET FEE INCOME		**3 159 255**	**2 878 420**
Net gains or losses on financial instruments at fair value through income	3.3	1 459 016	1 801 666
Net gains or losses on available-for-sale financial assets	3.4	927 739	776 999
INCOME FROM MARKET ACTIVITIES		**2 386 755**	**2 578 664**
Income from other activities	3.5	5 467 924	4 584 467
Expenses on other activities	3.5	4 897 287	4 273 749
NET BANKING INCOME		**15 882 074**	**14 666 576**
General operating expenses		6 404 286	5 705 321
Depreciation, amortisation and provisions		798 012	717 088
GROSS OPERATING INCOME		**8 679 776**	**8 244 167**
Cost of risk	3.7	-749 701	-1 218 243
OPERATING INCOME		**7 930 075**	**7 025 925**
Net income from companies accounted for under the equity method		16 099	18 156
Net gains or losses on other assets	3.8	687	2 622
Changes in value of goodwill		-	-
PRE-TAX INCOME		**7 946 861**	**7 046 703**
Income tax		2 644 699	2 302 270
NET INCOME		**5 302 162**	**4 744 433**
Minority interests		843 417	641 944
NET INCOME GROUP SHARE		**4 458 745**	**4 102 489**
Earnings per share (in dirhams)		23,10	21,26
Dividend per share (in dirhams)		23,10	21,26

Statement of net income and gains and losses directly recorded in shareholders equity at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Net income	**5 302 162**	**4 744 433**
Asset and liability variations directly recorded in shareholders equity	**-642 215**	**279 056**
Translation gains or losses	-56 680	-72 094
Variation in value of financial assets available for sale	-571 482	358 104
Revaluation of fixed assets	-	-
Variations in differed value of derivative coverage instruments	-	-
Items regarding enterprises by equity method	-14 054	-6 954
Grand total	**4 659 947**	**5 023 489**
Group share	3 965 660	4 269 568
Minority interest share	694 287	753 921

Table of shareholders equity variation at 31 december 2011 (thousand MAD)

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolidated income (4)	Total assets and liabilities entered directly in capital (5)	Shareholders' equity Group share (6)	Minority interests (7)	Total (8)
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		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 at 31 december 2010					**4 102 489**		**4 102 489**	**641 944**	**4 744 433**
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					213 479	213 479	137 671	351 150
Translation gains and losses	(B)					-46 400	-46 400	-25 694	-72 094
Total assets and liabilities entered directly in capital	**(A)+(B)**	**-**	**-**	**-**	**-**	**167 079**	**167 079**	**111 977**	**279 056**
Other variations					**-276 247**		**-276 247**	**-143 500**	**-419 747**
Perimeter variation							-		-
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**
Effect of changes to accounting policies									
Shareholders' equity restated 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**
Transactions related to share capital					-758 308		-758 308	-229 568	-987 876
Share-based payments							-		-
Transactions related to Treasury stock				181 208			181 208		181 208
Dividends					-1 489 576		-1 489 576	-319 899	-1 809 475
Net income for the period					**4 458 745**		**4 458 745**	**843 417**	**5 302 162**
Total assets and liabilities entered directly in capital	(C)					-456 733	-456 733	-128 803	-585 536
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-34 334	-34 334	-19 575	-53 909
Latent or differed gains or losses	**(C)+(D)**	**-**	**-**	**-**	**-**	**-491 067**	**-491 067**	**-148 378**	**-639 444**
Other variations					**163 222**		**163 222**	**-299 423**	**-136 201**
Changes in scope of consolidation					32 754	-2 019	**30 736**	313 705	344 441
Shareholders' equity at 31 december 2011		1 929 960	5 436 564	-2 005 366	20 293 124	409 089	26 063 370	4 216 726	**30 280 097**

Consolidated cash flow statement at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Pre-tax income	**7 946 861**	**7 046 703**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	961 168	816 383
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	-5 349	-255
+/- Net provisions	838 243	1 236 644
+/- Net income from companies accounted for under the equity method	-16 099	-18 156
+/- Net gain/loss from investment activities	-818 873	-702 366
+/- Net gain/loss from financing activities		
+/- Other movements	-445 970	154 986
Total non-cash items included in pre-tax income and other adjustments	**513 120**	**1 487 235**
+/- Flows relating to transactions with credit institutions and similar establishments	5 340 917	449 292
+/- Flows relating to transactions with customers	-12 749 320	-16 871 624
+/- Flows relating to other transactions affecting financial assets or liabilities	-7 449 274	-473 872
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-1 736 370	-2 286 326
Net increase/decrease in operating assets and liabilities	**-16 594 047**	**-19 182 530**
Net cash flow from operating activities	**-8 134 066**	**-10 648 591**
+/- Flows relating to financial assets and investments	-1 268 166	-841 345
+/- Flows relating to investment property	-41 398	-113 526
+/- Flows relating to plant, property and equipment and intangible assets	-746 248	-838 293
Net cash flow from investment activities	**-2 055 813**	**-1 793 165**
+/- Cash flows from or to shareholders	-1 809 475	-1 333 385
+/- Other net cash flows from financing activities	4 550 462	6 453 433
Net cash flow from financing activities	**2 740 987**	**5 120 048**
Effect of changes in foreign exchange rates on cash and cash equivalents	**61 896**	**61 459**
Net increase (decrease) in cash and cash equivalents	**-7 386 996**	**-7 260 250**

	12/31/2011	12/31/2010
Cash and cash equivalents at the beginning 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
Cash and cash equivalents at the end of the period	**2 290 598**	**9 677 594**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	13 590 125	13 209 333
Inter-bank balances with credit institutions and similar establishments	-11 299 527	-3 531 740
Net change in cash and cash equivalents	**-7 386 996**	**-7 260 250**

2. Notes related to the balance sheet

2.1 Financial assets at fair value through income at 31 december 2011

(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	19 989 233	
Bonds and other fixed income securities	**2 077 549**	
- Listed securities	-	
- Unlisted securities	2 077 549	
Shares and other equity securities	**12 331 090**	**122 325**
- Listed securities	12 331 090	122 325
- Unlisted securities		
Derivative instruments	**1 479 091**	
Related loans	**112 278**	
Fair value on the balance sheet	**35 989 241**	**122 325**

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Securities valued at fair value		
• Treasury notes and similar securities	**7 832 206**	**12 723 561**
• Bonds and other fixed income securities	**10 526 912**	**9 397 217**
- Listed securities	8 643 909	7 768 767
- Unlisted securities	1 883 003	1 628 450
• Shares and other equity securities	**2 837 752**	**3 936 525**
- Listed securities	2 309 906	2 289 368
- Unlisted securities	527 846	1 647 157
• Securities in non-consolidated affiliates	**5 270 577**	**4 680 524**
Total available-for-sale securities	**26 467 446**	**30 737 828**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 11 312 million at the end december 2011 vs. MAD 10 177 million at the end of december 2010.

2.2.2 Underlying gains and losses on financial assets available for sale at 31 december 2011

(thousand MAD)

	12/31/2011			12/31/2010		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	7 832 206	154 383	-53 444	12 723 561	394 980	-4 149
Bonds and other fixed income securities	10 526 912	69 418	-43 093	9 397 217	115 554	-3 978
Share and other variable income securities	2 837 752	963 672	-512 702	3 936 525	1 351 062	-17 355
Non consolidated equity interest securities	5 270 577	745 904	-428 253	4 680 524	496 061	-329 997
Balance sheet value of assets available for sale	**26 467 447**			**30 737 828**		
Total underlying gains and losses		1 933 378	-1 037 493		2 357 657	-355 479
Differed taxes		-324 504	133 552		-857 283	130 007
Underlying gins and losses on net financial assets available for sale		1 608 874	-903 940		1 500 373	-225 473
Underlying gains and losses on net financial assets available for sale Group share		**690 560**	**-211 882**		**1 124 345**	**-202 988**

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions and similar establishments at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Credit institutions		
Accounts and loans	14 939 503	15 417 505
Securities received under repo agreements	-	-
Subordinated loans	20 353	28 371
Other loans and advances	173 561	1 336 234
Total	**15 133 416**	**16 782 109**
Related loans	101 083	205 291
Provisions	70 011	74 478
Net value	**15 164 488**	**16 912 923**
Internal operations		
Regular accounts	4 953 427	2 749 713
Accounts and long-term advances	25 718 196	24 368 172
Subordinated loans	407 726	410 075
Related loans	187 764	510 186

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Morocco	6 155 409	8 686 155
Tunisia	976 554	1 726 063
Sub-Saharan Africa	3 316 813	3 289 888
Europe	4 515 381	2 137 217
Others	169 259	942 787
Total	**15 133 416**	**16 782 109**
Related loans	101 083	205 291
Provisions	70 011	74 478
Net loans on the balance sheet	**15 164 488**	**16 912 923**

2.3.3 Breakdown of loans and advances per remaining term
at 31 december 2011 (thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	9 399 908	2 999 111	2 102 518	561 869	**15 063 405**

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Transactions with customers		
Commercial loans	38 309 070	32 103 164
Other loans and advances to customers	159 797 591	141 731 025
Securities received under repo agreements	490 228	5 000
Current accounts in debit	26 010 399	22 320 303
Total	**224 607 288**	**196 159 492**
Related loans	1 750 564	1 419 937
Provisions	7 789 700	7 720 910
Net value	**218 568 152**	**189 858 519**
Leasing activities		
Property leasing	2 383 534	2 203 953
Leasing of movable property, long-term rental and similar activities	10 018 793	8 565 189
Total	**12 402 327**	**10 769 142**
Related loans	1 174	5 631
Provisions	289 986	416 675
Net value	**12 113 514**	**10 358 098**
Total	230 681 667	200 216 617

2.4.2 Loans and advances to customers by geographical area at 31 december 2011 (thousand MAD)

	12/31/2011				12/31/2010			
Country	**Healthy outstandings**	**Impaired outstandings**	**Individual provisions**	**Collective provisions**	**Healthy outstandings**	**Impaired outstandings**	**Individual provisions**	**Collective provisions**
Morocco	184 808 207	7 731 153	4 672 061	527 836	162 737 136	7 396 650	4 542 367	852 348
Tunisia	18 258 749	1 390 916	934 085	64 318	15 828 155	1 355 885	744 523	332 117
Sub-Saharan Africa	20 315 029	2 506 908	1 869 116	11 756	15 803 482	2 190 682	1 652 042	14 188
Europe	302 320	1 168	513		49 608	38		
Others	1 695 165				1 566 998			
Total	**225 379 470**	**11 630 144**	**7 475 775**	**603 910**	**195 985 380**	**10 943 255**	**6 938 932**	**1 198 654**
Related loans	1 751 738				1 425 568			
Net loans on the balance sheet	**227 131 208**	**11 630 144**	**7 475 775**	**603 910**	**197 410 948**	**10 943 255**	**6 938 932**	**1 198 654**

2.4.3 Loans and advances to customer per economic operator at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Corporate entities	163 721 162	148 507 478
Including Large Enterprises	101 816 219	98 815 748
Private individuals	65 208 767	50 283 570
Total	**228 929 929**	**198 791 048**
Attached receivables	1 751 738	1 425 568
Net values on balance sheet	**230 681 667**	**200 216 617**

2.4.4 Breakdown of loans and advances per remaining term at 31 december 2011 (thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to customers	69 050 472	46 826 334	55 123 365	54 379 299	225 379 470

The fair value of healthy outstanding loans to customers and credit institutions is estimated at MAD 243,402 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Current taxes	72 623	135 373
Deffered taxes	381 699	625 727
Current and differed tax assets	**454 322**	**761 100**
Current taxes	636 759	133 609
Deffered taxes	1 384 100	1 837 115
Current and differed tax liabilities	**2 020 859**	**1 970 724**

2.5.2 Net income tax at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Current taxes	-2 716 750	-2 227 489
Net FY differed taxes	72 051	-74 780
Net income tax	**-2 644 699**	**-2 302 270**

2.5.3 Actual tax rate at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Net income	5 302 162	4 744 433
Income tax	2 644 699	2 302 270
Average actual income tax	**33.3%**	**32.7%**

Analysis of actual income tax at 31 december 2011

	12/31/2011	12/31/2010
Income tax in force	37.0%	37.0%
Differential in tax rate on foreign entities	-1.0%	-0.5%
Lump sum tax		
Permanent differences	-0.2%	-2.1%
Change in rate		
Deficit to be forwarded		
Other items	-2.5%	-1.8%
Average actual tax rate	**33.3%**	**32.7%**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Other assets	**4 106 759**	**3 730 244**
Sundry debtors	2 029 994	1 748 769
Various securities and uses	160 797	162 766
Other insurance assets	1 615 003	1 606 461
Other	300 965	212 247
Equalization accounts	**2 194 842**	**3 280 913**
Receivables	1 308 514	1 129 515
Expenses estimated in advance	179 105	109 322
Other equalization accounts	707 224	2 042 076
Total	**6 301 601**	**7 011 157**

2.6.2 Equalization accounts and other liabilities at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Other Liabilities	**6 107 886**	**6 330 290**
Miscellaneous securities operations	172 005	18 209
Miscellaneous creditors	5 646 983	5 909 100
Other insurance liabilities	288 898	402 980
Equalization accounts	**2 655 308**	**2 019 751**
Payables	1 664 405	893 810
Income identified in advance	141 306	209 944
Other equalization accounts	849 596	915 997
Total	**8 763 194**	**8 350 041**

The other asset and liabilities accounts basically include operations not definitively charged at the moment of recording on the balance sheet. They are re-entered in the final accounts as quickly as possible.

2.7 Equity interests in enterprises by equity method at 31 december 2011 **(thousand MAD)**

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	110 980	48 287	696 240	293 957	16 099
Net value on balance sheet in MEE companies	**110 980**	**48 287**	**696 240**	**293 957**	**16 099**

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

2.8 Investment property at 31 december 2011 **(thousand MAD)**

	12/31/2010	Perimeter variation	Acquisitions	Transfers and due dates	Other movements	12/31/2011
Gross value	1 537 392	1 175	210 427	5 184	-267 157	**1 476 653**
Depreciation and provisions	217 398	-807	37 846		63 753	318 191
Net value on balance sheet	**1 319 993**	**1 983**	**172 581**	**5 184**	**-330 910**	**1 158 463**

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 2011 is estimated at MAD 1 582 million.

2.9 Plant, property and equipment and intangible assets

2.9.1 Plant, property and equipment and intangible assets at 31 december 2011 (thousand MAD)

	12/31/2011			12/31/2010		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 585 664	840 606	1 745 058	2 518 546	768 068	1 750 479
Movable property and equipment	2 795 525	2 165 751	629 774	2 709 475	2 022 607	686 868
Leased movable property	538 808	210 046	328 762	516 700	183 731	332 970
Other property, plant and equipment	4 367 080	1 993 300	2 373 780	3 604 766	1 727 670	1 877 096
Total property, plant and equipment	**10 287 077**	**5 209 704**	**5 077 373**	**9 349 487**	**4 702 075**	**4 647 412**
IT software acquired	1 648 040	804 390	843 650	1 419 014	587 980	831 034
Other intangible assets	1 059 659	563 978	495 681	986 127	420 301	565 826
Total intangible assets	**2 707 699**	**1 368 368**	**1 339 331**	**2 405 141**	**1 008 281**	**1 396 860**

Tangible fixed assets:

Attijariwafa bank opted for an assessment of the cost of all fixed assets.
Depreciation in linear and spread out over the following service life:

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

Elsewhere the building components were amortized as follows:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

Intangible fixed assets 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	24 854
> 1 year ≤ 5 years	252 991
> 5 years	
Total	**277 844**

2.10 Goodwill at 31 december 2011 (thousand MAD)

	12/31/2010	Perimeter variation	Translation gains and losses	Other movements	12/31/2011
Gross value	6 391 864	230 792	-5 668		6 616 988
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 391 864**	**230 792**	**-5 668**		**6 616 988**

The Attijariwafa bank Group operates regularly impairment tests to ensure that the goodwill carrying value is greater than the recoverable amount. Otherwise, an impairment should be recorded
For fiscal year 2011, no impairment has been recognized.

2.11 Financial liabilities at fair value through income

2.11.1 Financial liabilities at fair value through income at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Securities pledged under repo agreements	361 911	63 705
Derivative instruments	2 229 849	3 326 614
Fair value on balance sheet	**2 591 760**	**3 390 320**

2.11.2 Derivative instruments per type of risk at 31 december 2011

(thousand MAD)

	Book value		Notional Amount
Per type of risk	**Assets**	**Liabilities**	
Exchange rate derivative instruments	55 906	380 109	20 310 201
Interest rate derivative instruments	281 518	350 370	26 830 934
Raw materials derivatives	604 171	604 171	3 881 060
Other derivative instruments	537 497	895 199	1 874 795
Total	**1 479 091**	**2 229 849**	**52 896 990**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Credit institutions		
Accounts and borrowings	15 327 089	15 057 526
Securities pledged under repo agreements	19 215 394	7 640 219
Total	**34 542 484**	**22 697 745**
Related debt	113 063	309 230
Value on the balance sheet	**34 655 547**	**23 006 975**
Internal Group operations		
Current accounts in credit	3 787 810	2 749 713
Accounts and long-term advances	26 189 929	24 436 286
Related debt	94 067	107 505

2.12.2 Breakdown of debts per remaining term at 31 december 2011

(thousand MAD)

	← = 3months	Between 3 months and 1 year	Between 1 year and 5 years	→ 5 years	Total
Amounts owing to credit institutions	26 232 066	5 522 821	1 297 083	1 490 514	**34 542 484**

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Ordinary creditor accounts	151 402 617	133 154 529
Savings accounts	54 240 447	50 648 991
Other amounts owing to customers	10 063 248	9 922 544
Securities pledged under repo agreements	2 194 183	6 784 871
Total	**217 900 496**	**200 510 936**
Related debt	914 774	936 992
Value on balance sheet	**218 815 270**	**201 447 928**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Morocco	127 953 195	122 913 337
Tunisia	18 891 199	17 121 286
Sub-Saharan Africa	31 073 414	22 763 285
Europe	39 422 012	35 702 160
Other	560 676	2 010 868
Total	**217 900 496**	**200 510 936**
Related debt	914 774	936 992
Value on the balance sheet	**218 815 270**	**201 447 928**

2.13.3 Breakdown of debts to customers per economic operator at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Corporate entities	80 126 421	75 436 672
Including large enterprises	54 999 316	42 758 687
Private individuals	137 774 075	125 074 263
Total	**217 900 496**	**200 510 936**
Relevant debts	914 774	936 992
Net values on balance sheet	**218 815 270**	**201 447 928**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 december 2011 (thousand MAD)

	← = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	160 848 992	36 022 021	11 714 239	9 315 243	**217 900 496**

2.14 Debts represented by security and subordinated debts at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
Other debts represented by a security	**15 613 534**	**11 872 036**
Negotiable debt securities	15 233 013	11 809 139
Bond loans	380 521	62 896
Subordinated debts	**10 523 289**	**9 516 757**
Subordinated loan	10 523 289	9 516 757
with defined term	10 523 289	9 516 757
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**26 136 823**	**21 388 793**

2.15 General provisions at 31 december 2011 (thousand MAD)

	Stock at 12/31/2010	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2011
Provisions for risks in executing signature loans	84 235	3 259	15 761	-	11 209	-4 081	87 965
Provisions for social benefit liabilities	303 671	57 832	62 600	24 652	14 579	-13 914	370 957
Other general provisions	735 205	18 734	178 515	33 490	134 356	-52 235	712 373
General provisions	**1 123 111**	**79 824**	**256 876**	**58 142**	**160 144**	**-70 230**	**1 171 295**

3- Notes pursuant to operating account

3.1 Net interest margin at 31 december 2011 (thousand MAD)

	12/31/2011			12/31/2010		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**13 449 594**	**3 047 335**	**10 402 259**	**12 193 215**	**2 956 350**	**9 236 866**
Accounts and loans/borrowings	12 640 891	2 903 567	9 737 324	11 361 859	2 718 967	8 642 892
Repurchase agreements	765	143 768	-143 003	575	237 383	-236 807
Leasing activities	807 938		807 938	830 781		830 781
Inter-bank transactions	**918 889**	**1 344 080**	**-425 191**	**889 652**	**1 254 073**	**-364 421**
Accounts and loans/borrowings	916 127	1 245 858	-329 731	884 141	1 206 347	-322 206
Repurchase agreements	2 762	98 222	-95 460	5 510	47 726	-42 216
Debt issued by the Group		**1 322 460**	**-1 322 460**		**966 655**	**-966 655**
Available-for-sale assets	**1 110 819**		**1 110 819**	**992 985**		**992 985**
Total net interest income	**15 479 302**	**5 713 876**	**9 765 427**	**14 075 852**	**5 177 078**	**8 898 774**

3.2 Net fee income at 31 december 2011 (thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**1 757 224**	**41 560**	**1 715 663**
with credit institutions	62 385	27 573	34 812
with customers	1 134 051		1 134 051
on securities	105 123	12 838	92 285
on foreign exchange	112 219	1 150	111 069
on forward financial instruments and other off-balance sheet transactions	343 446	-	343 446
Banking and financial services	**1 716 292**	**272 701**	**1 443 591**
Net income from mutual fund management (OPCVM)	298 702	23 368	275 334
Net income from payment services	869 303	199 008	670 294
Insurance products	98 427		98 427
Other services	449 860	50 324	399 536
Net fee income	**3 473 516**	**314 261**	**3 159 255**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Fixed income securities	980 753	587 999
Variable income securities	7 304	303 426
Derivative financial instruments	400 762	799 348
Reassessment of over the counter foreign currency cash positions	70 198	110 893
Total	**1 459 016**	**1 801 666**

3.4 Net gains or losses on financial assets available for sale at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Income from variable income securities	288 359	248 841
Income from transfers	618 114	516 947
Value added	618 114	516 947
Loss in value		
Gains and losses in value of variable income securities	21 265	11 211
Total	**927 739**	**776 999**

3.5 Income and expenses from other activities at 31 december 2011

(thousand MAD)

	12/31/2011			12/31/2010		
	Income	**Expenses**	**Net**	**Income**	**Expenses**	**Net**
Net income from insurance	4 833 660	4 483 417	350 243	3 969 137	3 849 177	119 960
Net income from investment property	37 220		37 220	27 326		27 326
Net income from fixed assets rented outright	3 631	27	3 604	1 608	8 761	-7 153
Other income	593 414	413 843	179 570	586 395	415 810	170 585
Total of interest income and expenses or equivalent	**5 467 924**	**4 897 287**	**570 638**	**4 584 467**	**4 273 749**	**310 718**

3.6 Net income from insurance activity at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Gross premiums acquired	5 292 951	4 467 730
Variation in technical provisions	-1 140 728	-1 478 627
Contract service expenses	-3 686 773	-2 843 708
Net expenses or income from reassurance transfers	-115 206	-25 434
Total	**350 243**	**119 960**

3.7 Cost of risk at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Allocations to provisions	**-1 172 288**	**-1 445 594**
Provisions for depreciation of loans and debts	-978 012	-1 260 427
Provisions for commitments by signature	-15 761	-29 601
Other provisions for risks and expenses	-178 515	-155 567
Provision write downs	**1 545 110**	**800 092**
Provision write downs for depreciation of loans and debts	1 366 054	674 797
Provision write downs for commitments by signature	11 209	7 018
Write downs from other provisions for risks and expenses	167 847	118 277
Provision variation	**-1 122 523**	**-572 741**
Losses on non provisioned unrecoverable loans and debts	-215 540	-31 501
Losses on provisioned unrecoverable loans and debts	-968 223	-593 483
Recovery on amortized loans and debts	94 730	93 577
Other losses	-33 490	-41 334
Cost of risk	**-749 701**	**-1 218 243**

3.8 Net gains or losses on other activities at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Operating tangible and intangible fixed assets		
Value added from transfers	65 634	3 382
Loss in value transfers	-64 947	-760
Net gains or losses on other activities	**687**	**2 622**

4. Information per center of activity

Attijariwafa bank's information by business activity is presented as follows :

- **Domestic banking, Europe and Offshore** comprising Attijariwafa bank SA, Attijariwafa bank Europe, Attijari International bank and holding companies incorporating the Group's investments in the Group's consolidated subsidiaries ;
- **Specialised financial subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities ;
- **International retail banking** activities comprising Attijari bank Tunisie and the banks of the Sub-Saharan area ;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET DECEMBER 2011	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	TOTAL
Balance sheet	228 040 913	25 430 386	24 095 386	65 885 363	**343 452 049**
Including					
Assets					
Financial assets at fair value through income	29 688 287	-	6 272 927	150 353	**36 111 566**
Available-for-sale financial assets	6 927 193	52 185	11 314 532	8 173 536	**26 467 446**
Loans and advances to credit institutions and similar establishments	9 863 655	77 145	29 771	5 193 917	**15 164 488**
Loans and advances to customers	165 467 609	22 748 370	2 757 526	39 708 161	**230 681 667**
Property, plant and equipment	2 359 533	544 783	204 697	1 968 360	**5 077 373**
Liabilities					
Amounts owing to credit institutions and similar establishments	29 908 594	1 743 259	-	3 003 694	**34 655 547**
Customer deposits	166 200 270	1 496 755	2 143	51 116 101	**218 815 270**
Technical reserves for insurance contracts	-	-	18 602 128	-	**18 602 128**
Subordinated debt	10 370 972	100 014	-	52 303	**10 523 289**
Shareholders' equity	20 194 759	2 396 157	3 887 951	3 801 230	**30 280 097**

INCOME STATEMENT DECEMBER 2011	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	6 245 476	1 061 986	297 577	2 155 460	4 927	**9 765 427**
Net fee income	1 630 798	538 072	-30 667	1 396 926	-375 874	**3 159 255**
Net banking income	8 584 892	1 979 247	1 639 626	3 808 296	-129 987	**15 882 074**
Operating expenses	3 367 957	666 623	371 102	2 128 590	-129 987	**6 404 286**
Operating income	4 187 744	931 140	1 270 222	1 540 968		**7 930 075**
Net income	2 729 366	588 760	899 347	1 084 689		**5 302 162**
Net income Group share	2 704 802	421 499	713 080	619 364		**4 458 745**

5. Financing commitments and guarantees

5.1 Financing commitments at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Financing commitments given	**16 108 841**	**17 600 357**
To credit institutions and similar establishments	51 234	1 866
To customers	16 057 607	17 598 491
Financing commitments received	**5 151 180**	**2 209 546**
From credit institutions and similar establishments	3 538 159	2 209 546
From the State and other organisations	1 613 021	

5.2 Guarantee commitments at 31 december 2011

(thousand MAD)

	12/31/2011	12/31/2010
Guarantees given	**44 630 790**	**34 730 438**
To credit institutions and similar establishments	7 262 943	5 008 842
To customers	37 367 847	29 721 596
Guarantees received	**26 438 404**	**28 512 534**
From credit institutions and similar establishments	16 067 386	16 251 238
From the State and other organisations providing guarantees	10 371 018	12 261 296

6. Other complementary information

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated are conducted under the market conditions prevailing at the time of completion.

6.1.1 Relationship between group consolidated companies at 31 december 2011 (thousand MAD)

	Entities consolidated through global integration
Assets	
Loans, advances and securities	**31 941 040**
Ordinary accounts	5 445 056
Loans	26 345 984
Securities	150 000
Miscellaneous assets	
Actif divers	**301 949**
Total	**32 242 989**
Liabilities	
Deposits	**31 457 406**
Ordinary accounts	5 031 406
Other loans	26 426 000
Debts represented by security	**483 634**
Miscellaneous liabilities	**301 949**
Total	**32 242 989**
Financing and guarantee commitments	
Commitments given	4 038 451
Commitments received	4 038 451

6.1.2 Income items regarding operations conducted with associated parties (thousand MAD)

	Entities consolidated through global integration
Interest and equivalent income	505 913
Interest and equivalent expenses	510 840
Commissions (income)	434 476
Commissions (expenses)	58 602
Income from other activities	153 059
Expenses from other activities	395 752
Other expenses	129 987

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 for FY 2011 came to MAD 67.4 million vs. MAD 67 million in 2010. Loans to these members came to MAD 80.6 million at the end of 2011 v s. MAD 77.3 million in 2010.

6.2 Wafa Assurance at 31 december 2011

(thousand MAD)

Balance sheet	**12/31/2011**	**12/31/2010**
Assets		
Assets available for sale	11 312 249	10 177 135
Loans and debts to credit institutions and equivalent	18 178	14 521
Loans and debts to customers	2 757 526	1 955 426
Tangible fixed assets	176 865	153 033
Liabilities		
Debts to credit institutions and equivalent	-	-
Insurance contract technical provisions	18 602 128	17 579 940
Shareholders equity	2 271 896	2 134 573

Income and expenses account	**12/31/2011**	**12/31/2010**
Interest margin	296 917	306 447
Margin on commissions	-21 415	-23 229
Net income from other activities	395 728	180 972
Net banking income	1 334 452	869 961
Operating expenses	-386 977	-326 711
Operating income	951 470	438 946
Net income	620 746	256 123
Net income group share	492 181	202 918

7. Other complementary information:

7.1 Business combinations:

As part of the agreement with Crédit agricole France SA, Attijariwafa bank completed the acquisition of 51% of SCB-Cameroon during the first half of 2011.

The full consolidation on the latter in the group's consolidated financial statements led to provisional goodwill of some 168 million dirhams on the assets side of the balance sheet.

Attijariwafa bank also fully consolidated Attijariwafa bank Mauritania within its scope of consolidation, and recorded goodwill of 62 million dirhams.

7.2 Subordinated debts and certificates of deposit issued during 2011:

7.2.1 Subordinated debts:

On 20 June 2011, Attijariwafa bank issues a subordinated bond loan for a global amount of MAD 1 billion.

This MAD 1 billion loan is split up into 10 000 bonds at par value of MAD 100 000 with 7-year maturity. It is divided into four parts two of which are listed on the Casablanca stock exchange (sections A and B), the remaining two being unlisted (sections C and D).

The nominal interest rate for A and C is fixed standing at 4.77 % including a risk premium of 80 basis points, and the rate applicable to B and D is annually revisable for the first year standing at 4.30 % including a risk premium of 80 basis points.

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

(thousand MAD)

	Section A	Tranche B	Tranche C	Tranche D
Amount withheld	87 200		114 500	798 300

7.2.2 Certificates of deposit:

The outstanding certificates of deposit of Attijariwafa bank at the end of december 2011 amounted to MAD 9.96 billion.

In 2011, MAD 6.65 billion of certificates were issued the maturity of which is between 12 months and 5 years and the rates between 3.85 % and 4.56 %.

7.3 Capital and income per share

7.3.1 Number of shares and par values:

At the end of december 2011, the Attijariwafa bank capital was made up of 192 995 960 shares at par value of MAD 10.

7.3.2 Attijariwafa bank shares held by the Group:

At the end of december 2011, the Attijariwafa bank Group held 13 548 979 Attijariwafa bank shares representing a global amount of MAD 2 005 million deducted from the consolidated shareholders equity.

7.3.3 Per share income:

The bank has not dilutive instruments in ordinary shares. Therefore, the diluted income per share is equal to the basic income per share.

(in MAD)

	31 december 2011	31 december 2010
Earnings per share	23.10	21.26
Diluted earnings per share	23.10	21.26

7.4 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 prefunded, provisions must be recognised in this respect.

The present value of the liability is calculated using the projected unit credit method on the basis of actuarial assumptions and assumptions regarding the rate of salary increase, retirement age, mortality, turnover as well as the discount rate.

Changes to actuarial assumptions, or any difference between these assumptions and actual results, give rise to the recognition of actuarial gains (losses) through profit or loss in the period in which they occur in accordance with the Group's accounting policies.

Retirement payments

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

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary. The retirement payment is equal to the sum of the following items:

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

Ouissam Achoughl long-service award

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

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

Assumptions for calculation purposes :

	31 December 2011	31 December 2010
Start of period	01 January 2011	01 January 2010
End of period	31 December 2011	31 December 2010
Discount rate	3.98%	3.84%
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 2011	31 December 2010
Actuarial liability N-1	303 671	281 521
Current service cost	35 895	19 100
Discounting effect	-4 551	-7 250
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	57 832	-
Termination benefits	-24 652	-
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	2762	10 301
Actuarial liability N	370 957	303 671

Expense recognised	31 December 2011	31 December 2010
Current service cost	-35 895	-19 100
Discounting effect	4 551	7 250
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	-16 677	1 459
Net expense recognized in profit or loss	**-48 021**	**-10 391**

7.5 Scope of consolidation

Name	Sector of activity	(A)	(B)	(C)	(D)	Country	Method	% control	% interest
ATTIJARIWAFA BANK	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	100.00%	100.00%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	51.93%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	54.56%	54.56%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51.00%	51.00%
CREDIT DU SENEGAL	Bank					Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank					Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	51.00%	51.00%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank			(1)		Cameroon	IG	51.00%	51.00%
ATTIJARIWAFA MAURITANIE	Bank		(1)		(3)	Mauritania	IG	80.00%	53.60%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Financial leasing					Morocco	IG	97.83%	97.83%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	75.00%	75.00%
WAFA CASH	Cash activities					Morocco	IG	99.85%	99.85%
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				(5)	Italy			
FCP SECURITE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	79.29%	79.29%
WAFA ASSURANCE	Insurance					Morocco	IG	79.29%	79.29%
BCM CORPORATION	Holding Company					Morocco	IG	100.00%	100.00%
WAFA CORP	Holding Company					Morocco	IG	100.00%	100.00%
OGM	Holding Company					Morocco	IG	100.00%	100.00%
ANDALUCARTHAGE	Holding Company					Morocco	IG	100.00%	100.00%
KASOVI	Holding Company					British Virgin Islands	IG	50.00%	50.00%
SAF	Holding Company					France	IG	99.82%	49.98%
FILAF	Holding Company					Senegal	IG	100.00%	50.00%
CAFIN	Holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	Holding Company		(1)		(3)	France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	Holding Company		(1)		(3)	France	IG	67.00%	67.00%
MOUSSAFIR	Hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	Risk capital					Tunisia	IG	67.23%	36.68%
PANORAMA	Real estate company					Morocco	IG	79.29%	79.29%

(A) Movements occurring in first half of 2010
(B) Movements occurring in second half of 2010
(C) Movements occurring in first half of 2011
(D) Movements occurring in second half of 2011

1 - Acquisition	7 - Change in method - Proportional integration to global integration
2 - Creation, crossing threshold	8 - Change in method - Global integration equity method
3 - Entry into IFRS perimeter	9 - Change in method - Equity method upon global integration
4 - Disposal	10 - Change in method - Global integration per propotional integration
5 - Deconsolidation	11 - Change in method - Proportional integration equity method
6 - Merger between consolidated entities	12 - Reconsolidation

PARENT COMPANY FINANCIAL STATEMENTS

General report of the statutory auditors

Year ended December 31st, 2011

Deloitte.
Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

MAZARS
Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

ATTIJARIWAFA BANK

GENERAL REPORT OF THE STATUTORY AUDITORS PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2011

In accordance with our engagement as statutory auditors by your general meeting, we have audited the financial statementsattached 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, 2011. These financial statements show stockholders' equity of KMAD 31,815,527 including a net profit of KMAD 3,154,677.

Management's Responsibility
Management is responsible for the preparation and fair presentation of these financial statements in accordance with theMoroccan 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 accountingestimates 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 accordancewith the Moroccan auditing standards. Those standards require that we comply with ethical requirements, plan and perform theaudit 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 risk that the financial statements contain material misstatements. In making those risk assessments ; the auditor considers internal control relevant to the entity's preparationand presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but notfor the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating theappropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well asevaluating 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 materialaspects, 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, 2011, 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 theinformation 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 during the year 2011 :

- The acquisition of additional shares in ANDALUCARTAGE, representing 16.3% of its capital. Thus increasing its participation rate to 100%
- The acquisition of 51% of SCB Cameroun Capital
- The acquisition of additional shares in ATTIJARI INTERNATIONAL BANK OFFSHORE (AIB Offshore), representing 50% of its capital. Thus increasing its participation rate to 100%
- The creation of ATTJARIWAFA BANK MIDDLE EAST LIMITED, wholly owned by the bank.

Casablanca, February 27th, 2012

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

FINANCIAL STATEMENTS

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. 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 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. 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.

12. 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 2011 (thousand MAD)

ASSETS	12/31/2011	12/31/2010
Cash and balances with central banks, the Treasury and post office accounts	8 883 843	9 704 499
Loans and advances to credit institutions and similar establishments	29 439 482	29 580 619
. Sight	5 726 467	3 136 973
. Term	23 713 015	26 443 646
Loans and advances to customers	157 605 524	138 803 053
. Short-term loans and consumer loans	54 250 125	46 871 043
. Equipment loans	49 681 787	43 032 617
. Mortgage loans	50 256 714	45 069 432
. Other loans	3 416 898	3 829 961
Receivables acquired through factoring	609 141	-
Trading securities and available-for-sale securities	37 540 273	29 908 542
. Treasury bills and similar securities	25 773 986	16 594 647
. Other debt securities	1 428 155	5 292 932
. Fixed Income Funds	10 338 132	8 020 963
Other assets	2 165 642	3 725 029
Investment securities	-	-
. Treasury bills and similar securities	-	-
. Other debt securities	-	-
Investments in affiliates and other long-term investments	12 190 156	10 859 413
Subordinated loans		
Leased and rented assets	695 773	550 404
Intangible assets	1 858 483	1 775 679
Property, plant and equipment	2 340 178	2 552 874
TOTAL ASSETS	253 328 494	227 460 112

LIABILITIES	12/31/2011	12/31/2010
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	35 638 653	21 921 800
. Sight	7 588 676	7 076 666
. Term	28 049 978	14 845 134
Customer deposits	165 590 451	157 047 962
. Current accounts in credit	99 859 627	91 145 133
. Savings accounts	20 717 644	18 961 677
. Term deposits	38 715 162	39 751 445
. Other accounts in credit	6 298 019	7 189 707
Debt securities issued	10 189 227	8 334 259
. Negociable debt securities	10 189 227	8 334 259
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	9 214 395	10 124 681
General provisions	880 241	849 752
Regulated provisions	-	-
Subsidies, public funds and special guarantee funds	-	-
Subordinated debt	10 370 972	9 347 844
Revaluation reserve	420	420
Reserves and premiums related to share capital	16 358 000	14 896 000
Share capital	1 929 960	1 929 960
Shareholders, unpaid share capital (-)		
Retained earnings (+/-)	1 497	909
Net income to be allocated (+/-)		
Net income for the financial year (+/-)	3 154 677	3 006 525
TOTAL LIABILITIES	253 328 494	227 460 112

Off-balance sheet items at 31 december 2011 (thousand MAD)

OFF-BALANCE	12/31/2011	12/31/2010
COMMITMENTS GIVEN	**47 596 983**	**43 357 299**
Financing commitments given to credit institutions and similar establishments	1 183	533
Financing commitments given to customers	12 176 841	14 380 260
Guarantees given to credit institutions and similar establishments	7 360 666	4 932 906
Guarantees given to customers	28 058 293	24 043 600
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	-	-
COMMITMENTS RECEIVED	**15 157 614**	**15 255 228**
Financing commitments received from credit institutions and similar establishments	266 628	
Guarantees received from credit institutions and similar establishments	14 831 908	15 188 837
Guarantees received from the State and other organisations providing guarantees	59 078	66 391
Securities sold with repurchase agreement	-	-
Other securities to be received	-	-

Income statement at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
OPERATING INCOME FROM BANKING ACTIVITIES	**14 069 736**	**13 301 271**
Interest and similar income from transactions with credit institutions	1 112 246	1 152 758
Interest and similar income from transactions with customers	8 432 809	7 619 171
Interest and similar income from debt securities	397 555	421 715
Income from equity securities	886 480	855 487
Income from lease-financed fixed assets	146 308	117 287
Fee income	1 132 225	1 073 729
Other banking income	1 962 113	2 061 124
OPERATING EXPENSES ON BANKING ACTIVITIES	**5 096 674**	**5 063 038**
Interest and similar expenses on transactions with credit institutions	711 245	739 081
Interest and similar expenses on transactions with customers	2 488 750	2 428 329
Interest and similar expenses on debt securities issued	420 663	205 109
Expenses on lease-financed fixed assets	135 418	99 295
Other banking expenses	1 340 599	1 591 224
NET BANKING INCOME	**8 973 062**	**8 238 233**
Non-banking operating income	31 413	64 100
Non-banking operating expenses	1	32 781
OPERATING EXPENSES	**3 345 908**	**3 113 867**
Staff costs	1 540 770	1 377 972
Taxes other than on income	101 056	91 593
External expenses	1 278 854	1 220 930
Other general operating expenses	7 098	9 280
Depreciation, amortisation and provisions	418 130	414 092
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 223 157**	**1 768 831**
Provisions for non-performing loans and signature loans	1 058 640	1 095 966
Losses on irrecoverable loans	783 859	434 499
Other provisions	380 658	238 366
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**1 193 840**	**966 429**
Provision write-backs for non-performing loans and signature loans	831 081	760 714
Amounts recovered on impaired loans	74 056	72 645
Other provision write-backs	288 703	133 070
INCOME FROM ORDINARY ACTIVITIES	**4 629 248**	**4 353 283**
Non-recurring income	297	1 265
Non-recurring expenses	25 031	9 338
PRE-TAX INCOME	**4 604 514**	**4 345 210**
Income tax	1 449 837	1 338 685
NET INCOME FOR THE FINANCIAL YEAR	**3 154 677**	**3 006 525**

Management accounting statement at 31 december 2011 **(thousand MAD)**

I - RESULTS ANALYSIS	12/31/2011	12/31/2010
+ Interest and similar income	9 942 610	9 193 644
- Interest and similar expenses	3 620 657	3 372 520
NET INTEREST MARGIN	**6 321 953**	**5 821 124**
+ Income from lease-financed fixed assets	146 308	117 287
- Expenses on lease-financed fixed assets	135 418	99 295
NET INCOME FROM LEASING ACTIVITIES	**10 890**	**17 992**
+ Fees received	1 132 225	1 073 729
- Fees paid	-	-
NET FEE INCOME	**1 132 225**	**1 073 729**
+ Income from trading securities	694 124	429 170
+ Income from available-for-sale securities	3 469	41 995
+ Income from foreign exchange activities	422 505	513 569
+ Income from derivatives activities	170 434	162 199
INCOME FROM MARKET ACTIVITIES	**1 290 533**	**1 146 933**
+ Other banking income	886 480	855 487
- Other banking expenses	669 019	677 033
NET BANKING INCOME	**8 973 062**	**8 238 233**
+ Income from long-term investments	-12 765	2 295
+ Other non-banking operating income	26 457	36 369
- Other non-banking operating expenses	1	-
- General operating expenses	3 345 908	3 113 867
GROSS OPERATING INCOME	**5 640 845**	**5 163 029**
+ Net provisions for non-performing loans and signature loans	-937 362	-697 106
+ Other net provisions	-74 234	-112 640
NET OPERATING INCOME	**4 629 248**	**4 353 283**
NON OPERATING INCOME	**-24 734**	**-8 073**
- Income tax	1 449 837	1 338 685
NET INCOME FOR THE FINANCIAL YEAR	**3 154 677**	**3 006 525**

II - TOTAL CASH FLOW	12/31/2011	12/31/2010
NET INCOME FOR THE FINANCIAL YEAR	**3 154 677**	**3 006 525**
+ Depreciation, amortisation and provisions for fixed asset impairment	418 130	414 091
+ Provisions for impairment of long-term investments	18 910	40 395
+ General provisions	314 400	150 000
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	1 189	106 984
- Capital gains on disposal of fixed assets	298	142
+ Losses on disposal of fixed assets	1	-
- Capital gains on disposal of long-term investments	4 955	27 732
+ Losses on disposal of long-term investments	-	32 781
- Write-backs of investment subsidies received	-	-
TOTAL CASH FLOW	**3 899 676**	**3 508 934**
- Profits distributed	1 543 968	1 157 976
SELF-FINANCING	**2 355 708**	**2 350 958**

Non-performing customer loans at 31 december 2011

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Amount
dec-11	5 327 268	519 847	**5 847 115**	4 333 533	78 591	**4 412 124**

Sales at 31 december 2011

2 011	2 010	2 009
14 069 736	**13 301 271**	**11 927 690**

Cash flow statement at 31 december 2011 (thousand MAD)

	12/31/2011	12/31/2010
1. (+) Operating income from banking activities	13 183 256	12 445 784
2. (+) Amounts recovered on impaired loans	74 056	72 645
3. (+) Non-banking operating income	31 710	65 365
4. (-) Operating expenses on banking activities(*)	-5 750 650	-5 450 306
5. (-) Non-banking operating expenses	-1	-32 781
6. (-) General operating expenses	-2 927 778	-2 699 775
7. (-) Income tax	-1 449 837	-1 338 685
I. NET CASH FLOW FROM INCOME STATEMENT	**3 160 756**	**3 062 247**
Change in : 8. (±) Loans and advances to credit institutions and similar establishments	141 137	7 630 109
9. (±) Loans and advances to customers	-19 411 611	-16 481 685
10. (±) Trading securities and available-for-sale securities	-7 631 731	7 741 419
11. (±) Other assets	1 559 467	-1 399 033
12. (±) Lease-financed fixed assets	-145 369	-248 112
13. (±) Amounts owing to credit institutions and similar establishments	13 716 853	89 184
14. (±) Customer deposits	8 542 489	2 831 620
15. (±) Debt securities issued	1 854 968	4 022 883
16. (±) Other liabilities	-910 367	-8 546 041
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-2 284 164**	**-4 359 656**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I+ II)	**876 592**	**-1 297 409**
17. (+) Income from the disposal of long-term investments		95 000
18. (+) Income from the disposal of fixed assets	174 104	
19. (-) Acquisition of long-term investments	-1 301 275	-291 574
20. (-) Acquisition of fixed assets	-467 914	-377 852
21. (+) Interest received		
22. (+) Dividends received	886 480	855 487
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-708 605**	**281 061**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	1 000 000	1 200 000
25. (+) Equity issuance		
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-444 675	-395 148
28. (-) Dividends paid	-1 543 968	-1 157 976
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-988 643**	**-353 124**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS (III+IV+V)	**-820 656**	**-1 369 472**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**9 704 499**	**11 073 971**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**8 883 843**	**9 704 499**

(*) including net provisions

Statement of departures from standard accounting treatment at 31 december 2011

TYPE OF DEPARTURE	REASONS FOR DEPARTURES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Departures from fundamental accounting principles	NOT APPLICABLE	NOT APPLICABLE
II. Departures from valuation methods	NOT APPLICABLE	NOT APPLICABLE
III. Departures from rules for drawing up and presenting the financial statements	NOT APPLICABLE	NOT APPLICABLE

Statement of changes in accounting methods at 31 december 2011

NATURE OF CHANGES	REASONS FOR CHANGES	IMPACT OF CHANGES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	NOT APPLICABLE	NOT APPLICABLE
II. Changes in rules of presentation	NOT APPLICABLE	NOT APPLICABLE

Loans and advances to credit institutions and similar establishments at 31 december 2011 (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 12/31/2011	Total 12/31/2010
CURRENT ACCOUNTS IN DEBIT	6 680 294		2 929 025	2 483 717	12 093 036	10 582 785
NOTES RECEIVED AS SECURITY						
. overnight						
. term						
CASH LOANS		300 000	8 851 687	2 204 491	11 356 178	12 861 413
. overnight						
. term		300 000	8 851 687	2 204 491	11 356 178	12 861 413
FINANCIAL LOANS		2 834 872	9 584 372		12 419 244	13 465 807
OTHER LOANS		83 746	4 624	304	88 674	151 307
INTEREST ACCRUED AWAITING RECEIPT			148 552	15 267	163 819	285 092
NON-PERFORMING LOANS						
TOTAL	6 680 294	3 218 618	21 518 260	4 703 779	36 120 951	37 346 404

Loans and advances to customers at 31 december 2011 (thousand MAD)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2011	Total 12/31/2010
		Financial companies	Non-financial companies	Other customers		
SHORT-TERM LOANS	2 035 961	706 754	41 738 655	1 951 300	46 432 670	40 011 397
. Current accounts in debit	26 237	706 754	18 429 622	1 481 995	20 644 608	17 527 066
. Commercial loans within Morocco			5 282 574		5 282 574	4 445 067
. Export loans			535 691		535 691	385 692
. Other cash loans	2 009 724		17 490 768	469 305	19 969 797	17 653 572
CONSUMER LOANS	11		563 724	6 601 967	7 165 702	6 209 087
EQUIPMENT LOANS	17 875 633		27 342 390	3 995 912	49 213 935	42 570 581
MORTGAGE LOANS	4 533		9 945 377	40 304 125	50 254 035	45 057 908
OTHER LOANS	4	687 234	1 703 898	31 847	2 422 983	2 819 797
RECEIVABLES ACQUIRED THROUGH FACTORING			608 335		608 335	
INTEREST ACCRUED AWAITING RECEIPT			1 075 527	47 742	1 123 269	1 124 212
NON-PERFORMING LOANS	3 629	13	414 028	576 065	993 735	1 010 071
. Sub-standard loans						
. Doubtful loans						
. Impaired loans	3 629	13	414 028	576 065	993 735	1 010 071
TOTAL	19 919 771	1 394 001	83 391 934	53 508 958	158 214 664	138 803 053

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 31 december 2011 (thousand MAD)

SECURITIES	Other credit institutions and similar establishments	Public issuers	Private issuers		TOTAL 12/31/2011	TOTAL 12/31/2010
			Financial companies	Non-financial companies		
LISTED SECURITIES	139 426	-	10 034 577	243 461	10 417 464	8 127 268
. Treasury bills and similar instruments					-	
. Bonds	-			-	-	
. Other debt securities	138 007				138 007	165 544
. Fixed Income Funds	1 419		10 034 577	243 461	10 279 457	7 961 724
UNLISTED SECURITIES	468 510	26 332 219	6 032	316 048	27 122 809	21 781 274
. Treasury bills and similar instruments		25 773 986			25 773 986	16 878 654
. Bonds	467 435	558 233		264 479	1 290 148	1 575 430
. Other debt securities	-				-	3 267 951
. Fixed Income Funds	1 074		6 032	51 569	58 675	59 239
TOTAL GENERAL	607 936	26 332 219	10 040 608	559 510	37 540 273	29 908 542

Value of trading securities, available-for-sale securities and investment securities at 31 december 2011 (thousand MAD)

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**32 076 343**	**32 076 343**	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	21 676 171	21 676 171		-	-	-
. Bonds	1 689	1 689		-	-	-
. Other debt securities	138 007	138 007		-	-	-
. Fixed Income Funds	10 260 476	10 260 476		-	-	-
AVAILABLE-FOR-SALE SECURITIES	**5 489 983**	**5 463 930**	-	**104 438**	**26 053**	**26 053**
. Treasury bills and similar instruments	4 101 640	4 097 815		75 702	3 825	3 825
. Bonds	1 292 836	1 288 459		21 009	4 377	4 377
. Other debt securities					-	-
. Fixed Income Funds	95 508	77 656		7 727	17 851	17 851
INVESTMENT SECURITIES	**-**	-	**-**	**-**	**-**	**-**
. Treasury bills and similar instruments	-	-		-	-	-
. Bonds				-	-	-
. Other debt securities	-	-		-	-	-

Details of other assets at 31 december 2011 (thousand MAD)

ASSETS	AMOUNT AT 12/31/2011	AMOUNT AT 12/31/2010
OPTIONS PURCHASED	**52 275**	**50 721**
SUNDRY SECURITIES TRANSACTIONS [1]		
SUNDRY DEBTORS	**410 287**	**510 252**
Amounts due from the State	149 570	229 631
Amounts due from mutual societies		
Sundry amounts due from staff		
Amounts due from customers for non-banking services	16 438	
Other sundry debtors	244 279	280 621
OTHER SUNDRY ASSETS	**37 285**	**42 309**
ACCRUALS AND SIMILAR	**1 559 160**	**3 022 867**
Adjustment accounts for off-balance sheet transactions	75 403	48 774
Translation differences for foreign currencies and securities	75	75
Income from derivative products and hedging		
Deferred expenses	16 899	20 266
Inter-company accounts between head office, branch offices and branches in Morocco	3 871	193
Accounts receivable and prepaid expenses	1 165 392	1 143 471
Other accruals and similar	297 520	1 810 088
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**106 634**	**98 880**
TOTAL	**2 165 642**	**3 725 029**

(1) PCEC 341, 3463 and 3469 if in debit

Subordinated loans at 31 december 2011 (thousand MAD)

LOANS	Amount				including affiliates and related companies	
	12/31/2011			12/31/2010	12/31/2011	12/31/2010
	Gross	Prov.	Net	Net	Net	Net
	1	2	3	4	5	6
Subordinated loans to credit institutions and similar establishments Subordinated loans to customers	NOT APPLICABLE					
TOTAL						

Leased and rented assets at 31 december 2011 (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	1 116 627	163 345	28 221	1 251 751	135 391	555 978				695 773
LEASED INTANGIBLE ASSETS										
Equipment leasing	1 083 323	162 724	24 616	1 221 431	135 391	534 043				687 388
- Movable assets under lease										
- Leased movable assets	1 083 323	162 724	24 616	1 221 431	135 391	534 043				687 388
- Movable assets unleased after cancellation										
Property leasing	25 647			25 647		21 935				3 712
- Immovable assets under lease										
- Immovable leased assets	25 647			25 647		21 935				3 712
- Immovable assets unleased after cancellation										
Rents awaiting receipt										
Restructured rents										
Rents in arrears	7 657	621	3 605	4 673						4 673
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	1 116 627	163 345	28 221	1 251 751	135 391	555 978				695 773

Gains and losses on fixed asset transfers or withdrawals at 31 december 2011 (thousand MAD)

Date of transfer or withdrawal	Type	Gross amount	Aggregate depreciation	Net book value	Transfer income	Value-added transfers	Loss in value transfers
nov-11	**ROLLING EQUIPMENT**	1 760	1 558	202	498	298	-1
	OFFICE EQUIPMENT AND FURNITURE	223 512	49 906	173 606	173 606	0	0
may-11	OFFICE FURNITURE	48 700	11 129	37 571	37 571		
may-11	OFFICE EQUIPMENT	47 876	10 311	37 565	37 564		
may-11	INTERBANK EQUIPMENT	21 034	4 635	16 399	16 399		
may-11	SAFE DEPOSIT	4 575	619	3 956	3 957		
may-11	IT EQUIPMENT	101 327	23 212	78 115	78 115		
TOTAL		225 272	51 464	173 808	174 104	298	-1

Intangible assets and property, plant and equipment at 31 december 2011 (thousand MAD)

TYPE	Gross value at the beginning of the exercise	Acquisitions	Disposals	Gross value at the end of the exercise	Depreciation and/or provisions: Amortisation and provisions at the beginning of the exercise	Additional amortisation in 2011	Amortisation on disposed assets	Accumulated amortisation and depreciation	Net value at the end of the exercise
INTANGIBLE ASSETS	**2 334 240**	**214 851**	**-**	**2 549 091**	**558 561**	**132 046**	**-**	**690 607**	**1 858 483**
. Lease rights	296 066	7 639		303 705					303 705
. Research and development									
. Intangible assets used in operations	2 038 174	207 212		2 245 386	558 561	132 046		690 607	1 554 779
. Non-operating intangible assets									
PROPERTY, PLANT AND EQUIPMENT	**5 530 375**	**253 063**	**231 185**	**5 552 253**	**2 977 501**	**286 084**	**51 510**	**3 212 075**	**2 340 178**
Immovable property used in operations	**1 741 173**	**11 995**	**154**	**1 753 014**	**562 059**	**55 212**	**46**	**617 225**	**1 135 789**
. Land	291 868	5 118		296 986					296 986
. Office buildings	1 373 494	6 877	154	1 380 217	507 238	52 631	46	559 823	820 394
. Staff accommodation	75 811			75 811	54 821	2 581		57 402	18 409
Movable property and equipment used in operations	**1 991 171**	**123 823**	**225 271**	**1 889 723**	**1 541 811**	**109 341**	**51 464**	**1 599 688**	**290 035**
. Office property	423 400	21 834	48 700	396 534	315 297	26 047	11 129	330 215	66 319
. Office equipment	890 997	59 670	73 485	877 182	732 069	41 217	15 565	757 721	119 461
. IT equipment	667 206	42 020	101 327	607 899	485 116	42 022	23 212	503 926	103 973
. Vehicles	9 568	299	1 759	8 108	9 329	55	1 558	7 826	282
. Other equipment									
Other property, plant and equipment used in operations	**1 090 333**	**106 316**		**1 196 649**	**697 848**	**104 098**		**801 946**	**394 703**
Property, plant and equipment not used in operations	**707 698**	**10 929**	**5 760**	**712 867**	**175 783**	**17 433**		**193 216**	**519 651**
. Land	221 290	1 592	576	222 306					222 306
. Buildings	329 490		5 184	324 306	100 323	11 954		112 277	212 029
. Movable property and equipment	38 722	3 565		42 287	38 242	1 570		39 812	2 475
. Other property, plant and equipment not used in operations	118 196	5 772		123 968	37 218	3 909		41 127	82 841
TOTAL	**7 864 615**	**467 914**	**231 185**	**8 101 344**	**3 536 062**	**418 130**	**51 510**	**3 902 682**	**4 198 661**

Investments in affiliates and other long-term investments at 31 december 2011 (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: Year-end	Net assets	Net income	Contribution to current year's income
A. INVESTMENTS IN AFFILIATE COMPANIES				**11 306 494**	**11 134 962**	**-**	**112 222 943**	**10 855 526**	**837 575**
ATTIJARI FINANCES CORPORATE	INVESTMENT BANKING	10 000	100.00%	10 000	10 000	12/31/2010	54 469	39 676	35 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	HOLDING COMPANY	885 000	100.00%	2 047 900	2 047 900		-	-	190 000
SOMACOVAM	ASSET MANAGEMENT	5 000	100.00%	30 000	6 108		-	-	-
WAFA GESTION	ASSET MANAGEMENT	4 900	66.00%	236 369	236 369	12/31/2010	141 834	74 344	49 060
ATTIJARI INVEST.		5 000	100.00%	5 000	5 000	12/31/2010	21 589	2 710	-
WAFA BOURSE	SECURITIES BROKERAGE	20 000	100.00%	40 223	40 223	12/31/2010	44 885	-2 430	-
WAFA PATRIMOINE	PRIVATE PORTFOLIO MANAGEMENT	10 000	66.00%	1 700	1 700		-	-	-
Attijariwafa bank MIDDLE EAST LIMITED		1 000	100.00%	8 194	8 194		-	-	-
STE MAROCAINE DE GESTION ET TRAI-TEMENT INFORMATIQUE "SOMGETI"	COMPUTER TECHNOLOGY	300	33.33%	100	100		-	-	-
AGENA MAGHREB	SALE OF IT EQUIPMENT	11 000	74.96%	33	-	12/31/2010	-6 672	-21	-
ATTIJARI CAPITAL DEVELOPEMENT	RISK CAPITAL	10 000	100.00%	10 000	10 000		-	-	-
ATTIJARI PROTECTION	SECURITY	4 000	83.75%	3 350	3 350		-	-	-
BCM CORPORATION	HOLDING COMPANY	200 000	100.00%	200 000	200 000		-	-	3 000
CASA MADRID DEVELOPPEMENT	DEVELOPMENT CAPITAL	10 000	50.00%	5 000	4 764		-	-	-
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	-		1 675	-		-	-	-
MEDI TRADE	TRADING	1 200	20.00%	240	135	12/31/2010	676	-2	-
AL MIFTAH	PROPERTY	100	100.00%	244	64	12/31/2010	64	-4	-
WAFA COURTAGE		1 000	100.00%	2 397	2 396		-	-	10 000
WAFA COMMUNICATION		3 000	86.67%	2 600	411	12/31/2010	474	-238	-
WAFA FONCIERE	PROPERTY MANAGEMENT	2 000	100.00%	3 700	1 911	12/31/2010	1 911	-102	-
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	55 000	100.00%	55 046	15 010		-	-	-
WAFA SYSTEMES CONSULTING	IT CONSULTING	5 000	99.88%	4 994	4 994	12/31/2010	5 492	-43	-
WAFA SYSTEMES DATA	IT	1 500	100.00%	1 500	1 500	12/31/2010	1 696	11	-
WAFA SYSTEMES FINANCES	IT SOLUTIONS	2 000	100.00%	2 066	2 066	12/31/2010	2 755	316	-
WAFA TRUST	FINANCIAL SERVICES	5 000	100.00%	5 000	526	12/31/2010	526	-217	-
WAFATRADE		1 000	100.00%	-	-	12/31/2010	-2 311	303	-
ATTIJARIA AL AAKARIA AL MAGHRIBIA	PROPERTY	10 000	100.00%	9 999	6 517		-	-	-
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	PROPERTY	50 000	100.00%	51 449	51 449		-	-	-
STE IMMOB.BOULEVARD PASTEUR " SIBP"	PROPERTY	300	50.00%	25	25		-	-	-
SOCIETE IMMOBILIERE RANOUIL	PROPERTY	3 350	100.00%	11 863	3 901		-	-	-
SOCIETE IMMOBILIERE TAN	PROPERTY	300	100.00%	2 841	-		-	-	-
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	PROPERTY	15 000	100.00%	15 531	1 679		-	-	-
SOCIETE IMMOBILIERE MAIMOUNA	PROPERTY	300	100.00%	5 266	4 542		-	-	-
STE IMMOBILIERE MARRAKECH EXPANSION	PROPERTY	300	100.00%	299	299		-	-	-
SOCIETE IMMOBILIERE ZAKAT	PROPERTY	300	100.00%	2 685	255		-	-	-
AYK		100	100.00%	100	-	12/31/2010	-1 107	-5	-
CAPRI	PROPERTY	124 000	99.76%	187 400	137 000	12/31/2010	13 613	-19 090	-
ATTIJARI IMMOBILIER	PROPERTY	50 000	99.99%	71 686	71 686	12/31/2010	77 182	4 408	17 000
ATTIJARI INTERNATIONAL BANK "AIB"	OFFSHORE BANK		100.00%	92 442	92 442				-
WAFACASH	MONEY TRANSFERS	35 050	99.74%	323 518	323 518	12/31/2010	336 791	43 748	119 692
WAFA IMMOBILIER	PROPERTY	50 000	100.00%	164 364	164 364	12/31/2010	103 486	53 438	53 000
WAFASALAF	CONSUMER FINANCE	113 179	50.91%	634 783	634 783	12/31/2010	1 463 127	299 181	129 642
WAFA LLD	LEASING	20 000	100.00%	20 000	20 000	12/31/2010	28 588	7 013	7 000
WAFABAIL	LEASE-FINANCING	150 000	57.83%	86 983	86 983	12/31/2010	574 871	88 142	25 000
DAR ASSAFAA LITAMWIL		50 000	100.00%	50 510	50 510				-
ANDALUMAGHREB	HOLDING	1 000	100.00%	10 950	10 950		-	-	-
ANDALUCARTAGE	HOLDING	126 390 KEURO	100.00%	1 964 504	1 964 504		-	-	-
ATTIJARIWAFA FINANZARIA SPA		600 KEURO	100.00%	6 590	6 590				-
ATTIJARIWAFA EURO FINANCES		33 907 KEURO	100.00%	288 711	288 711		-	-	-
CAFIN	HOLDING COMPANY	1 122 000 KFCFA	100.00%	257 508	257 508				-
KASOVI	HOLDING COMPANY	50 KUSD	50.00%	731 264	731 264			-	-
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	BANKING	11 450 000 KFCFA	4.90%	35 979	35 979	12/31/2010	64 493 000	7 559 000	36 287
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	BANKING	5 002 870 KFCFA		689 599	689 599	12/31/2010	18 804 000	1 230 000	-
SOCIETE IVOIRIENNE DE BANQUE "SIB "	BANKING	10 000 000 KFCFA	51.00%	648 084	648 084		-	-	20 000
CREDIT DU SENEGAL	BANKING	5 000 000 KFCFA	95.00%	292 488	292 488		-	-	38 840
CREDIT DU CONGO	BANKING	5 010 610 KFCFA		608 734	608 734		-	-	49 594
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	7 400 000 KFCFA		848 842	848 842		-	-	54 460
ATTIJARIBANK MAURITANIE	BANKING	3 398 600		113 120	113 120	12/31/2010	664 004	-2 232 612	-
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	BANKING	6 000 000 KFCFA	51.00%	379 110	379 110	12/31/2010	25 398 000	3 708 000	-
WAFACAMBIO				963	963				
WAFABANK OFFSHORE DE TANGER			100.00%	5 842	5 842				

Investments in affiliates and other long-term investments at 31 december 2011 **(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			Contribution to current year's income
						Year-end	Net assets	Net income	
B- OTHER INVESTMENTS				**468 148**	**433 492**		**2 395 914**	**223 042**	**31 427**
NOUVELLES SIDERURGIES INDUSTRIELLES	Metals and mining	3 415 000	2.72%	92 809	92 809		-	-	-
SONASID	Metals and mining	-		28 391	19 027		-	-	-
Attijariwafa bank	Banking	-		623	623		-	-	15
SINCOMAR		300	47.50%	-	-		-	-	-
AGRAM INVEST		40 060	27.82%	10 938	8 187	12/31/2010	29 429	-2 165	-
AM INVESTISSEMENT MOROCCO	Investment holding company	400 000	3.25%	13 000	13 000		-	-	1 755
BOUZNIKA MARINA	Property development	-		500	500		-	-	-
EUROCHEQUES MAROC		-		363	363		-	-	-
FONDS D'INVESTISSEMENT IGRANE		70 000	18.91%	13 238	10 296	12/31/2010	21 584	-602	-
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	Professional banker's association	19 005	20.00%	3 801	3 801		-	-	-
IMPRESSION PRESSE EDITION (IPE)	PUBLISHING	-		400	400		-	-	-
MOUSSAFIR HOTELS	Hotel management	193 000	33.34%	64 343	64 343	12/31/2010	291 217	45 628	13 222
SALIMA HOLDING	Holding company	150 000	13.33%	16 600	16 600	12/31/2010	254 740	2 190	-
S.E.D. FES		10 000	10.00%	-	-		-	-	-
SOUK AL MOUHAJIR		6 500	15.25%	991	991	12/31/2010	15 316	-532	-
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	Property development	60 429	22.69%	13 714	13 714	12/31/2010	208 658	39 487	2 042
TANGER FREE ZONE	Property development	105 000	25.71%	28 306	28 306		-	-	4 050
TECHNOLOPARK COMPANY "MITC"	Services provider	-		8 150	7 784		-	-	-
WORLD TRADE CENTER		-		-	-		-	-	-
MAROCLEAR	Securities custodian	20 000	6.58%	1 342	1 342	12/31/2010	191 221	30 431	-
HAWAZIN	Property	960	12.50%	704	-		-	-	-
INTAJ	Property	576	12.50%	1 041	549		-	-	-
EXP SERVICES MAROC S.A.	Risk centralisation services		3.00%	600	600		-	-	-
H PARTNERS		1 050 008	7.14%	75 000	56 963	06/30/2011	797 482	-10 174	-
MOROCCAN FINANCIAL BOARD		-		20 000	20 000		-	-	-
MAROC NUMERIQUE FUND		-		10 000	10 000		-	-	-
FONCIERE EMERGENCE		-		9 670	9 670		-	-	-
ALTERMED MAGHREB EUR		-		6 673	6 673		-	-	-
INTER MUTUELLES ASSISTANCE		-		894	894		-	-	-
WAFA IMA ASSISTANCE		-		15 356	15 356		-	-	-
BANQUE D'AFFAIRE TUNISIENNE	Banking	168 750		2 583	2 583	12/31/2010	303 447	60 572	-
VISA		-					-	-	63
CENTRE MONETIQUE INTERBANCAIRE	Electronic banking	98 200	22.40%	22 000	22 000	12/31/2010	195 402	48 147	6 600
SOCIETE INTERBANK	Management of bank cards	11 500	16.00%	1 840	1 840		-	-	3 680
SMAEX		37 450	11.42%	4 278	4 278	12/31/2010	87 418	10 060	-
C - SIMILAR INVESTMENTS				**622 990**	**621 702**				**-**
C/C ASSOCIES				607 155	605 867				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
TOTAL				**12 397 632**	**12 190 156**				**869 002**

Amounts owing to credit institutions and similar establishments at 31 december 2011 (thousand MAD)

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2011	Total 12/31/2010
	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		442	527 492	5 269 658	5 797 592	2 117 612
NOTES GIVEN AS SECURITY	17 515 313	1 700 081			19 215 394	7 640 220
- overnight	400 095				400 095	1 500 444
- term	17 115 218	1 700 081			18 815 299	6 139 776
CASH BORROWINGS		3 980 010	4 392 229	2 138 579	10 510 818	11 936 339
- overnight		654 219	155 533	244 409	1 054 161	4 487 269
- term		3 325 791	4 236 696	1 894 170	9 456 657	7 449 070
FINANCIAL BORROWINGS	4 515			82	4 597	20 975
OTHER DEBTS	46 813	13 304			60 117	58 573
INTEREST PAYABLE			41 763	8 372	50 135	148 082
TOTAL	17 566 641	5 693 837	4 961 484	7 416 691	35 638 653	21 921 800

Customer deposits at 31 december 2011 (thousand MAD)

DEPOSITS	Public sector	Private sector			Total 12/31/2011	Total 12/31/2010
		Financial companies	Non-financial companies	Other customers		
CURRENT ACCOUNTS IN CREDIT	929 048	3 298 849	19 933 643	75 679 073	99 840 613	91 122 687
SAVINGS ACCOUNTS				20 567 962	20 567 962	18 819 518
TERM DEPOSITS	624 593	4 915 467	17 284 577	15 287 907	38 112 544	39 112 532
OTHER ACCOUNTS IN CREDIT	7 679	25 385	5 335 431	929 524	6 298 019	7 189 707
ACCRUED INTEREST PAYABLE			768 695	2 617	771 312	803 519
TOTAL	1 561 320	8 239 701	43 322 346	112 467 083	165 590 450	157 047 962

Debt securities issued at 31 december 2011 (thousand MAD)

SECURITIES	Characteristics					Value	Including		Unamortised value of issue or redemption premiums
	Entitlement date	Maturity	Nominal value	Interest rate	Redemp-tion terms		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	05/30/2011	05/28/2012	965 000	3.85%	IN FINE	965 000			
CERTIFICATES OF DEPOSIT	02/18/2011	02/18/2012	100 000	3.90%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	03/31/2011	07/31/2012	902 800	4.02%	IN FINE	902 800			
CERTIFICATES OF DEPOSIT	01/05/2011	01/04/2012	300 000	4.05%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	02/28/2011	02/27/2012	1 650 000	4.05%	IN FINE	1 650 000			
CERTIFICATES OF DEPOSIT	09/16/2011	09/16/2013	100 000	4.08%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	05/31/2010	05/31/2012	120 000	4.10%	IN FINE	120 000			
CERTIFICATES OF DEPOSIT	07/08/2010	07/08/2012	1 000 000	4.10%	IN FINE	1 000 000			
CERTIFICATES OF DEPOSIT	08/27/2010	08/27/2012	600 000	4.10%	IN FINE	600 000			
CERTIFICATES OF DEPOSIT	10/06/2010	10/06/2017	100 000	4.10%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	02/11/2011	02/11/2013	202 100	4.10%	IN FINE	202 100			
CERTIFICATES OF DEPOSIT	12/29/2011	12/27/2012	784 000	4.10%	IN FINE	784 000			
CERTIFICATES OF DEPOSIT	10/21/2009	10/21/2014	200 000	4.30%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	11/22/2011	11/22/2013	920 000	4.30%	IN FINE	920 000			
CERTIFICATES OF DEPOSIT	04/09/2010	04/09/2013	250 000	4.31%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	03/31/2010	03/31/2012	940 000	4.35%	IN FINE	940 000			
CERTIFICATES OF DEPOSIT	05/03/2011	05/03/2015	627 000	4.35%	IN FINE	627 000			
CERTIFICATES OF DEPOSIT	12/16/2010	12/16/2014	100 000	4.37%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	10/13/2011	10/13/2016	100 000	4.56%	IN FINE	100 000			
TOTAL						9 960 900			

Details of other liabilities at 31 december 2011 (thousand MAD)

LIABILITIES	12/31/2011	12/31/2010
OPTIONS SOLD	**34 525**	**23 569**
SUNDRY SECURITIES TRANSACTIONS [1]	**4 105 650**	**5 374 470**
SUNDRY CREDITORS	**3 228 780**	**3 429 413**
Amounts due to the State	476 125	480 172
Amounts due to mutual societies	60 031	73 723
Sundry amounts due to staff	248 741	194 653
Sundry amounts due to shareholders and associates	2 548	2 411
Amounts due to suppliers of goods and services	2 358 143	2 511 925
Other sundry creditors	83 192	166 529
DEFERRED INCOME AND ACCRUED EXPENSES	**1 845 440**	**1 297 229**
Adjustment accounts for off-balance sheet transactions	161 197	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	1 101 493	733 682
Other deferred income	582 750	538 392
TOTAL	**9 214 395**	**10 124 681**

(1) PCEC 341, 343, 344, 3462 and 3464 if in credit

Provisions at 31 december 2011 (thousand MAD)

PROVISIONS	Outstanding 12/31/2010	Additional provisions	Write-backs	Other changes	Outstanding 12/31/2011
PROVISIONS, DEDUCTED FROM ASSETS, FOR :	**4 287 880**	**1 062 274**	**766 604**	**-112**	**4 583 438**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	4 062 281	1 034 701	763 337	-112	4 333 533
Available-for-sale securities	19 468	8 663	2 079		26 053
Investments in affiliates and other long-term investments	189 754	18 910	1 189		207 475
Leased and rented assets	-				-
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**849 752**	**385 687**	**355 258**	**60**	**880 240**
Provisions for risks in executing signature loans	122 292	23 938	67 744	104	78 590
Provisions for foreign exchange risks					-
General provisions	390 755	314 400	219 306		485 849
Provisions for pension fund and similar obligations	89 399	28 500	24 652		93 247
Other provisions	247 307	18 848	43 556	-44	222 555
Regulated provisions					
TOTAL	**5 137 633**	**1 447 961**	**1 121 863**	**-52**	**5 463 678**

Subsidies, public funds and special guarantee funds at 31 december 2011 (thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT END OF 2010	UTILISATION 12/31/2011	VALUE AT END OF 2011
SUBSIDIES	NOT APPLICABLE				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 31 december 2011 (thousand MAD)

Currency of issue	Value of loan in currency of issue	Price (1)	Interest Rate	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in thousand MAD	Including related businesses		Including other related businesses	
							Value in thousand MAD 2010	Value in thousand MAD 2011	Value in thousand MAD 2010	Value in thousand MAD 2011
MAD			3.85%	7 YEARS		2 000 000				
MAD			4.19%	7 YEARS		950 000				
MAD			4.35%	7 YEARS		30 600				
MAD			4.35%	7 YEARS		446 200				
MAD			4.39%	10 YEARS		879 600				
MAD			4.55%	10 YEARS		290 000				
MAD			4.60%	5 YEARS		1 000 000				
MAD			4.76%	7 YEARS		50 000				
MAD			4.77%	7 YEARS		1 000 000				
MAD			4.78%	7 YEARS		80 300				
MAD			4.78%	7 YEARS		642 900				
MAD			5.00%	10 YEARS		710 000				
MAD			5.10%	10 YEARS		1 000 000				
MAD			5.60%	10 YEARS		1 120 400				
TOTAL						**10 200 000**				

(1) BAM price at 12/31/2011 - (2) Possibly for an unspecified period – (3) Refer to the subordinated debt contract note

Shareholders equity at 31 december 2011 (thousand MAD)

SHAREHOLDERS' EQUITY	Outstanding 12/31/2010	Allocation to income	Other changes	Outstanding 12/31/2011
Revaluation reserve	420			**420**
Reserves and premiums related to share capital	14 896 000	1 462 000		**16 358 000**
Legal reserve	192 996			192 996
Other reserves	9 266 440	1 462 000		10 728 440
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 (+/-)	909	558	31	**1 497**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	3 006 525	-3 006 525		**3 154 677**
TOTAL	19 833 814	-1 543 968	31	**21 444 555**

Financing commitments and guarantees at 31 december 2011 (thousand MAD)

COMMITMENTS	12/31/2011	12/31/2010
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**48 116 830**	**43 870 280**
Financing commitments given to credit institutions and similar establishments	**1 183**	**533**
Import documentary credits		
Acceptances or commitments to be paid	1 183	533
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Financing commitments given to customers	**12 176 841**	**14 380 260**
Import documentary credits	9 142 405	12 169 979
Acceptances or commitments to be paid	2 937 120	2 210 281
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments	97 315	
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**7 360 666**	**4 932 906**
Confirmed export documentary credits		1 330
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	7 360 666	4 931 576
Non-performing commitments		
Guarantees given to customers	**28 578 140**	**24 556 581**
Credit guarantees given	887 908	3 772 726
Guarantees given to government bodies	14 881 268	14 199 783
Other guarantees and pledges given	12 289 118	6 071 091
Non-performing commitments	519 847	512 981
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**15 157 614**	**15 255 228**
Financing commitments received from credit institutions and similar establishments	**266 628**	
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received	266 628	
Guarantees received from credit institutions and similar establishments	**14 831 908**	**15 188 837**
Credit guarantees received		
Other guarantees received	14 831 908	15 188 837
Guarantees received from the State and other organisations providing guarantees	**59 078**	**66 391**
Credit guarantees received	59 078	66 391
Other guarantees received		

Commitments on securities at 31 december 2011 **(thousand MAD)**

	Value
Commitments given	
Securities purchased with redemption rights	NOT APPLICABLE
Other securities to be provided	
Commitments received	
Securities sold with redemption rights	NOT APPLICABLE
Other securities receivable	

Forward foreign exchange transactions and commitments on derivative products at 31 december 2011 **(thousand MAD)**

	Hedging activities		Other activities	
	12/31/2011	12/31/2010	12/31/2011	12/31/2010
Forward foreign exchange transactions	**66 274 735**	**38 946 930**		
Foreign currencies to be received	27 332 812	14 124 932		
Dirhams to be delivered	8 868 263	4 334 687		
Foreign currencies to be delivered	24 127 875	15 215 615		
Dirhams to be received including cross currency swap	5 945 784	5 271 696		
Commitments on derivative products	**19 238 998**	**10 011 585**		
Commitments on regulated fixed income markets		35 005		
Commitments on OTC fixed income markets	11 854 364	8 426 006		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	50 096	7 896		
Commitments on regulated markets in other instruments	7 334 538	1 542 677		
Commitments on OTC markets in other instruments				

Securities received and given as guarantee at 31 december 2011 **(thousand MAD)**

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

Securities given as guarantee	Net book value	Asset/Off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	9 102 223		
Other securities			
Mortgages			
Other physical assets	906 614	Other assets received and pledged	
TOTAL	**10 008 837**		

Breakdown of assets and liabilities by residual maturity at 31 december 2011 (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	22 039 822	2 646 661	3 089 323	1 499 858		29 275 664
Loans and advances to customers	48 429 590	10 498 083	23 141 523	33 544 057	40 869 002	156 482 255
Debt securities	11 106 334	272 680	903 396	20 710 280	4 420 132	37 412 822
Subordinated loans						
Leased and rented assets						
TOTAL	**81 575 746**	**13 417 424**	**27 134 242**	**55 754 195**	**45 289 134**	**223 170 741**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	29 176 825	3 242 918	1 693 724		1 475 051	35 588 518
Amounts owing to customers	130 715 373	9 398 699	18 913 127	5 791 941		164 819 140
Debt securities issued	300 000	1 750 000	5 311 800	2 499 100	100 000	9 960 900
Subordinated debt				4 000 000	6 200 000	10 200 000
TOTAL	**160 192 198**	**14 391 617**	**25 918 651**	**12 291 041**	**7 775 051**	**220 568 558**

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 2011 (thousand MAD)

BALANCE SHEET	12/31/2011	12/31/2010
ASSETS	**28 800 088**	**24 135 444**
Cash and balances with central banks, the Treasury and post office accounts	90 176	97 030
Loans and advances to credit institutions and similar establishments	11 753 763	10 148 728
Loans and advances to customers	7 361 035	5 462 841
Trading securities and available-for-sale securities	2 369 302	2 464 030
Other assets	146 237	104 674
Investments in affiliates and other long-term investments	7 056 104	5 834 535
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 471	23 606
LIABILITIES	**14 943 507**	**12 011 189**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	12 703 948	10 157 253
Customer deposits	1 924 805	1 252 988
Debt securities issued		
Other liabilities	312 494	598 676
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Provisions	7 644	7 687
Retained earnings	-5 384	-5 415
Net income		
OFF-BALANCE SHEET ITEMS	**37 380 029**	**32 958 905**
Commitments given	24 488 877	19 924 159
Commitments received	12 891 152	13 034 746

Risk concentration with the same counterparty at 31 december 2011 (thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
11	38 893 559

Net interest margin at 31 december 2011 **(thousand MAD)**

	12/31/2011	12/31/2010
Interest and similar income from activities with customers	**8 432 809**	**7 619 171**
of which interest and similar income	8 216 294	7 419 935
of which fee income on commitments	216 515	199 236
Interest and similar income from activities with credit institutions	**1 112 246**	**1 152 758**
of which interest and similar income	1 091 452	1 128 115
of which fee income on commitments	20 794	24 643
Interest and similar income from debt securities	**397 555**	**421 715**
TOTAL INTEREST AND SIMILAR INCOME	**9 942 610**	**9 193 644**
Interest and similar expenses on activities with customers	2 488 750	2 428 329
Interest and similar expenses on activities with credit institutions	711 245	739 081
Interest and similar expenses on debt securities issued	420 663	205 109
TOTAL INTEREST AND SIMILAR EXPENSES	**3 620 657**	**3 372 519**
NET INTEREST MARGIN	**6 321 953**	**5 821 124**

Fee income provided from services at 31 december 2011 **(thousand MAD)**

FEES	12/31/2011	12/31/2010
Account management	229 253	203 585
Payment services	417 801	390 290
Securities transactions	48 295	59 357
Asset management and custody	61 187	64 582
Credit services	103 234	88 859
Corporate finance	-	-
Sale of insurance products	94 825	70 757
Other services provided	177 630	196 299
TOTAL	**1 132 225**	**1 073 729**

General operating expenses at 31 december 2011 **(thousand MAD)**

EXPENSES	12/31/2011	12/31/2010
Staff costs	1 540 770	1 377 972
Taxes	101 056	91 593
External expenses	1 278 854	1 220 930
Other general operating expenses	7 098	9 280
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	418 130	414 092
TOTAL	**3 345 908**	**3 113 867**

Income from market activities at 31 december 2011 **(thousand MAD)**

INCOME AND EXPENDITURES	12/31/2011	12/31/2010
+ Gains on trading securities	807 036	525 305
- Losses on trading securities	112 913	96 135
Income from activities in trading securities	**694 124**	**429 170**
+ Capital gains on disposal of available-for-sale securities	39 408	41 003
+ Write-back of provisions for impairment of available-for-sale securities	2 079	4 055
- Losses on disposal of available-for-sale securities	29 354	-
- Provisions for impairment of available-for-sale securities	8 663	3 063
Income from activities in available-for-sale securities	**3 469**	**41 995**
+ Gains on foreign exchange transactions - transfers	324 480	584 036
+ Gains on foreign exchange transactions - notes	100 470	92 525
- Losses on foreign exchange transactions - transfers	-	160 384
- Losses on foreign exchange transactions - notes	2 444	2 608
Income from foreign exchange activities	**422 505**	**513 569**
+ Gains on fixed income derivative products	342 887	559 924
+ Gains on foreign exchange derivative products	268 229	218 276
+ Gains on other derivative products	77 524	35 998
- Losses on fixed income derivative products	412 851	488 972
- Losses on foreign exchange derivative products	42 611	135 081
- Losses on other derivative products	62 744	27 946
Income from activities in derivatives products	**170 434**	**162 199**

Income from equity securities at 31 december 2011 (thousand MAD)

CATEGORY	12/31/2011	12/31/2010
Available-for-sale securities	1 292	1 065
Investments in affiliates and other long-term investments	885 188	854 422
TOTAL	**886 480**	**855 487**

Other income and expenses at 31 december 2011 (thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2011	12/31/2010
Other banking income	1 962 113	2 061 124
Other banking expenses	1 340 599	1 591 224
TOTAL	**621 514**	**469 900**
OTHER NON-BANKING INCOME AND EXPENSES	**12/31/2011**	**12/31/2010**
Non-banking operating income	31 413	64 100
Non-banking operating expenses	1	32 781
TOTAL	**31 412**	**31 319**
Provisions and losses on irrecoverable loans	2 223 157	**1 768 831**
Provision write-backs and amounts recovered on impaired loans	1 193 840	**966 429**
NON-RECURRING INCOME AND EXPENSES	**12/31/2011**	**12/31/2010**
Non-recurring income	297	1 265
Non-recurring expenses	25 031	9 338

Determining income after tax from ordinary activities at 31 december 2011 (thousand MAD)

I - DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	4 629 248
Tax write-backs on ordinary activities (+)	428 216
Tax deductions on ordinary activities (-)	1 114 253
Theoretical taxable income from ordinary activities (=)	3 943 211
Theoretical tax on income from ordinary activities (-)	1 458 988
Income after tax from ordinary activities (=)	3 170 260
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

Detailed information on value added tax at 31 december 2011 (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	**115 926**	**1 148 012**	**1 183 266**	**80 672**
B. Recoverable VAT	**101 485**	**463 101**	**448 395**	**116 191**
On expenses	57 860	332 272	325 652	64 480
On fixed assets	43 625	130 829	122 743	51 711
C. VAT payable or VAT credit = (A-B)	**14 441**	**684 911**	**734 871**	**-35 519**

Reconciliation of net income for accounting and tax purposes at 31 december 2011 **(thousand MAD)**

RECONCILIATION STATEMENT	Montant	Montant
I- NET INCOME FOR ACCOUNTING PURPOSES	**3 154 677**	
Net profit	3 154 677	
Net loss		
II- TAX WRITE-BACKS	**1 878 053**	
1 – Recurring	1 878 053	
Income tax	1 449 837	
Losses on irrecoverable loans not provisioned	83 906	
General provisions	314 400	
Provisions for pension funds and similar obligation	28 500	
Personal gifts	1 410	
2- Non-recurring		
III- TAX DEDUCTIONS		**1 114 253**
1- Recurring		1 114 253
100% allowance on income from investments in affiliates		870 295
Write-back of investment		
Write-back of provisions used		24 652
Write-back of general contingency reserve		219 306
2- Non recurring		-
TOTAL	**(T1) 5 032 730**	**(T2) 1 114 253**
IV - GROSS INCOME FOR TAX PURPOSES		**3 918 477**
- Gross profit for tax purposes if T1 → T2 (A)		3 918 477
- Gross loss for tax purposes if T2 → T1 (B)		
V - TAX LOSS CARRY FORWARDS (C) [1]		
- Financial year Y-4		
- Financial year Y-3		
- Financial year Y-2		
- Financial year Y-1		
VI - NET INCOME FOR TAX PURPOSES		**3 918 477**
Net profit for tax purposes (A-C)		3 918 477
Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION ALLOWANCES		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED FORWARD		
- Financial year Y-4		
- Financial year Y-3		
- Financial year Y-2		
- Financial year Y-1		

(1) up to the value of gross profit for tax purposes (A)

Appropriation of income at 31 december 2011 **(thousand MAD)**

	VALUE		VALUE
A- Origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	909	To legal reserve	-
Net income awaiting appropriation		Dividends	1 543 968
Net income for the financial year	3 006 525	Other items for appropriation	1 461 969
Deduction from income		Earnings carried forward	1 497
Other deductions			
TOTAL A	**3 007 434**	**TOTAL B**	**3 007 434**

Shareholding structure at 31 december 2011

Name of main shareholders or associates	Adress	Number of shares held		% of share capital
		Previous period	Current period	
A- DOMESTIC SHAREHOLDERS				
* S.N.I	ANGLE RUES D'ALGER ET DUHAUME CASA	93 365 684	93 972 002	48.69%
* WAFACORP	42 BD ABDELKRIM AL KHATTABI CASA	1 929 960	57 602	0.03%
* AL WATANIYA	83 AVENUE DES FAR CASA	3 719 712	2 683 942	1.39%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 421 478	13 390 604	6.94%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	15 047 303	16 379 156	8.49%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	2 658 127	2 778 517	1.44%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	140 PLACE MY EL HASSAN RABAT	7 839 293	7 839 293	4.06%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	4 443 754	4 616 769	2.39%
* CIMR	BD ABDELMOUMEN CASA	4 697 256	4 697 256	2.43%
* CAISSE DE DÉPOT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	4 694 810	4 694 810	2.43%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	32 392 369	31 170 395	16.15%
TOTAL - I		**184 209 746**	**182 280 346**	**94.45%**
B- FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID (SPAIN)	8 786 214	10 715 614	5.55%
TOTAL - II		**192 995 960**	**192 995 960**	**100.00%**

Branch network at 31 december 2011

BRANCH NETWORK	12/31/2011	12/31/2010
Permanent counters	944	863
Occasional counters	2	2
Cash dispensers and ATMs	933	819
Overseas branches	50	41
Overseas representative offices	17	17

Staff at 31 december 2011

STAFF	12/31/2011	12/31/2010
Salaried staff	6 826	6 473
Staff in employment	6 826	6 473
Full-time staff	6 826	6 473
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	3 444	3 181
Other staff (full-time)	3 343	3 292
Including Overseas staff	39	35

Customer accounts at 31 december 2011

	12/31/2011	12/31/2010
Current accounts	120 716	95 425
Current accounts of Moroccans living abroad	658 415	485 337
Other current accounts	1 255 048	974 088
Factoring liabilities		
Savings accounts	601 952	504 747
Term accounts	18 137	16 846
Certificates of deposit	3 671	4 765
Other deposit accounts	440 433	139 958
	3 098 372	**2 221 166**

Summary of key items over the last three periods at 31 december 2011 **(thousand MAD)**

ITEM	DECEMBER 2011	DECEMBER 2010	DECEMBER 2009
SHAREHOLDERS' EQUITY AND EQUIVALENT	**21 444 555**	**19 833 814**	**17 985 201**
OPERATIONS AND INCOME IN FY			
Net banking income	8 973 062	8 238 233	7 050 577
Pre-tax income	4 604 514	4 345 210	4 250 029
Income tax	1 449 837	1 338 685	1 453 022
Dividend distribution	1 543 968	1 157 976	964 980
PER SHARE INFORMATION (IN MAD)			
Earning per share			
Dividend per share	8.00	6.00	5.00
STAFF			
Total staff costs	**1 540 770**	**1 377 972**	**1 286 307**
Average number of employees during the period			

Key dates and post-balance sheet events at 31 december 2011

I- KEY DATES	
. Balance sheet date [1]	**31 DECEMBER 2011**
. Date for drawing up the financial statements [2]	**14 FEBRUARY 2012**

(1) Justification in the event of any change to the balance sheet date

(2) Justification in the event that the statutory 3-month period for drawing up the financial statements is exceeded

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of event
. Favorable	**NOT APPLICABLE**
. Unfavourable	**NOT APPLICABLE**

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