Management report 2018

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ATTIJARIWAFA BANK: AN INTERNATIONAL BANKING AND FINANCIAL GROUP

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MANAGEMENT REPORT

Economic growth

World : global gdp growth

Global business activity continued to improve in 2018, with GDP rising 3.7%. Growth of 3.5% is expected in 2019, according to the latest forecast of the International Monetary Fund (IMF). However, in several countries this performance may be affected by political instability and trade disputes.

In developed countries, GDP growth came to 2.3% in 2018, compared with 2.4% in 2017. Performances varied among the different countries.

In the eurozone, growth has begun to slow, at 1.8% in 2018 and 1.6% in 2019F, compared with 2.4% in 2017. This slowdown is due mainly to weaker domestic demand and lower exports, in a less favorable global context. The same conditions can be seen in the core member states: Germany (1.5%, after 2.5% in 2017), France (1.5%, after 2.3% in 2017), Italy (1.0%, after 1.6% in 2017) and Spain (2.5%, after 3.0% in 2017).

In the United States, the economy continued to grow vigorously, with GDP up 2.9% in 2018, compared with 2.2% in 2017. This performance was underpinned by tax cuts and reduced unemployment. The British economy contracted by 0.4 points, with GDP growth of 1.4% in 2018. This performance was due largely to the prolonged uncertainty surrounding Brexit.

In Japan, GDP growth slowed to 0.9% in 2018, compared with 1.9%. This performance is attributable to lower domestic demand and a slowdown in exports hurt by natural disasters. GDP is expected to recover slightly in 2019, to 1.1%. This performance is in line with additional budgetary measures which boost both salaries and corporate profits.

GDP growth in developing countries remained strong, coming to 4.6% in 2018, compared with 4.7% in 2017 and 4.5% forecast for 2019. However, the outlook varies significantly from one country to another.

In 2018, emerging Asian countries again enjoyed GDP growth of 6.5%. This performance was attributable mainly to the robust Indian economy (7.3% in 2018, compared with 6.7% in 2017). In China, GDP growth slowed to 6.6% in 2018, compared with 6.9% in 2017. This performance was impacted by more conservative borrowing policies and by rising trade disagreements with the United States. Emerging European economies also experienced markedly slower GDP growth of 3.8% in 2018, compared with 6.0% in 2017.

In sub-Saharan Africa, GDP growth in 2018 was unchanged from 2017, coming in at 2.9%. GDP growth in the Middle East totaled 2.4% in 2018, compared with 2.2% in 2017.

GDP GROWTH	2017	2018E	2019F
World	**3.8%**	**3.7%**	**3.5%**
Developed countries	**2.4%**	**2.3%**	**2.0%**
Eurozone	2.4%	1.8%	1.6%
France	2.3%	1.5%	1.5%
Germany	2.5%	1.5%	1.3%
Spain	3.0%	2.5%	2.2%
United Kingdom	1.8%	1.4%	1.5%
United States	2.2%	2.9%	2.5%
Japan	1.9%	0.9%	1.1%
Emerging and developing countries	**4.7%**	**4.6%**	**4.5%**
North Africa and Middle East	2.2%	2.4%	2.4%
Sub-Saharan Africa	2.9%	2.9%	3.5%

Source : IMF (January 2019)

Monetary policy

The European Central Bank left its monetary policy unchanged in 2018, with interest rates at 0%. After suspending its quantitative easing program at the end of 2018, the ECB reaffirmed its accommodative monetary policy via key interest rates of 0%.

The Fed raised rates four times in 2018, for a total of 100 bp. The target range for the federal funds rate is 2.25%–2.5%. In 2019, the Fed is expected to continue tightening its monetary policy at a moderate rate, aiming for inflation of 2% over the medium term.

In addition, the Bank of England decided at its meeting last August 1 to raise the bank rate by 25 bp, to 0.75%.

Inflation

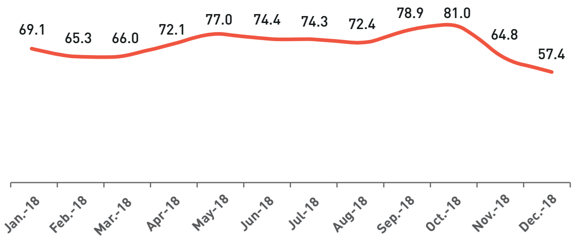
As a result of the various monetary policy measures taken by central banks, inflation is close to the official target of 2% in developed countries (2% in 2018 and 1.7% forecast for 2019).

In emerging economies, the consumer price index rose from 4.3% in 2017 to 4.9% in 2018.

Oil market

After trending upwards in 2018 to an average of $81.03 dollars in October, oil prices began to fall, ending the year at $54.14. This decline is attributable to global supply and uncertain demand.

Change in Brent prices in 2018 (USD)



Africa

According to the latest estimates from the African Development Bank, African economies continue to recover, with GDP growth of 3.5% in 2018 and 4.0% in 2019F. This performance is due mainly to East Africa (+5.7% in 2018 and 5.9% in 2019F), North Africa (4.3% in 2018 and 4.4% in 2019F) and, to a lesser extent, other regions on the continent.

Economic indicators in Africa, by region

	GDP (%)	
	2018E	2019P
Africa	3.5%	4.0%
Central Africa	2.2%	3.6%
East Africa	5.7%	5.9%
North Africa	4.3%	4.4%
Southern Africa	1.2%	2.2%
West Africa	3.3%	3.6%

AfDB - January 2018

This section describes the main changes in 2018 in the economic environments of the countries where Attijariwafa bank does business.

North africa

(2018 data)	Population (km²)	Population (m)	GDP per capita (USD)
Tunisia	163,610	11.4	3,428
Mauritania	1,030,700	4.0	1,274
Libya	1,759,540	6.5	7,292
Egypt	1,001,450	94.4	2,412

Source : IMF

Economic environment

In North Africa, GDP growth came to 4.3% in 2018 and should reach 4.4% in 2019F, according to AfDB forecasts. However, growth remains erratic because of the Libyan economy, which was hurt by a rise in oil production. This rise in oil prices benefits oil-exporting countries and places additional budgetary pressure on oil-importing countries.

GDP growth in North Africa benefited all countries in the region: Algeria (2.5% in 2018 vs. 1.4% in 2017), Tunisia (2.4% in 2018 vs. 2.0% in 2017), Libya (10.9% in 2018 vs. 64.0% in 2017), Egypt (5.3% in 2018 vs. 4.2% in 2017) and Morocco (3.3% in 2018 vs. 4.1% in 2017).

Inflation in North Africa remains high (12.8% in 2018 vs. 14.2% in 2017) but is expected to gradually return to around 7% by 2020. This improvement is due mainly to lower inflation in Libya (28.1% in 2018 and 17.9% in 2019F) and Egypt (13.9% in 2018 and 12.6% in 2019F).

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (% PIB)		Current account balance (%)	
	2018E	2019F	2018E	2019F	2018E	2019F	2018E	2019F
Tunisia	2.4	2.9	8.1	7.5	-5.2	-3.7	-9.6	-8.5
Mauritania	2.5	5.2	3.8	3.9	0.1	-0.1	-16.0	-17.2
Libya	10.9	10.8	28.1	17.9	-25.1	-26.9	1.5	2.9
Egypt	5.3	5.5	13.9	12.6	-9.5	-8.1	-2.6	-2.4

IMF - October 2018

The region's budget deficit came to −6.0% of GDP in 2018 (compared with −9.6% in 2017), weakened mainly by high budget balances in Libya (−25.1% in 2018) and, to a lesser extent, Egypt (−9.5% in 2018).

WAEMU

(2018 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Benin	112,622	11.7	910
Burkina Faso	274,200	19.5	753
Ivory Coast	322,463	25.6	1,774
Niger	1,267,000	19.3	447
Mali	1,240,192	19.5	837
Senegal	196,722	16.6	1,079
Togo	56,785	7.9	675

Source : IMF

Economic environment

According to the latest figures from the IMF, GDP growth of the West African Economic and Monetary Union (WAEMU) remains steady, at 6.4% in 2018 and 6.3% in 2019F. The WAEMU's robust economic performance is attributable to rapid development in the service sector, as well as in commercial and industrial activities. This growth has been boosted by the development of transportation infrastructure, by the vitality of mining and manufacturing activities, and by construction and public works, which continue to benefit from major infrastructure projects.

Key economic indicators, by country

	PIB (%)		Inflation (%)		Solde budgétaire (% PIB)		Solde courant (% PIB)	
	2018E	2019F	2018E	2019F	2018E	2019F	2018E	2019F
Benin	6.0	6.3	2.3	2.3	-4.7	-2.4	-10.6	-8.9
Burkina Faso	5.9	6.0	2.0	2.0	-5.0	-3.0	-8.6	-7.6
Ivory Coast	7.4	7.0	1.7	2.0	-3.8	-3.0	-4.6	-4.2
Niger	5.3	5.4	3.9	2.0	-5.9	-4.5	-16.2	-18.3
Mali	5.1	4.8	2.5	2.1	-3.3	-3.0	-7.2	-7.8
Senegal	7.0	6.7	0.4	0.9	-3.5	-3.0	-7.7	-7.1
Togo	4.7	5.0	0.4	1.2	-3.2	-0.7	-9.2	-8.0

IMF, October 2018

The region's inflation rate came to 1.8% in 2018, still within the target ceiling of 2%. This rise in general price levels is due mainly to the food component, subsequent to higher cereal prices in some Sahelian countries. The WAEMU's budget deficit widened to −7.5% in 2018.

In 2018 the monetary policy committee decided to leave at 2.5% the minimum interest rate for tender operations relating to liquidity operations, and to leave the marginal discount rate at 4.50%. The ratio for legal reserves applicable to the WAEMU's banks was left unchanged, at 3.0%.

EMCCA

(2018 DATA)	Surface area (km²)	Population (m)	GDP per capita (USD)
Cameroon	475,440	24.9	1,329
Congo	342,000	4.5	1,786
Gabon	267,667	1.9	8,006

Source : IMF

ECONOMIC ENVIRONMENT

GDP growth in 2018 in the Central African Economic and Monetary Community (EMCCA) came to 1.7% (vs. 0.3% in 2017). Growth of 3.2% is forecast for 2019F. Recovery in 2018 was due mainly to solid performances in the oil sector (+2.0%), and to steady activity in the non-oil sector (+1.4%). These contributed to economic growth of 0.4 points and 1.1 points, respectively.

Inflation rose 1.5% in 2018 but remains within EMCCA norms. Higher prices are attributable to strong domestic demand, which is supported by robust non-oil activities and government revenue. The budget balance came to 0.5% in 2018, compared with –3.6% in 2017.

Key economic indicators, by country

	GDP (%)		Inflation (%)		Budget balance (%)		Current account balance (%)	
	2018E	2019F	2018E	2019F	2018E	2019F	2018E	2019F
Cameroon	3.8	4.4	1.0	1.1	-2.6	-2.1	-3.2	-3.0
Congo	2.0	3.7	1.2	2.0	9.0	10.5	9.1	12.4
Gabon	2.0	3.4	2.8	2.5	1.3	0.7	-1.6	-0.5

IMF, October 2018

The regional central bank (BCAS) continues to tighten monetary policy. At its meeting on October 31, 2018, the monetary policy committee of the BCAS raised its prime rate by 55 basis points. The interest rate for invitations to tender was raised from 2.95% to 3.50%.

MOROCCO

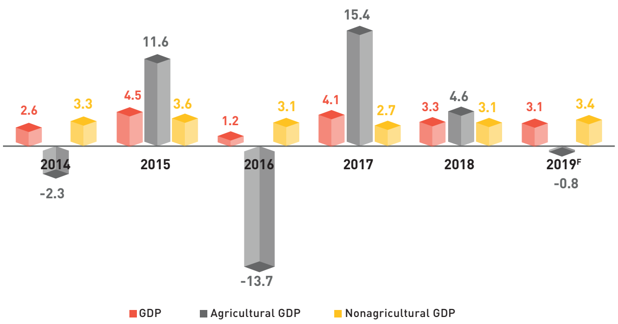
- In 2018 economic growth rose 3.3%, in line with:
  - growth of 4.6% in value-added agricultural activity in 2018, boosted by higher cereal production (103 million quintals in 2018, compared with 95.6 million quintals in 2017);
  - a 3.1% rise in nonagricultural GDP in 2018, aided by improved value-added in tertiary activities (2.9%) and by growth in the secondary sector (2.8%).
  - growth sustained in final domestic consumption, to 3.1% in 2018, adding 2.4 points to GDP;
- Slight rise in inflation (1.9%) in 2018, with a return to around 1% expected in 2019 (1.2%).
- A contrasting macroeconomic context:
  - budget deficit nearly unchanged, from –3.6% of GDP in 2017 to –3.7% in 2018;
  - slight rise in sovereign debt, to 65.8% of GDP in 2018 vs. 65.1% in 2017;
  - trade deficit up 10.9%, with imports increasing more than exports;
  - current account deficit widened to 4.4% in 2018, compared with 3.6% in 2017;
  - foreign-currency reserves covering 5 months and 9 days of imports.
- According to the latest forecasts of the Central Bank, growth should come to 3.1% in 2019 and 3.6% in 2020.

Quarterly Moroccan GDP growth (year on year)

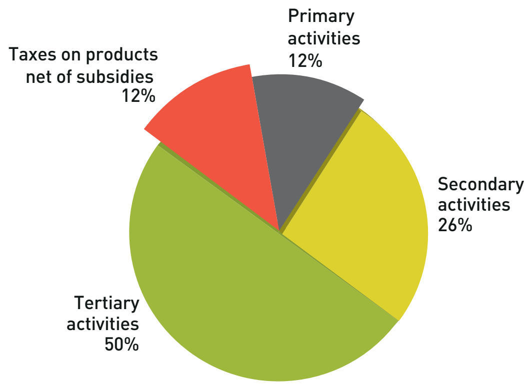
In (%)	2016	2017	2018	2019*
GDP	1.2%	4.1%	3.3%	3.1%
Agricultural v-a	-13.7%	15.4%	4.6%	-0.8%
Nonagricultural GDP	3.1%	2.7%	3.1%	3.4%

(*) : Estimates Source: Ministry of Finance – Moroccan Central Bank – HCP (January 2019)

GDP growth 2014–2019F (%)



GDP in 2017



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

Primary sector

Favorable weather helped agricultural value-added to grow 4.6% in 2018. Cereal production from the 2017–2018 harvest came to nearly 103 million quintals, a rise of 7.3% from 2017. The primary sector's contribution to GDP is estimated at 0.5 points in 2018.

Exports from the agriculture and agribusiness sector strengthened in 2018, to MAD 58.1 billion (+6.8%).

The fishery sector was unchanged in 2018, mainly as a result of the application of biological rest periods and of stronger measures against illegal fishing. The volume of inshore and traditional fishery landings remained at 1,310,495 tons. The value of landings rose by 0.8%, to MAD 7.3 billion.

Secondary sector

The secondary sector rose an estimated 2.8% in 2018, compared with 3.1% in 2017.

Phosphates

Value-added in the mining sector increased 5.2% in 2018. This performance is attributable to production of phosphate rock (+3.8% at 2018) and phosphate derivatives (+3.9%). However, mining activity in 2018 was volatile and began to slow in the second quarter of 2018. The slowdown was due to weaker demand from Southeast Asia and North America, and to price volatility in international markets for cereals and oilseeds.

Exports of phosphate rock and phosphate derivatives rose 17.0% in 2018, to MAD 51.7 billion.

Energy

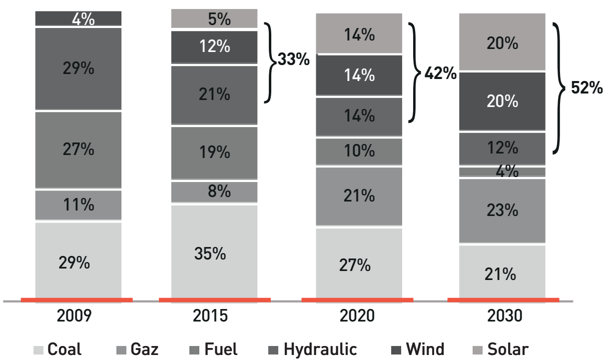
The energy sector remained vigorous in 2018 and turned in a solid performance. In 2018, energy production rose 8.7%. This growth includes rises in concessional production by (9.8%) and 79.9% of production of renewable energies, and ONE production (+0.7%).

Energy consumption had fallen 2.1% as of 2018, in the wake of 16.7% decline in very high, high tension energy sales.

Imports of energy-related products rose 18.3%, to MAD 82.2 billion. This change is due mainly to an increase of 20.7% (to MAD 41.4 billion) in purchases of gas oils and fuel oils, whose prices rose 28.3% (MAD 5,814 per ton in 2018 vs. MAD 4,532 per ton in 2017).

In 2009, Morocco launched an energy transition program to break its dependency on fossil fuels. The program aims to bring the share of renewable energy sources to 42% by 2020, and to 52% by 2030. At the end of 2017, the capacity of installed renewable energies accounted for 34% of the electricity mix, i.e., 2,836 MW comprising 180 MW of solar energy, 887 MW of wind energy and 1,769 MW of hydraulic energy.

Share of renewable energies by 2020



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

Distinction:

According to the World Energy Council's 2018 World Energy Trilemma Index, Morocco has moved up nine places, to 68th out of 125 countries. This ranking measures countries' capacities to develop energy systems that are secure, equitable and environmentally sustainable.

The report applauds Morocco's investments in renewable energies and energy efficiency. These investments aim to reduce imports of and dependency on fossil fuels.

Of the Arab countries, Morocco is ranked 10th, behind mainly oil-exporting countries led by the United Arab Emirates (36th global ranking), Qatar (39th), Kuwait (45th) and Saudi Arabia (47th). Among African countries, Morocco is ranked 5thbehind Mauritius (46th), the leading African country ahead of Egypt (55th).

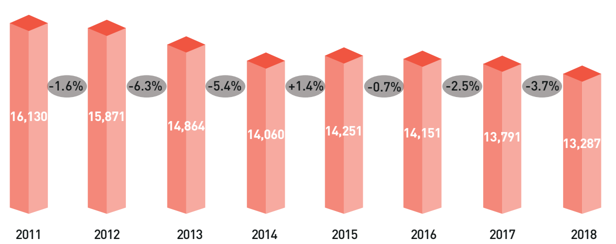
Source : World Energy Council

CONSTRUCTION AND PUBLIC WORKS

Growth continued to be weak (0.9%E) in the building and public works sector, due to problems of financing, real estate and high construction costs.

Cement sales, a key performance indicator for the sector, ended the year down 3.7%, at 13,287 thousand tons, compensated by an 8.2% rise in December.

Domestic cement consumption (thousand tonnes)



Source : Ministry of Housing and Urban Planning

Mortgage loan outstandings rose 1.7% in 2018, to MAD 259.2 billion. This reflects improvement in home loans (+2.9%, to MAD 200.1 billion) and a decline in loans for real-estate development (–2.1%, to MAD 59.1 billion).

Between 2017 and 2018, the construction and public works sector created 15,000 jobs, of which 14,000 were urban and 1,000 rural, totaling 1.4% of the sector's total employment.

Tertiary sector

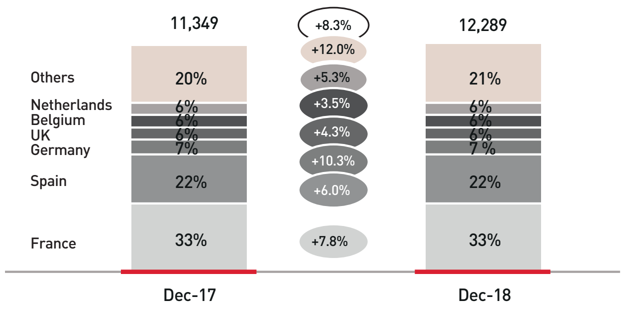
The tertiary sector continued to grow steadily (2.9% in 2018, compared with 2.7% in 2017). This performance is due largely to growth in tourism, transport, and hotel and restaurant services.

Tourism

Growth in the Moroccan tourism sector continued, thanks to favorable global conditions and to efforts made to promote Morocco as a tourist destination.

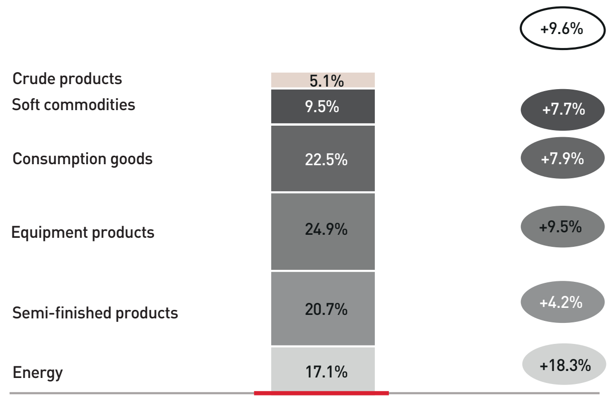
The number of tourists rose 8.3%, to 12.3 million at end of 2018. This trend is attributable to 2.3% growth (to 5.5 million) in visits by Moroccans living abroad, and to a 13.9% rise (to 6.7 million) in foreign tourists.

Arrivals by country (in thousands)



Source: Ministry of Tourism

Total imports in 2018



Source : foreign exchange bureau

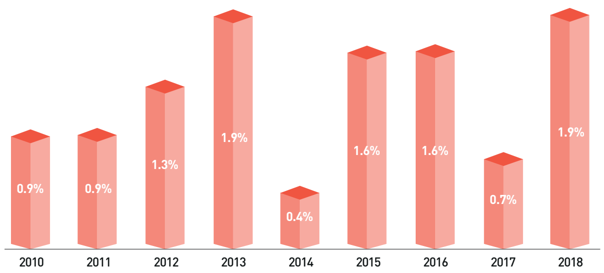
Overnight stays in star-rated hotels rose 8.4%, totaling 24.0 million (+11.7% for foreign tourists and +1.2% for Moroccans).

The two most popular destinations, Agadir and Marrakech, accounted for 60.2% of total overnight stays. These two destinations enjoyed growth of 10.1% and 8.4%, respectively.

Inflation

Inflation in Morocco was moderate in 2018, following the rise in prices for commodities, particularly energy-related products. The consumer price index rose 1.9%, in line with a 1.3% increase in food prices and a 1.8% rise in nonfood prices.

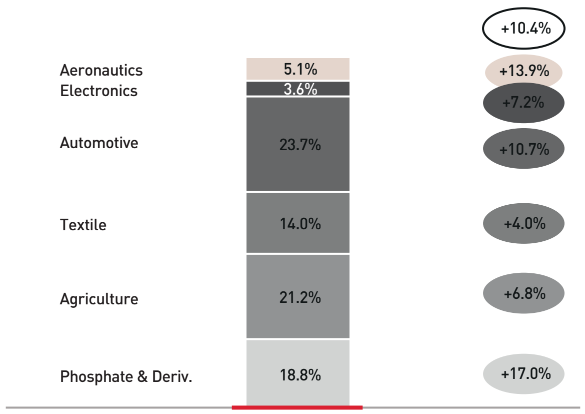
Trend of consumer price index



Source : HCP

Exports rose across all sectors, but especially phosphates and phosphate derivatives (+17.0%, to MAD 51.7 billion), the Global Industries of Morocco (+10.7%, to MAD 65.0 billion, for automotive and +13.9%, to MAD 13.9 billion, for aeronautics) and agriculture (+6.8%, to MAD 58.1 billion).

Total exports in 2018



Source : foreign exchange bureau

Foreign trade

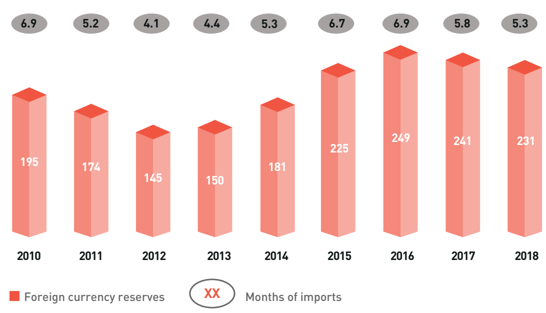
In 2018 foreign trade rose 10.9%, to a trade deficit of MAD 106.4 billion. This change reflects an 8.3% rise, to MAD 520.9 billion, in imports of goods and services, and growth of 7.6% in exports, to MAD 404.5 billion.

The rise in imports was due mainly to energy costs (+18.3%, to MAD 82.2 billion), to purchases of capital goods (+9.5%, to MAD 119.8 billion), and to imports of finished consumer goods (+7.9%, to MAD 108.1 billion). Together these account for 73.5% of the total rise in imports. Other imports grew, albeit to a lesser extent: semifinished goods (+MAD 4.0 billion), raw materials (+MAD 3.9 billion) and food products (+MAD 3.2 billion).

Consequently, net international reserves fell 4.1%, to MAD 230.9 billion as of December 2018, thereby covering five months and nine days of import needs for goods and services.

Foreign Currency Reserves trend

(MAD billions)



Source : Bank Al-Maghrib

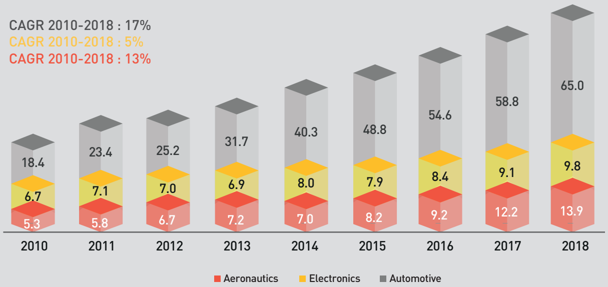
As part of its strategy for economic diversification and for integration into global value chains, Morocco has committed to reforms designed to strengthen its position as an attractive target for international investors, and as a regional and international trade center.

MOROCCO'S GLOBAL INDUSTIRES CONTINUE TO PERFORM WELL

Morocco's Global Industries continued to grow in 2018. The automotive sector has been in first place since 2014, ahead of phosphates and phosphate derivatives.

The automotive sector alone accounted for 24% of total exports in 2018, with revenues totaling MAD 65.0 billion.

Change in global industry exports (MAD billions)



After successfully attracting global groups such as Renault, PSA and BYD Auto Industry, the Moroccan automotive sector received significant investment in 2018 with the arrival of German group PRETIL, a specialist in automotive parts. In 2018 the group began construction of a new industrial site in Tangier called Automotive City. This project, with investment of €8 million euros, is expected to produce 30 million auto parts in the long term and to create 800 jobs.

In addition, last June the Italian manufacturer Magneti Marelli began construction of its first plant devoted to suspension systems for cars and other vehicles, with investment of MAD 405 million. Located in the Tanger Automotive City ("TAC") free zone, the manufacturing facility aims for annual production of 6 million parts and the creation of 500 direct jobs.

Launch of 26 investment projects in the automotive sector. In December 2017, His Majesty King Mohamed VI chaired the ceremony to launch 26 industrial investment projects in the automotive sector, with total investment of MAD 13.78 billion. These investment projects demonstrate the country's determination to position the automotive sector as a global construction and export hub. The investments also reflect the confidence shown by leading manufacturers. The investment projects are as follows:

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

Source : Ministry of Industry and Investment

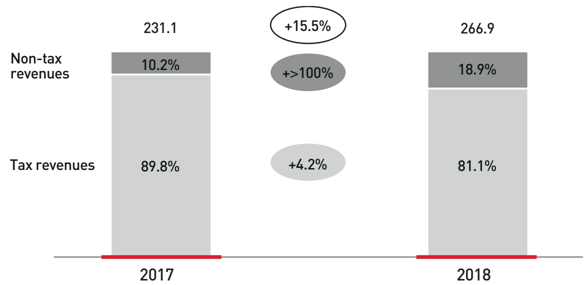
Remittances from Moroccans living abroad declined slightly, by 1.7%, to MAD 64.8 billion. Net foreign direct investment grew by 25.9%, to MAD 32.8 billion. This change was facilitated by a 34.0% rise in inflows, to MAD 46.0 billion, from the disposal of SAHAM inter alia.

Public finances

Treasury revenue and expenditure are expected to improve the ordinary balance, which rose from MAD 17.4 billion at the end of 2017 to MAD 47.1 billion at the end of 2018. This change is attributable to:

- a 15.5% rise in ordinary revenue, to MAD 266.9 billion, distributed as follows:

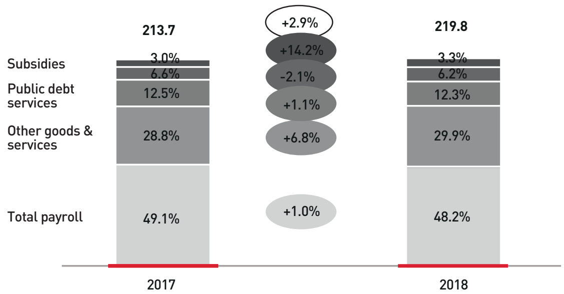
Change in ordinary revenues
(MAD billions)



Source : Moroccan General Treasury

- a 2.9% increase in ordinary expenditure, to MAD 219.8 billion, distributed as follows:

Change in ordinary expenses
(MAD billions)

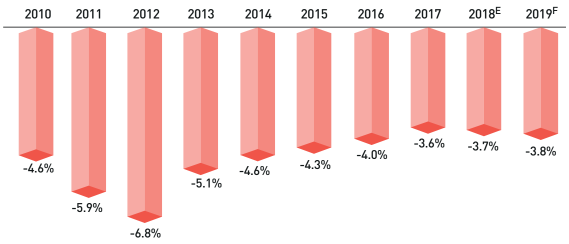


Source : Moroccan General Treasury

Investment rose 1.2% in 2018, to MAD 67.8 billion.

In 2018 the budget deficit widened by MAD 2.0 billion, to MAD –37.7 billion (i.e., –3.7% of GDP), compared with MAD –35.7 billion in 2017. This is attributable to a negative balance of MAD 17.8 billion supplied by the special treasury accounts (STA).

Budget deficit trend (% of GDP)

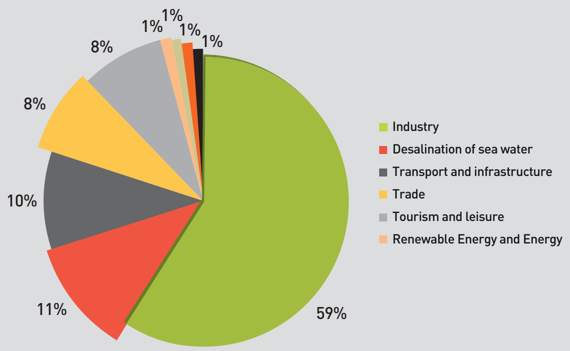


Source : HCP

Approval of 48 investment projects in 2018

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

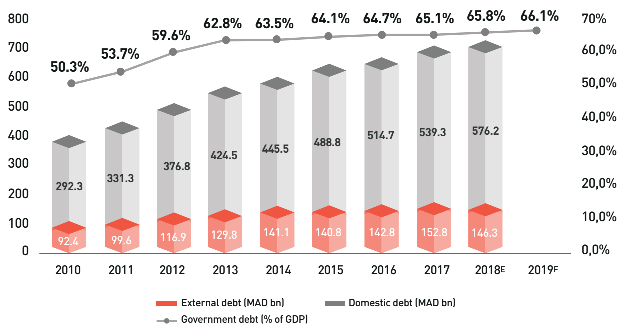
Breakdown of investment by sector



Government debt

Domestic debt totaled MAD 567.8 billion in the first ten months of 2018, equal to nearly 50% of GDP. External debt totaled MAD 149.3 billion, or 13.6% of GDP. Total government debt in 2018 came to 65.8% of GDP.

Change in government debt (in % GDP)



Source : Ministry of Finance and HCP

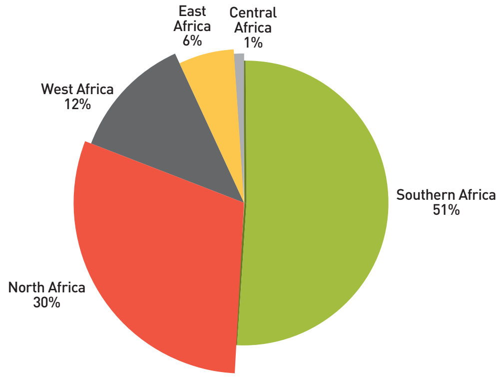
Banking and financial

AFRIQUE

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

At the end of 2017, the 200 largest African banks had total assets of $1,747 billion (+18.7%), compared with $1,471 billion a year earlier. The breakdown is as follows:

Breakdown of total assets of the 200 leading banks by region



Source: Jeune Afrique special edition no. 48

Southern Africa remains the largest contributor to total assets (51%), boosted by South African banks. North Africa remains solidly in second place (30% of total assets), thanks to the robustness Egyptian and Moroccan banks. West Africa is in third place (12% of total assets), down nearly 2 points from 2016, in line with the underperformance of Nigerian banks.

Central Africa contributes less than 1% of total assets as a result of a long-standing economic crisis. East Africa contributes 6% of total assets.

Total net banking income of the 200 banks rose $10 billion, the strongest increase in the past ten years, and now totals nearly $25 billion.

Growth of financial sector in Africa

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

Source : African Development Bank (2015)

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

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

Access to financial institutions

	% of population with a bank account
Africa	24.7%
Sub-Saharan Africa	20.9%
North Africa	28.5%
East Africa	21.1%
West Africa	13.7%
Southern Africa	36.7%

Source: African Development Bank (2015)

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

% of adults in North Africa with a bank account.

Innovation of banking sector in Africa

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

Source : African Development Bank (2015)

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

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

North Africa

The North African banking sector plays an important role on the continent, and accounts for 30.4% of total assets of the 200 largest African banks, according to the Jeune Afrique rankings for 2017.

	Tunisia	Mauritania	Egypt
Banks	23	17	38
Branch network	1 860	222	4 093
Number of ATMs	2 275	305	11 002
Penetration rate	47%	18%	33%
Total assets	TND 111.0 billion	Nd	EGP 4 813.3 billion
Deposits	TND 62.7 billion	MRO 525.0 billion	EGP 3 314.1 billion
Loans	TND 73.2 billion	MRO 472.7 billion	EGP 1 463.4 billion
NBI	TND 4.1 billion	MRO 42.2 billion	EGP 108.8* billion
Net income	TND 1.059 billion	MRO 5.1 billion	EGP 62.0* billion
ROE	13.14%	5.1%*	21.5%
ROA	1.2%	0.9*	1.5%

Source: Central Banks (data as of December 31, 2017) (*) 2016 figures

Egypt

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

Banking overview

The Egyptian banking sector is very liquid, with excellent risk and profitability ratios: ROE of 21.5%, a nonperforming-loan ratio of 4.9% and a capital adequacy ratio of 14.7%.

At the end of 2017 there were 38 banks operating in the Egyptian market, with 4,093 branches and 11,002 ATMs.

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

Business activity

Total assets increased 21.5% in 2017, to EGP 4,813.3 billion. The ratio of bank assets to GDP stands at 134%.

Loans totaled EGP 1,463.4 billion, while deposits amounted to EGP 3,314.1 billion. The loan-to-deposit ratio stands at 44%.

Results

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

WAEMU

Banking overview

At December 31, 2017, the WAEMU banking system comprised 144 lending institutions (126 banks and 18 financial institutions offering banking services), compared with 138 a year earlier. This change is due to the granting of banking licenses to Wendkuni Bank in Burkina Faso, to Banque d'Abidjan in Ivory Coast and to La Banque de Outarde in Senegal. Banking licenses were also granted to the following financial institutions offering banking services: Bureau National d'Intermédiation Financière – AFUWA (BNIF-AFUWA) and AL-IZZA Transfert d'Argent International (AL-IZZA) in Niger, and La Financière de l'Afrique de l'Ouest (LA FINAO) in Senegal, all joint-stock companies.

Network density has increased. Branches, offices, and sales points now total 2,594 units, up 2.4%, while the number of ATMs has risen 6.7%, to 3,217 units.

	Banks	Financial institutions	Total	Network	ATMs
Benin	15		15	209	301
Burkina Faso	13	4	17	281	376
Ivory Coast	28	2	30	666	934
Guinea-Bissau	5		5	28	51
Mali	13	3	16	557	440
Niger	12	1	13	155	158
Senegal	24	3	27	412	484
Togo	13	2	15	234	266
Total	**123**	**15**	**138***	**2,542**	**3,010**

Source: General Secretariat of the Banking Commission

(*) At the end of 2017, six licensed credit institutions had not yet begun operations: Sonibank, Benin branch (Benin), Wendkuni Bank International (Burkina), BNIF AFUWA (Niger), AL IZZA Transfert d'Argent International (Niger), La Banque Outarde (Senegal) and La Financière de l'Afrique de l'Ouest (Senegal).

Business activity

The WAEMU banking system continues to enjoy robust growth under favorable economic conditions.

As a result of growth across all WAEMU countries, total assets of credit institutions rose 9.1%, to FCFA 35,526 billion at the end of 2017.

	Total assets (FCFA millions)	Share of total assets
Benin	3,486,329	9.8%
Burkina Faso	5,198,407	14.7%
Ivory Coast	11,095,578	31.2%
Guinea-Bissau	245,921	0.7%
Mali	45,017,029	12.7%
Niger	1,572,520	4.4%
Senegal	6,788,590	19.1%
Togo	2,636,541	7.4%
Total	**35,525,588**	**100.0%**

Source : General Secretariat of the Banking Commission

Ivory Coast holds the largest share of total assets (31.2%), followed by Senegal (19.1%), Burkina Faso (14.7%) and Mali (12.7%). Guinea-Bissau is far behind, accounting for only 0.7% of total assets in WAEMU.

Loans rose by 12.4%, to FCFA 18,956 billion. Deposits increased 9.7%, to FCFA 22,773 billion. The loan-to-deposit ratio stands at 83.2%.

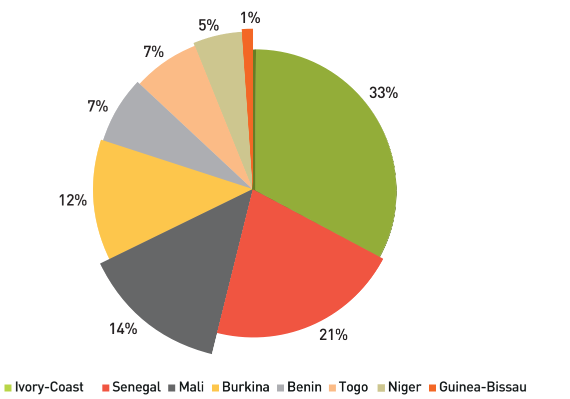
Results

Net banking income totaled FCFA 1,827 billion at the end of 2017, a 10.8% increase from the previous year.

Ivory Coast is the largest contributor (33.5%) to WAEMU net banking income, followed by Senegal (21.2%), Mali (13.6%) and Burkina Faso (11.9%).

Estimated total net income rose 29.3%, from FCFA 348 billion in 2016 to FCFA 450 billion in 2017. All countries contributed to this performance, except for Guinea-Bissau (FCFA −0.8 billion). Net income among the other countries was distributed as follows: Ivory Coast (35.2%), Senegal (24.7%), Burkina Faso (16.6%), Togo (12.0%), Mali (6,0%), Niger (5.5%) and Benin (0.2%).

Distribution of Net Banking Income by country in 2017



EMCCA

Banking overview

In 2017, the EMCCA banking system totaled 52 banks: 15 in Cameroon, 4 in the Central African Republic, 11 in Congo, 8 in Gabon, 5 in Equatorial Guinea and 9 in Chad.

	Banks
Cameroon	15
Central African Republic	4
Congo	11
Gabon	8
Equatorial Guinea	5
Chad	9
Total	**52**

Source: General Secretariat of the Banking Commission

Business activity

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

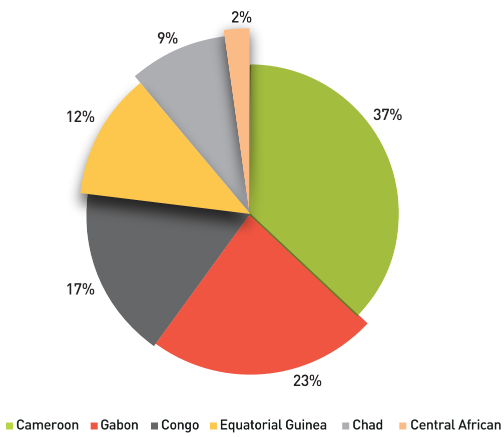
EMCCA banks had total assets of FCFA 12,685 billion at the end of December 2017, up 3.0% year on year. The following countries experienced a decline in total assets: Congo −9.9%, Gabon −12.9%, Equatorial Guinea −2.9% and Chad −3.2%. In contrast, Cameroon and the Central African Republic increased their total assets (+5.1% and +9.5%, respectively).

Deposits declined by 0.9%, totaling FCFA 9,339 billion. Loans were stable, at FCFA 8,529 billion. Nonperforming loans totaled FCFA 1,421 billion in 2017, with a nonperforming-loan ratio of 17.1%, compared with 14.9% a year earlier.

Results

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

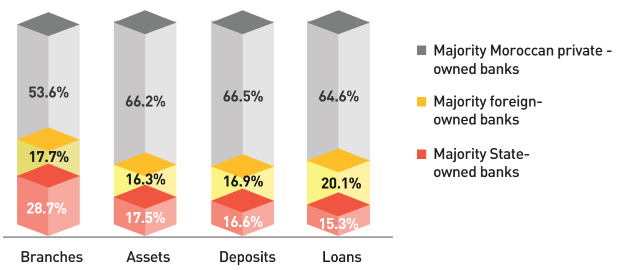
Net banking product by banking center in 2016



MOROCCO

The banking sector plays a key role in the Moroccan economy, with bank assets totaling 1.2 times GDP in 2017. At the end of 2017 there were 86 credit institutions in Morocco, subsequent to the licensing of five new Islamic finance institutions: 24 banks (incl. the 5 Islamic banks), 32 finance companies, 6 offshore banks, 13 microcredit associations, 9 money-transfer companies, the Caisse Centrale de Garantie and the Caisse de Dépôt et de Gestion.

Banks ownership concentration (in %)



Source : Bank Al-Maghrib

The banking system's shareholding structure is composed mainly of private Moroccan shareholders (69%), particularly holdings, insurance companies and mutual societies. In second place are majority foreign investors, which control seven banks and seven finance companies. Minority foreign investment increased with the creation of Islamic banks in partnership with banks from Gulf states.

The main banking groups continued to expand their networks on both the national and the regional levels, notably through the acquisition of two banks in Egypt and Niger. They operate in 26 African countries: 10 in West Africa, 6 in Central Africa, 6 in East Africa, 3 in North Africa and 1 in Southern Africa. In Africa these banking groups have 1,405 branches, with 7.2 million accounts and 2.5 million bank cards.

In the rest of the world Moroccan banks operate in 7 European countries, through 3 subsidiaries and 11 branches, and have 48 representative offices in 11 European countries.

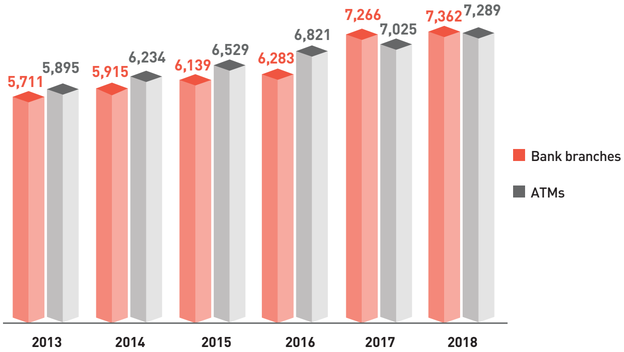
With 11 lending institutions (including 6 banks) listed on the Casablanca Stock Exchange, the banking sector was the largest sector (34.9%) in terms of market capitalization at the end of 2018.

Growth of banking facilities and branch networks

With the increasing rise in online banking services, branch network growth slowed to 1.7% in 2017, compared with an annual average of 9% during the period 2007–2016.

In 2018, branch networks totaled 7,362 agencies. The ATM network totaled 7,289 units at the end of 2018, after the installation of 266 new ATMs during the year.

Change in branch networks



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

Islamic banks

Islamic banks began operating in the second half of 2017 with the commercialization of Murabaha real estate. Their launch followed publication in the official gazette announcing licenses granted to five Islamic banks and three teller windows, and in circulars from the Bank Al-Maghrib approved by the Conseil Supérieur des Oulamas. In 2017 their network totaled 44 branches, with total assets of MAD 2.5 billion. The Islamic banks ended their first year with a net loss of MAD 175 million.

Growth in the branch network brought access to banking facilities to 56% in 2017, compared with a global average of 62%. This rate is calculated by the Central Bank, compensating for the impact of multi-banking, and on the basis of adults above the age of 15. However, bank branches are largely concentrated in the country's main cities and are less common in rural areas.

The number of Moroccan bank cards continued to rise. As of December 31, 2018, there were 15.1 million cards in circulation, a 7.2% increase from a year earlier.

The number of online transactions rose 25.1% in 2018, to 8.1 million transactions.

In addition, in its new strategic plan for 2019–2023, Bank Al-Maghrib has undertaken to help banks in their digital transformation, and to encourage sustainable finance.

Sector rules and regulations

In 2018 the Central Bank continued to strengthen its regulatory system. Amendments were made for capital requirements, notably with the full application of Basel III, overhaul of the debt classification system and new measures against money laundering.

Moreover, Bank Al-Maghrib assisted banks in their adoption, effective January 1, 2018, of consolidated financial statements, and with IFRS 9 when it became effective internationally. It also launched an overhaul of the rules for the debt classification system, on a parent-company basis, in line with international standards.

In January 2018 Morocco began transitioning to a more flexible exchange-rate system. The system features a trading range (+/– 2.5%), inside which the dirham can fluctuate freely on the basis of supply and demand on the interbank foreign exchange market. The objective of the transition is to strengthen the economy's capacity to absorb external shocks, and to enhance its competitiveness. Since the introduction of the new system, the exchange rate has fluctuated within the trading range without intervention by the Central Bank. This reaffirms that the dirham's valuation is in line with economic fundamentals.

Results of banking-sector activity in 2018

In 2018, the Moroccan banking sector enjoyed improved business activity.

Loan outstandings increased by 6.3%, to MAD 865,461 million at the end of 2018 (compared with +3% between 2016 and 2017, and +4% between 2010 and 2016). This change is attributable to:

- growth of mortgage loans (+1.7% in 2018, compared with +4.1% in 2017), to MAD 259,174 million;
- rise in equipment loans (+3.6% in 2018, compared with +9.1% in 2017), to MAD 180,630;
- a rise in consumer loans (+5.6% in 2018, compared with –3.4% in 2017), to MAD 167,775 million.

Customer deposits grew to MAD 868,003 million (+3.1%) in 2018 as a result of:

- a 4.4% rise in checking accounts, totaling MAD 391,319 million;
- growth of 4.1% in term deposits, totaling MAD 161,845 million;
- a 2.8% increase in passbook savings accounts, totaling MAD 127,829 million.

The loan-to-deposit ratio stood at 99.7% at the end of 2018, up 3 points from 96.7% a year earlier.

Signature loans grew 9.1%, totaling MAD 298,052 million, of which 50.4% was for loan guarantees.

Nonperforming loans rose by 5.5%, to MAD 65,354 million, compared with +1.7% in 2017.

Provisions and bank charges increased by 5.2%, to MAD 45,603 million, resulting in a nonperforming-loan ratio of 7.54% and a coverage ratio of 69.78%.

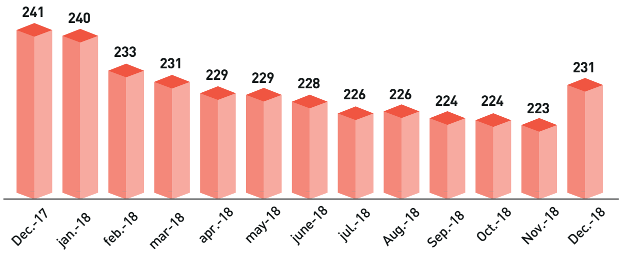
Money market

The liquidity deficit in the banking sector – the key indicator for the money market – widened in 2018 to an average of approx. MAD 62 billion, an increase of more than 50% from a year earlier. This significant decline is attributable to a fall in foreign-exchange reserves over the same period. In 2018, reserves fell significantly for a second consecutive year, to MAD 231 billion (i.e., nearly five months' imports). This change is due mainly to higher oil prices (+33.0%) in 2018, which resulted in a net rise in energy costs rather than in currency fluctuation. The decision to launch the gradual floatation of the dirham as from January 2018 did not have a significant impact on foreign-currency transactions in 2018.

In order to preserve favorable liquidity conditions on the money market, Bank Al-Maghrib left interest rates unchanged at 2.25% in 2018. The most recent BAM board meeting noted that inflation should remain around 2.0% on average in 2018, after 0.7% in 2017. Inflation is forecast at 1.0% in 2019F and 1.2% in 2020F.

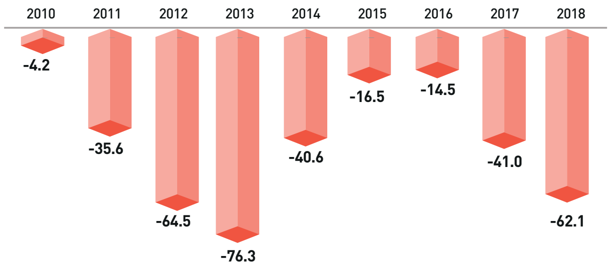
In the interbank sector, the volume of BAM weekly advances (mainly seven-day advances) totaled MAD 62 billion, an exceptional rise of 67%. One-year guaranteed loans, the average of Bank Al-Maghrib, totaled approx. MAD 2.3 billion for the same period. Bank Al-Maghrib eased the significant pressure on interbank rates, thereby fulfilling its role of liquidity regulator for the money market. Consequently, the weighted average rate for interbank liquidity transactions fluctuated between 2.25% and 2.34%, with an average of approx. 2.28%, up one point from 2017.

Change in foreign exchange reserves (in MAD billions)



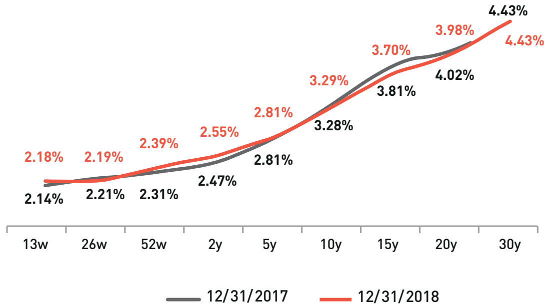
Source : Attijari Global Research

Change in liquidity deficit (MAD billions)



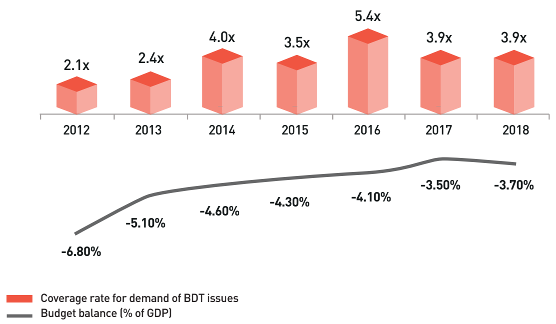
Source : Attijari Global Research

Change in bond yields between 2017 and 2018



Source : Attijari Global Research

Change in budgetary indicators



Source : Attijari Global Research

Bond market

Public finances resulted in a budget deficit of 3.7% in 2018, compared with 3.5% in 2017, higher than the 2018 finance law forecast. This is attributable mainly to higher than expected global spending of 2.8%, compared with the more modest rise in ordinary revenue of 1.4%. One of the most significant changes in the government budget concerns the low execution rate of initial estimates for contributions from the Gulf Cooperation Council. Contributions decreased in 2018 by more than 70%, to MAD 2.8 billion. Consequently, financing needs in 2018 totaled MAD 40 billion and were met solely on the domestic market. There were no international issues.

Demand for Treasury bills fell by 22.1% in 2018, to MAD 334.8 billion, in line with a decline in investor liquidity.

Gross issuance of public debt on the domestic market totaled MAD 115.1 billion in 2018, up 4.0% from a year earlier. With redemptions in 2018 amounting to MAD 85.6 billion, net issuance totaled MAD 29.5 billion, up 10.6% from 2017. This change is due mainly to an increase in the budget deficit in 2018. At the end of 2018, outstanding debt totaled MAD 546.2 billion, up 5.7% year on year.

In contrast with the upwards trend of bond yields in 2017, changes in primary yields were mixed in 2018. Investors hesitated to put cash into the fixed income market because of expected hikes in Treasury yields.

Primary yields vacillated between 1 bp and 8 bp, mainly for short and medium-term maturities, while long-term maturities fell by as much as 11 bp.

Stock market

The stock market rose 5.2% in the first four months of 2018, bringing the MASI index above the symbolic level of 13,000 points, its highest in seven years. In May, a market correction was amplified by a series of profit warnings from listed companies in the consumer goods sector.

Under such unfavorable conditions, the MASI index fell 16.2% in only six months (May–October). In the last two months of 2018, stock prices were sustained by short-term trading, allowing the MASI to end the year with a relatively limited decline of –8.3%, at 11,364 points.

The stock market's high volatility in 2018 was in line with trading intensity. Transaction volume on the central market totaled MAD 37.1 billion, or average daily volume of MAD 150 million, close to figures in 2017. In 2018, five stocks accounted for more than half of all trading: ATW, IAM, BMCE Bank, BCP and Marsa Maroc. Block-trading volume totaled MAD 8.8 billion.

Market capitalization totaled MAD 582.2 billion at the end of 2018, down 7.1% year on year.

Change in stock market in 2018

Source : Attijari Global Research

Loan disbursals

In 2018, Attijariwafa bank's loan disbursals rose 11.6%, to MAD 234.0 billion. Most of this change is attributable to:

- a 4.6% rise in equipment loans, to MAD 64.8 billion;
- a 4.7% increase in mortgage loans, to MAD 63.0 billion;
- a 9.1% rise in consumer loans, to MAD 12.8 billion.

The bank's market share in lending stood at 27.0% at the end of 2018, compared with 25.8% a year earlier.

Attijariwafa bank's nonperforming loans rose 6.3%, to MAD 12.0 billion. Simultaneously, provisions for nonperforming loans rose by 1.4%, to MAD 8.4 billion, bringing the coverage ratio to 69.7%. The nonperforming-loan ratio stood at 5.1% at the end of the year, and the cost of risk came to 0.34%.

Signature loans

Signature loans grew by 5.2% in 2018, to MAD 123.7 billion. The bank now holds a 43.6% share in the signature loan market.

Source : GPBM (Moroccan Banking Association)

ANALYSIS OF GROUP RESULTS

BUSINESS ACTIVITY IN MOROCCO

Customer deposits

Attijariwafa bank's customer deposits rose by 4.1% in 2018, to MAD 233.9 billion. This change is attributable to:

- a 6.4% rise in non-interest-bearing deposits, to MAD 161.8 billion, in line with:
  - a 7.9% rise in checking accounts, to MAD 111.6 billion;
  - a 39.7% rise in other deposits and accounts in credit, to MAD 14.9 billion;
- a 0.7% rise in interest-bearing deposits, to MAD 72.1 billion.

Attijariwafa bank's market share in customer deposits stood at 26.9% at the end of 2018.

PARENT-COMPANY RESULTS AT DECEMBER 31, 2018

Net banking income

In 2018, net banking income (NBI) totaled MAD 12.2 billion, up 5.9% from 2017. This change was due to higher interest margins (+4.8%), fee income (+10.7%) and results from lease financing and similar agreements (>100%).

Net banking income breaks down as follows :

MAD millions	2018	Share of NBI	2017	Share of NBI	Change	
						%
Net interest margin	7,346	60.3%	7,011	60.9%	336	4.8%
Income from lease financing and similar agreements	119	1.0%	-7	-0.1%	126	>100%
Fee income	1,812	14.9%	1,637	14.2%	175	10.7%
Income from market activities	2,449	20.1%	2,360	20.5%	89	3.8%
(+) Other banking income	1,612	13.2%	1,528	13.3%	84	5.5%
(-) Other banking expenses	1,152	9.5%	1,026	8.9%	127	12.3%
Net banking income	**12,187**	**100.0%**	**11,503**	**100.0%**	**684**	**5.9%**

Net interest margin

Net interest margin rose 4.8%, to MAD 7.3 billion, largely because of improved loans (+11.6%). Net interest margin breaks down as follows:

- Interest and related income rose 5.6%, to MAD 10.8 billion. This change comprises higher interest and related income from customer activities (+7.4%) as well as lower interest and related income from credit institutions –4.3%, in line with lower interest rates.
- Interest and related expenses increased 7.2%, to MAD 3.5 billion, due to higher interest and related expenses from credit institution activities (+47.6%). By contrast, interest and related expenses from customer activities declined 1.6%.

Income from lease financing and similar agreements

Lease financing and similar agreements rose significantly in 2018, to MAD 118.8 million, compared with a deficit of MAD 7.1 million a year earlier.

Fee income

Fee income in 2018 totaled MAD 1.8 billion, up 10.7% from 2017.

Income from market activities

Income from market activities totaled MAD 2.4 billion in 2018, up 3.8% from a year earlier. This change is due to higher income from currency trading (+MAD 95 million), from securities trading (+MAD 49 million) and from other securities (+MAD 10 million). These offset the decline (–MAD 65 million) in derivatives activities.

Other banking income and expenses

Other banking income totaled MAD 1.6 billion in 2018, a rise of 5.5% from 2017.

Other banking expenses rose 12.3%, to MAD 1.2 billion.

General operating expenses

General operating expenses in 2018 totaled MAD 4.7 billion, a rise of 4.7% year on year. This increase was due mainly to higher staff costs (+6.2%) and to an increase in taxes (+20.1%). The cost-to-income ratio stood at 38.7% at the end of 2018, up 0.5 points from the previous year.

MAD millions	December 2018	December 2017	Change	
				%
Staff costs	**2,196**	**2,068**	**128**	**6.2%**
Taxes	147	123	25	20.1%
External expenses	1,887	1,886	-19	-1.0%
Other general operating expenses	60	19	41	>100%
Depreciation and amortization expenses*	**448**	**412**	**35**	**8.6%**
General operating expenses	**4,717**	**4,508**	**210**	**4.7%**

* Tangible and intangible assets

Gross operating income

Gross operating income totaled MAD 7.5 billion in 2018, up 3.2% from 2017. The change is attributable to higher net banking income (+5.9%) and to higher general operating expenses (+4.7%).

Income from ordinary activities

Income from ordinary activities totaled MAD 6.5 billion in 2018, a rise of 3.0% year on year.

Net provisions increased by 44.1%, to MAD 1,083.3 million, because of:

- gross provisions of MAD 3.0 billion in 2018, compared with MAD 2.7 billion in 2017;
- write-backs of gross provisions of MAD 1.9 billion in 2018, compared with MAD 2.0 billion in 2017.

The coverage ratio for nonperforming loans came to 64.7% in 2018.

Net income

Net income rose 10.7% in 2018, to MAD 4.6 billion.

Shareholders' equity

Shareholders' equity (excl. net income) grew by 12.2% in 2018, to MAD 36.9 billion. This improvement is due mainly to a capital increase reserved for employees of Attijariwafa bank and its subsidiaries in Morocco, carried out in December 2018 for the amount of MAD 2.4 billion.

Total assets

At the end of 2018, total assets stood at MAD 350.6 billion, up 9.8% from a year earlier.

Value of trading securities, available-for-sale securities and investment securities at 31 December 2018 (thousand MAD)

Securities	Value	Current value	Redemption Value	Unrealised Capital gains	Unrealised Losses	Provisions
TRADING SECURITIES	**66 143 173**	**66 143 173**	-	-	-	-
- Treasury bills and similar instruments	44 857 134	44 857 134	-	-	-	-
- Bonds	104 129	104 129	-	-	-	-
- Other debt securities	5 922 402	5 922 402	-	-	-	-
- Fixed income Funds	15 070 709	15 070 709	-	-	-	-
- Sukuk Certificates	188 799	188 799				
AVAILABLE-FOR-SALE SECURITIES	**224 226**	**193 153**	-	**16 657**	**31 073**	**31 073**
- Treasury bills and similar instruments	54 748	54 748		2 123		
- Bonds	102 896	102 896		3 310		
- Other debt securities						
- Fixed income Funds	66 582	35 509		11 224	31 073	31 073
- Sukuk Certificates						
INVESTMENT SECURITIES	**8 593 052**	**8 593 052**	-	-	-	-
- Treasury bills and similar instruments	8 521 311	8 521 311		-	-	-
- Bonds						
- Other debt securities	71 741	71 741				
- Sukuk Certificates						

Difficulties encountered : None

Significant events that occurred between the closing date and the date of the management report : None

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

ALLOCATION OF NET INCOME

Net income for the year	**4 603 982 564,32**
Retained earnings from prior years	388 816,59
Distributable income	4 604 371 380,91
Allocation	
Statutory dividend (6%)	125 915 807,40
Amount required to bring the dividend per share to MAD 13	2 602 260 019,60
Total payout	**2 728 175 827,00**
Retained earnings	**1 876 195 553,91**

ACTIVITY AND RESULTS OF MAIN SUBSIDIARIES

SPECIALIZED FINANCE COMPANIES

Wafasalaf

In a highly competitive market that continues to attract new entrants, particularly Islamic banks, Wafasalaf achieved noteworthy commercial and financial success in 2018.

Total production in 2018 for the consumer-credit subsidiary rose 9.1%, to MAD 12.6 billion. This change is attributable to growth of 6.0% (to MAD 5.5 billion) in in-house production, combined with an 11.7% rise (to MAD 7.1 billion) in managed production.

Total outstandings rose by 10.4%, to MAD 32.1 billion. This result was in line with the 4.9% rise (to MAD 13.3 billion) in in-house outstandings, and to the 14.7% increase (to MAD 18.8 billion) in managed outstandings.

MAD millions	2017	2018	Change
Total production	**11,522**	**12,570**	**9.6%**
In-house production	5,208	5,520	6.0%
Managed production	6,314	7,050	11.7%
Total outstandings	**29,036**	**32,067**	**10.4%**
In-house outstandings	12,643	13,263	4.9%
Managed outstandings	16,393	18,804	14.7%

Wafasalaf remains the leader of its sector, with market share of 31.8% of gross outstandings at the end of 2018.

In 2018, Wafasalaf successfully completed its first securitization deal, for MAD 250 million. The deal was based on the sale of a debt portfolio consisting of consumer loans made by Wafasalaf exclusively for Moroccan civil servants.

Net banking income rose 9.5%, to MAD 1,054.6 million, while net income totaled MAD 315.0 million.

Wafabail

In 2018, Wafabail once again showed positive growth. Total production came to MAD 4.4 billion, a rise of 3.2%. Total outstandings increased 5.6%, to MAD 12.8 billion.

MAD millions	2017	2018	Change
Total production	4,254	4,389	3.2%
Total outstandings	12,131	12,808	5.6%

The subsidiary remains the leasing leader, with market share of 26.2% outstanding in 2018.

Wafabail ended 2018 with net banking income of MAD 359.4 million and net income of MAD 120.5 million.

Wafa Immobilier

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

Total outstandings rose 7.1%, to MAD 62.7 billion. Home-buyer outstandings increased 6.2%, to MAD 53.0 billion, while developer outstandings rose 12.5%, to MAD 9.6 billion.

The number of home-buyer outstandings mortgages grew 6.2%, to 181,598.

MAD millions	2017	2018	Change
Total outstandings	**58 507**	**62 660**	**7,1%**
Home-buyer outstandings	49 952	53 034	6,2%
Developer outstandings	8 555	9 626	12,5%
Number of mortgages	**170 916**	**181 598**	**6,2%**

In 2018, Wafa Immobilier expanded its network by adding three new sales offices in Nador, Ben Guerir and Sidi Othmane, bringing the total to 59 branches.

As part of its digital development, Wafa Immobilier has produced a new web-based program, Dar Beraht Lbal. These educational videos in Arabic are designed to inform and advise the general public on mortgages and housing acquisition.

For its commitment to quality, leadership, technology and innovation, the Oxford Academy awarded Wafa Immobilier the Summit of Oxford Quality in December 2018.

Wafa Immobilier's net banking income in 2018 totaled MAD 341.7 million, up 9.0%. Net income rose 5.6%, to MAD 105.6 million.

Wafacash

A highlight in 2018 for Wafacash was the awarding by Bank Al-Maghrib of a license to operate as a payment establishment. This license allows the cash subsidiary to expand its business to include online financial services, mainly payment accounts.

The total number of transactions rose 8.5%, to 31.0 million, while total volume increased 8.0%, to MAD 73.2 billion. Acquisition of the Hissab Bikhir clientele grew 8.4%.

En MDH	2017	2018	Change
Number of transactions (millions)	28,6	31,0	8,5%
Total volume (MAD billions)	67,8	73,2	8,0%

Key events for Wafacash in 2018 included:

- the launch on July 5, 2018, of the **first payment account** in Morocco;
- enhancement of the **PayCash** service through a new partnership with Oriflame;
- development of **BINGA** with the addition of four new members;
- expanded network, with 84 new sales points, bringing the total to 1,818 at the end of 2018;
- awarded **2019 Customer Service of the Year** in the "payment options and money transfer" category.

Wafacash had net banking income of MAD 416.6 million in 2017, a rise of 3.7%, while net income amounted to MAD 141.0 million, an increase of 2.1%.

In 2019, Wafacash plans to pursue projects within the ORBITE 2020 strategic plan, which is structured around six growth areas:

- ongoing targeted network development;
- enhanced transaction possibilities;
- development of an adapted relational offer for low-income banking (LIB);
- entry into new business lines;
- faster international growth;
- organization industrialized, with flexibility retained.

Attijari Factoring Maroc

In 2018, the factoring market experienced a net decline in both production and outstandings, the result of higher seller risk, increasingly long payment periods and higher debtor default rates.

Attijari Factoring (AFM) production rose 1.4%, to MAD 16.2 billion in 2018, despite the loss of significant volume from a decline in Corporate business. This was compensated by:

- coverage of all customer segments (corporate, SME and very small enterprises);
- the implementation of a diversified offer of products and services with strong value-added, which compensated for certain sector-related declines.

As part of its assistance program for very small enterprises and SMEs, AFM continued to help these segments through new services, notably reverse factoring. Reverse factoring production increased 2.0% in 2018.

MAD millions	2017	2018	Change
Total production	**15 970**	**27 132**	**70%**
Total outstandings	**2 314**	**2 459**	**6,3%**

Net banking income came to MAD 82.9 million, and net income totaled MAD 31.2 million.

Wafa LLD

The Moroccan automotive market grew 5.2% in 2018, with 177,359 new vehicles sold. This change is attributable to rises in both passenger vehicles (+5.0%, to 163,074) and light commercial vehicles (+6.8%, to 14,285).

	2017	2018	Change
Total managed fleet	5 413	5 738	6.0%

Wafa LLD ended the year with a fleet of 5,792 vehicles, after the addition of 1,459 new vehicles and the disposal of 1,134 vehicles.

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

Wafa LLD had revenues in 2018 of MAD 224.5 million (+5.0%), and net income of MAD 13.2 million.

Bank Assafaa

The year 2018 reaffirmed BANK ASSAFA's position as leader in Islamic finance.

BANK ASSAFA significantly contributed to the growth of Islamic finance by introducing and promoting various financial instruments, particularly the WAKALA Bil ISTITMAR, in order to satisfy the sector's liquidity needs.

The adoption of the Murabaha automobile contract allowed Islamic banks and banking service points to participate for the first time in the AUTO EXPO industry trade show.

At present BANK ASSAFA has more than 37,000 clients, with 35 branches throughout Morocco, two mobile branches and an online branch.

Bank ASSAFA ended 2018 with outstanding loans of more than MAD 2 billion (nearly 60% market share) and nearly MAD 1 billion in deposits. Total assets are close to MAD 3.2 billion.

There were 77 new hires in 2018, bringing the total to 311.

INVESTMENT-BANKING SUBSIDIAIRES

Corporate Finance : Attijari Finances Corp

In 2018, Attijari Finances Corp. provided outstanding M&A advisory, both locally and regionally, through its role in the following successful strategic operations :

Infrastructure

- advisor to MASEN for debt restructuring;
- advisor to Al Omrane for business plans and financial/institutional structuring of development projects for six new cities.

In market activities, the bank remained active in equity and debt capital markets in 2018 through successful completion of the following :

ECM

- advisor to Groupe Veolia for a capital increase issue reserved for employees of €56.3 million;
- advisor to Attijariwafa bank for a capital increase reserved for employees of MAD 2.4 billion.

DCM

- advisor to **OCP SA** for the issuance of a perpetual subordinated bond for **MAD 5.0 billion**;
- advisor to **Attijariwafa bank** for the issuance of a **perpetual subordinated bond for MAD 500 million**;
- advisor to **Managem** for the **amended prospectus** for its commercial paper program;
- advisor to **Wafabail** for the **amended prospectus** for its BSF issue;
- advisor to **Wafasalaf** for the **amended prospectus** for its BSF issue;
- advisor to **Attijariwafa bank** for the **issuance of a subordinated bond** for **MAD 1.5 billion**;
- advisor to **Attijariwafa bank** for the **amended prospectus** for the issuance of certificates of deposit (CDs);
- advisor to **CBAO** for a **subordinated bond** of **FCFA 10 billion**;
- advisor to **SIB** for a **subordinated bond** of **FCFA 10 billion**.

Revenue for Attijari Finances Corp. amounted to MAD 36.1 million in 2018, compared with MAD 51.3 million a year earlier.

Attijari Invest

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

In 2018, Attijari Invest continued to grow and to create value-added by means of:

- portfolio growth with two new stakes, one in a hydraulic engineering company and the other in a medical systems company;
- increased deal flow with high-potential SMEs in various business sectors;
- monitoring of more than 20 portfolio positions;
- feasibility study for structuring new investment vehicles, opening Attijari Invest to new investment schemes and to very promising business segments.

For CSR in 2018, Attijari Invest continued to encourage its employees to participate in the Injaz Al Maghrib program, which supports young entrepreneurs and exposes Moroccan junior-high and high-school students to the entrepreneurial spirit.

CAPITAL MARKETS SUBSIDIARIES

Asset management: Wafa Gestion

At the end of 2018, Wafa Gestion had assets under management (AUM) totaling MAD 107.5 billion. Average AUM in 2018 came to MAD 109 billion, up 7% year on year.

The Moroccan asset management market grew 4.5% in 2018, to MAD 434.8 billion at the end of December 2018.

The asset-management subsidiary consolidated its leadership position, with average market share of 24.7%.

Revenue amounted to MAD 296.9 million, with net income of MAD 78.17 million.

Other highlights for Wafa Gestion:

- **awarding** to two Wafa Gestion mutual funds of the prestigious Thomson Reuters Lipper Fund Award 2018 in the diversified and bond categories;
- **creation and marketing of a new product**: Epargne Synphonie, in partnership with Wafa Assurance, comprises savings products linked to mutual funds;
- **launch of a new savings product**: Attijari Dividend Fund, a dividend-distributing fund specialized in high-yield stocks;
- affirmation by **Fitch Ratings** of an Investment Management Quality Rating (IMQR) of **Excellent (mar)** for Wafa Gestion.

Attijari Titrisation

In 2018, Attijari Titrisation brought several large-scale projects to fruition. Attijari Titrisation launched two new funds for Wafasalaf and Attijariwafa bank.

Wafasalaf and Attijari Titrisation signed a securitization agreement for MAD 1 billion over five years. A first envelope of MAD 250 million earmarked for civil servants was securitized as a public offering. In addition to providing a new source of financing, the proposed securitization increases equity and provides a flexible, on-demand tool for both Wafasalaf and its customers.

Consumer loans were securitized for Attijariwafa bank for MAD 1.8 billion. The securitization is intended to diversify Attijariwafa bank's financing sources and to optimize equity.

Securities brokerage: Attijari Intermédiation

The Casablanca Stock Exchange ended 2018 with the MASI down 8.4% for the year. Total trading volume on the central market fell 6.0%, to MAD 37.1 billion.

Despite this underperformance, Attijari Intermédiation solidified its leader position on the Casablanca Stock Exchange, with trading volume of MAD 24.4 billion in 2018. This rise of 36.1% is attributable to the subsidiary's close working relations with various categories of clients.

Attijari Intermédiation finished 2018 with market share of 32.9%, up 10.2 points.

Attijari Intermédiation had revenues of MAD 27.0 million, compared with MAD 36.0 million in 2017, because of the few large-scale deals on the primary market.

Securities brokerage: Wafa Bourse

Stock market activity fell across the board in 2018: MASI (–8.3%), central market volume (–6.2%) and market capitalization (–7.1%). Wafa Bourse's market share in online trading totaled 2.6% in 2018, compared with 7.7% in 2017.

Attijariwafa bank once again provided the heaviest volume on the central market, accounting for nearly 25% of total volume, followed by Maroc Télécom, BMCE and BCP.

Wafa Bourse managed to keep its revenues at more than MAD 10 million (–16%), despite a 52% decline in trading volume.

The market subsidiary diversified its revenues in 2018 by selling mutual funds, an activity that compensates for the decline in volume on the secondary market.

Wafa Bourse is the leader in online trading, with market share of 70% in 2018, compared with 46% in 2017. In 2018, Wafa Bourse handled nearly 20%* of retail trading.

* On the basis of the most recent data from the AMMC (Moroccan financial markets authority), as of September 30, 2018.

Wafa Assurance

Wafa Assurance activity

Distribution network

Wafa Assurance further expanded its network by opening 24 new sales points. An additional 12 sales points are currently being opened.

At the end of 2018, Wafa Assurance's network comprised 253 agents, 59 direct agencies and 62 salespeople.

Wafa Assurance also works with 148 brokers.

Information systems and digital transformation

The company completed several IT and digital projects in 2018:

- deployment on its website and mobile applications of online subscription of auto insurance, and a personalized customer space for policy consultation;
- implementation of customer service for information requests and complaints by telephone, internet and mobile applications My Wafa and Wafa Santé.

Results

Premiums

Premium income rose 4.0% in 2018, to MAD 8,371 million, due mainly to Life business, which increased 5.7%, to MAD 4,683 million.

In the Life branch, savings and death benefits rose 5.7% each, with strong performances by products in bancassurance, long-term savings, unit-linked and death benefits linked to loans.

P&C premiums rose a more modest 1.9% in 2018, to MAD 3,688 million. Growth was slowed by the nearly flat performance of the corporate market.

Results

P&C earnings declined by 54.2%, to MAD 360 million, impacted by the rise in total claims (net of reinsurance).

Life earnings rose by MAD 33 million, to MAD 326 million, mainly due to death benefits.

Non-technical earnings came to MAD 3 million in 2018, an improvement of MAD 45 million attributable mainly to a decline of MAD 31 million in interest expense after bank debt was paid off at the beginning of the year.

As a result of corporate taxes of MAD 81 million, the company had net income in 2018 of MAD 608 million (−25.8%), compared with MAD 819 million in 2017.

Subsidiaries

Wafa IMA Assistance

Premiums written in 2018 rose MAD 24 million (+10%), to MAD 268 million.

MAD 234 million of these premiums were written for direct business subscribed in Morocco, and were boosted by a 15% in bank-assistance business.

Reinsurance accepted for contracts distributed in Europe increased 14%, to MAD 52 million.

Net income came to MAD 29.9 million in 2018, a rise of MAD 26.6% million.

Attijari Assurance Tunisie

Premiums in 2018 totaled TND 86 million (MAD 309 million), an increase of 28.6% from the previous year.

Savings products rose 30%, to TND 70 million (MAD 250 million), whereas mutual-society products increased 22%, to TND 16 million (MAD 58 million) thanks to death-benefit savings products.

Net income was positive, at TND 4.8 million (MAD 17 million), compared with TND 3.8 million in 2017.

Wafa Assurance Vie Sénégal (Life)

Premium income totaled FCFA 7,858 million (MAD 131 million), a 36% rise from FCFA 5,783 million in 2017.

Revenues from savings products totaled FCFA 5,989 million (MAD 100 million), compared with FCFA 4,654 million in 2017. Premiums from policies with death benefits came to FCFA 1,869 million (MAD 31 million), compared with FCFA 1,129 million in 2017.

Net income at the end of Q3 2017 was positive, at FCFA 417 million (MAD 7 million), compared with a profit of FCFA 373 million in 2017.

Wafa Assurance Sénégal (P&C)

Premium income totaled FCFA 1,941 million (MAD 32 million), up 18% from 2017.

Seventy percent of premium income was from the auto and health branches.

Net income was profitable for the first time, at FCFA 50 million (MAD 0.8 million), compared with a deficit of FCFA 312 million in 2017.

Wafa Assurance Vie Côte d'Ivoire (Life)

Wafa Assurance Côte d'Ivoire ended its second year with premium income of FCFA 4,695 million (MAD 79 million), up 48% and due largely (76%) to savings products.

Life premiums amounted to FCFA 1,118 million (MAD 19 million), compared with FCFA 662 in 2017.

Net income was negative, at FCFA −134.4 million (MAD −2 million).

Wafa Assurance Côte d'Ivoire (P&C)

For the insurer's second full year, premium income rose 53%, to FCFA 3,406 million (MAD 57 million), compared with FCFA 2,227 million in 2017.

Sixty-three percent of premium income was from the auto and health branches

Net income was profitable for the first time, at FCFA 55 million (MAD 0.9 million), compared with a deficit of FCFA 215 million in 2017.

Wafa Assurance Vie Cameroun

Wafa Assurance Cameroun ended its second year with premium income of FCFA 4,155 million (MAD 70 million), up 68% and due largely 81% to savings products.

Net income was negative, at FCFA −279 million (MAD 4.7 million), compared with FCFA −332 million in 2017.

SUBSIDIARIES IN AFRICA

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

In compliance with its international strategy, Attijariwafa bank Group continues to expand in Africa, thereby consolidating its status as the leading regional player and bolstering south-south cooperation.

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

International retail banking subsidiaries had outstanding performance in 2018.

North Africa

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

(In MAD millions)

2018 FINANCIAL STATEMENTS	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Deposits	21 581	1 734	13 139
Total loans	17 366	1 498	7 798
Total assets	27 352	2 442	16 939
NBI	1 560	172	1 208
Net income	517	63	363
Agencies	207	30	56

CONTRIBUTION*	Attijari bank Tunisie	Attijari bank Mauritanie	Attijariwafa bank Egypt
Customer deposits	6.5%	0.5%	3.4%
Loans and advances to customers	5.9%	0.4%	2.6%
Total assets	5.5%	0.5%	3.9%
NBI	6.7%	0.8%	5.3%
Net income	7.3%	1.1%	4.3%

* Contributions to Group (IFRS).

WAEMU zone

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

(In MAD millions)

2018 FINANCIAL STATEMENTS	CBAO-Senegal	CDS-Senegal	SIB-Ivory Coast	BIM-Mali	BIA-Togo
Deposits	12 971	2 455	12 951	4 702	1 179
Total loans	10 836	1 906	11 997	3 664	803
Total assets	NA	3 417	17 865	6 348	1 779
NBI	1 201	186	1 114	342	96
Net income	395	59	394	8,5	11,3
Agencies	94[1]	8	63	73	11

(1) Includes Benin, Burkina Faso and Niger

CONTRIBUTION*	CBAO-Senegal	CDS-Senegal	SIB-Ivory-Coast	BIM-Mali	BIA-Togo
Customer deposits	4.0%	0.7%	3.9%	1.4%	0.4%
Loans and advances to customers	3.6%	0.6%	3.9%	1.1%	0.3%
Total assets	3.2%	0.7%	3.6%	1.3%	0.4%
NBI	5.2%	0.8%	5.0%	1.5%	0.4%
Net income	5.6%	0.9%	6.5%	0.6%	0.6%

(*) Contributions to Group (IFRS)

EMCCA zone

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

(In MAD millions)

2018 FINANCIAL STATEMENTS	UGB-Gabon	CDC-Congo	SCB-Cameroun
Deposits	5 774	2 976	8 871
Total loans	4 334	2 094	5 477
Total assets	7 410	3 678	10 347
NBI	796	359	822
Net income	229	102	174
Agencies	22	20	55

CONTRIBUTION*	UGB-Gabon	CDC-Congo	SCB-Cameroun
Customer deposits	1.8%	0.9%	2.7%
Loans and advances to customers	1.3%	0.6%	1.7%
Total assets	1.4%	0.7%	2.0%
NBI	3.3%	1.6%	3.6%
Net income	3.1%	2.0%	3.1%

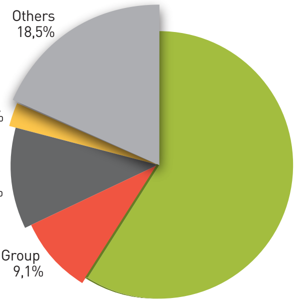
Contributions to Group (IFRS)

Focus on Attijari bank Tunisie (ABT)

Highlights of 2018

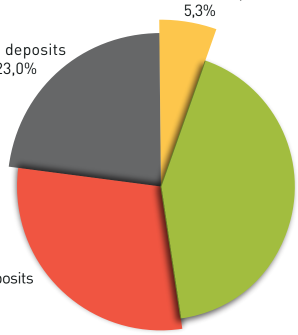
- Launch of Webank, Tunisia's first online bank.
- For the fifth year in a row, Attijari bank Tunisie was named Best Bank in Tunisia in 2018 by The Banker.

ABT's shareholding structure at 2018



KEY PERFORMANCE INDICATORS FOR THE TUNISIAN BANKING SECTOR

Structure of deposits in 2017



(MAD billions)	2018	2017	2016
Number of banks	23	23	23
Network branches	1 896*	1 860	1 774
Number of inhabitants per bank branch (in thousands)	NA	6,15	6,4
Total assets / GDP (%)	NA	124,6	118,9
Benchmark interest rate	6.75%	5.00%	4.25%

* At November 30, 2018

Source: Central Bank of Tunisia

KEY FINANCIAL-PERFORMANCE INDICATORS FOR ATTIJARI BANK TUNISIE

Attijari bank Tunisie performed very well in 2018.

Deposits grew 12.6%, to MAD 21.6 billion, while loans rose 4.9%, to MAD 17.4 billion.

Net banking income of the Tunisian subsidiary increased 20.8% in 2018, to MAD 1.6 billion. Net income totaled MAD 517.0 million, up 11.7%.

(MAD billions)	2018	2017	2016
Total deposits	21,6	19,2	17,4
Total loans	17,4	16,6	14,3
Total assets	27,4	25,0	21,9
NBI (parent company)	1,6	1,3	1,1
NI (parent company)	0,52	0,46	0,38
ROE	29,5%	31,8%	28,1%
Deposit market share	11,2%	10,7%	10,8%
Loan market share	8,5%	8,9%	8,8%
Number of branches	207	207	203

Exchange rates: 1 TND = MAD 3.1921 (Dec 31, 2018) and MAD 3.5681 (2018 avg)

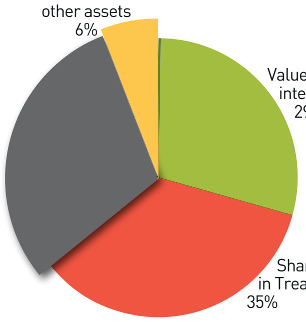
Focus on Attijariwafa bank Egypt (ABE)

Highlights of 2018

- Successful completion of IT system transition: several projects covering nearly 150 applications, just under 2,000 users (i.e., approx. 85,000 man-days) and nearly 600 persons from 15 countries.
- Launch of strategic development plan.
- Integration of Attijariwafa bank Egypt into the Group Trade Finance.
- Retail branch redefined and network transformation program launched.

KEY PERFORMANCE INDICATORS FOR THE EGYPTIAN BANKING SECTOR

Breakdown of the balance sheet in 2017



	2018	2017	2016
Number of banks	38	38	38
Network branches	4 177*	4 093	3 950
Transformation ratio	45.8%*	46.0%	47.0%
Legal reserves	14%	14%	10%
Benchmark rate	17.25%	19.25%	15.25%
Nonperforming loan ratio	4.4%*	4.9%	6.0%
Coverage ratio	98.1%*	98.3%	99.1%
Capital-adequacy ratio	16.0%*	14.7%	14.0%

(*) At September 30, 2018

Source: Central Bank of Egypt

KEY FINANCIAL-PERFORMANCE INDICATORS FOR ATTIJARIWAFA BANK EGYPT

In 2018, all key financial-performance indicators of Attijariwafa bank Egypt improved significantly. Loans rose sharply and interest margins widened.

Attijariwafa bank Egypt attained very satisfactory levels of profitability and capitalization in 2018. In 2017, ROE amounted to 17.6%, and ROA reached 2.2%. At June 30, 2018, the CET1 ratio stood at 15.1%.

(MAD billions)	2018	2017	2016
Total deposits	13.1	11.5	9.8
Total loans	7.8	5.9	4.5
Total assets	16.9	14.9	12.6
NBI (parent company)	1.2	1.3	1.0
NI (parent company)	0.36	0.59	0.35
ROE	17.6%	31.8%	24.7%
Deposit market share	0.65%	0.65%	0.67%
Loan market share	0.81%	0.76%	0.65%
Number of branches	56	56	56

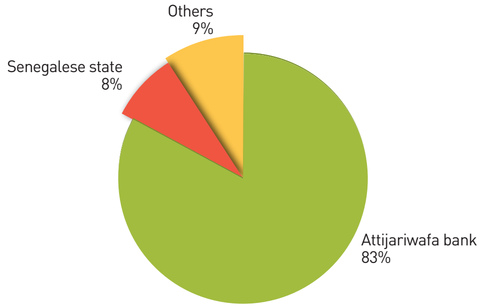
Exchange rates: 1 EGP = MAD 0.5333 (Dec 31, 2018) and MAD 0.5275 (2018 avg)

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

Highlights of 2018

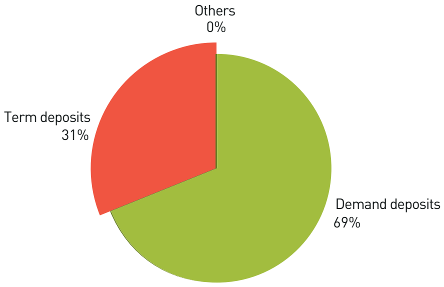
- CBAO was the leading primary dealer in Senegal in 2018, with successful placement of subordinated debt.
- Enhanced distribution of mutual funds by all CBAO branches, with special promotional events.
- Mandated management agreement on behalf of BEAC and CRBC awarded to Wafa Gestion and managed locally by ASCA AM and AAM.

CBAO's shareholding structure at 2018



KEY PERFORMANCE INDICATORS FOR THE SENEGALESE BANKING SECTOR

Structure of deposits in banking sector 2017



	2018	2017	2016
Number of banks	25	24	24
Network branches	ND	481	412
Minimum bid rate for liquidity tenders	2.50%	2.50%	2.50%
Discount rate for marginal lending facility	4.50%	4.50%	4.50%
Legal reserve ratio	3.0%	3.0%	5.0%

Source : Central Bank of West African States

KEY FINANCIAL-PERFORMANCE INDICATORS FOR CBAO

In 2018, deposits at CBAO grew 9.2%, to MAD 13.0 billion. Outstanding loans increased by 9.4%, from MAD 9.9 billion in 2017 to MAD 10.8 billion in 2018.

CBAO's net banking income totaled MAD 1.2 billion, up 8.5% from 2017. Net income rose 37.0% in 2017, to MAD 395.1 million.

(MAD billions)	2018	2017	2016
Total deposits	13.0	11.9	11.1
Total loans	10.8	9.9	9.6
Total assets	ND	16.6	15.9
NBI (parent company)	1.2	1.1	1.04
NI (parent company)	0.40	0.29	0.24
ROE	ND	23.1%	18.1%
Deposit market share	16.7%	15.9%	16.2%
Moan market share	14.8%	15.1%	16.7%
Number of agencies*	94	99	99

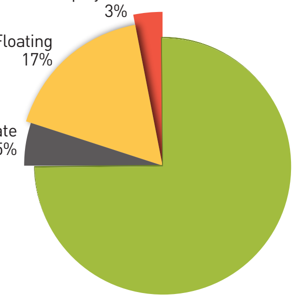
Exchange rates: 1 FCFA = MAD 0.016697 (Dec 31, 2018) and MAD 0.16897 (2018 avg)
(*) Incl. Burkina Faso, Niger and Benin

Focus on Société Ivoirienne de Banque (SIB)

Highlights of 2018

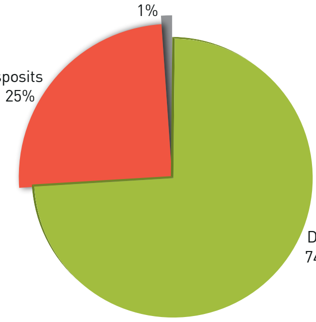
- Gradual development of model for specialized finance companies: Wafa Crédit project (platform deployed).
- Launch of securities brokerage activity in local currencies for nonresidents in Ivory Coast – 1st international short-listing of the Group for Ivory Coast treasury currency hedge – leading primary dealer.
- Bank strategy review launched, and SIB / WAFA CASH WEST AFRICA partnership finalized.
- Société Ivoirienne de Banque was awarded the Innovation Prize at the 2018 Forum La Finance S'Engage, for SME financing services

SIB's shareholding structure at 2018



KEY PERFORMANCE INDICATORS FOR THE IVORIAN BANKING SECTOR

Structure of deposits in banking sector 2017



	2018	2017	2016
Number of banks	28	28	27
Network branches	ND	709	606
Minimum bid rate for tenders to provide liquidity	2.50%	2.50%	2.50%
Discount rate for marginal lending facility	4.50%	4.50%	4.50%
Legal reserve ratio	3.0%	3.0%	5.0%

Source : Central Bank of West African States

KEY FINANCIAL-PERFORMANCE INDICATORS FOR SIB

In 2018, deposits at SIB grew 16.2%, to MAD 13.0 billion. Outstanding loans rose 14.1%, to MAD 12.0 billion.

SIB's net banking income totaled MAD 1.1 billion, up 16.2% from 2017. Net income rose 3.4% in 2018, to MAD 393.8 million.

(MAD billions)	2018	2017	2016
Total deposits	13.0	11.1	10.3
Total loans	12.0	10.5	10.0
Total assets	17.9	16.6	15.1
NBI (parent company)	1.1	0.96	0.86
NI (parent company)	0.39	0.38	0.29
ROE	-	45.1%	40.3%
Deposit market share	8.9%	9.2%	9.2%
Loan market share	9.9%	10.4%	11.0%
Number of agencies	63	60	54

Exchange rate: 1 FCFA = MAD 0.016697 and MAD 0.016897 (2018 avg)

CONSOLIDATED RESULTS

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

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

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

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

In 2009, with SNI, its principal shareholder, Attijariwafa bank acquired 51.0% of Banque Internationale pour le Mali (BIM) during its privatization. Also in 2009, the Bank opened a representative office in Tripoli. In the first half of 2018, Attijariwafa bank's stake in BIM was raised to 66.3%, subsequent to a capital increase by the Malian subsidiary.

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

In 2010, the Group consolidated its status as regional leader by opening a CBAO branch in Burkina Faso.

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

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

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

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

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

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

Key consolidated subsidiaries

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

ANALYSIS OF CONSOLIDATED BUSINESS ACTIVITY

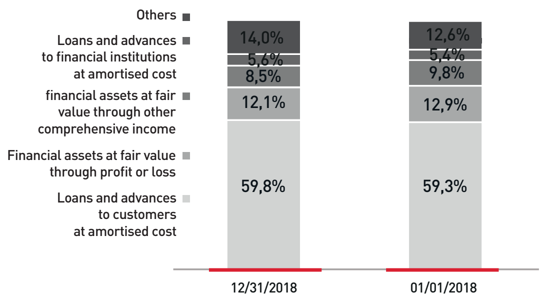
Total assets

At the end of 2018, Attijariwafa bank Group's assets totaled MAD 509.9 billion, a rise of 8.2% year on year.

Broken down by geographic area, 74.8% of total assets are in Morocco, with the rest in other North African countries, WAEMU, EMCCA and Europe.

Total assets comprise loans and advances to customers (59.8%), financial assets at fair value through profit or loss (12.1%) and available-for-sale financial assets (8.5%). These three items account for 80.4% of total assets.

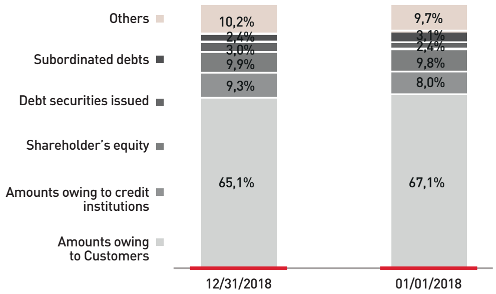
Structure Of Assets



The rise in assets was due mainly to:

- a 9.1% increase, to MAD 305.1 billion, in loans and advances to customers;
- a rise of 60.6%, to MAD 15.1 billion, in securities at amortized cost;
- a 13.9% rise, to MAD 28.8 billion, in loans and advances to credit institutions and similar establishments.

Structure of liabilities



The rise in liabilities was due mainly to:

- a 5.0% increase, to MAD 332.0 billion, in customer deposits;
- higher (+25.7%) amounts owed to credit institutions and similar establishments, totaling MAD 47.3 billion;
- a rise in 9.6%, to MAD 50.5 billion, in Group shareholders' equity.

Deposits

At December 31, 2018, customer deposits of MAD 332.0 billion accounted for 65.1% of total liabilities, compared with MAD 316.2 billion a year earlier. This trend was attributable to:

- a 4.2% rise in deposits in Morocco, Europe and the offshore zone, to MAD 239.9 billion;
- a 6.8% rise in international retail banking deposits, to MAD 87.1 billion;
- a 13.1% rise in specialized finance companies, to MAD 5.0 billion.

Loans

Loans and advances to customers in 2018 increased 9.1%, to MAD 305.1 billion. This growth is the result of rises in consumer loans by the Bank in Tangier and the offshore zone (+12.7%), by international retail banking (+2.0%), by specialized finance companies (+3.5%) and by insurance entities (+3.6%).

The loan-to-deposit ratio came to 91.9% in 2018, compared with 88.4% in 2017.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 9.6% in 2018, to MAD 50.5 billion. The Group's financial base was strengthened mainly by a rise in capital (+MAD 2.4 billion) and, to a lesser extent, by the full-year consolidation of Attijariwafa bank Egypt (12 months in 2018 vs. 8 months in 2017).

Group solvency

Attijariwafa bank Group ended the first half of 2018 with a Tier 1 capital ratio of 9.7% and a capital adequacy ratio of 12.6%, higher than the minimum regulatory requirements of 9% and 12%, respectively, which have been effective since June 30, 2014. In 2018, the Group expects a Tier 1 capital ratio of 10.2% and a capital adequacy ratio of 13.0%.

CONSOLIDATED RESULTS OF ATTIJARIWAFA BANK GROUP

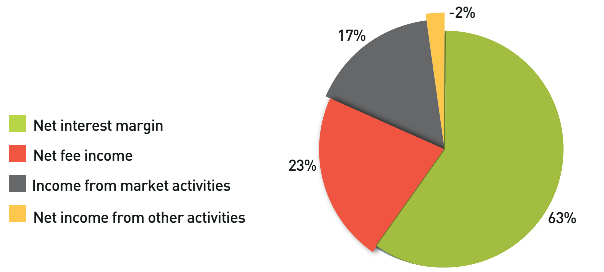
Consolidated net banking income

At December 31, 2018, consolidated net banking income totaled MAD 22.4 billion, compared with MAD 21.6 billion in 2017. This 3.4% rise is attributable to:

- an 8.4% rise in interest margin, to MAD 14.0 billion;
- a 5.2% increase in fee income, to MAD 5.0 billion;
- a 1.7% decline in income from market activities, to MAD 3.8 billion.

At December 31, 2018, net banking income broke down as follows:

Net Banking Income structure at 31 December 2018



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

- Morocco, Europe and the offshore zone: +3.8%, to MAD 11.5 billion;
- specialized finance companies: +0.6%, to MAD 2.4 billion;
- insurance activities: +26.1%, to MAD 1.1 billion;
- international retail banking: +8.8%, to MAD 7.8 billion.

Gross operating income

Gross operating income was virtually unchanged, at MAD 11.7 billion. General operating expenses (including depreciation, amortization and impairment) rose by 7.3%, to MAD 10.7 billion. The cost-to-income ratio came to 47.9%.

Cost of risk

The cost of risk rose by 20.5%, to MAD 1.7 billion. As a share of total loan outstandings, the cost of risk came to 0.53%, virtually unchanged from the previous year. The nonperforming-loan ratio stood at 6.8%, down 0.11 points from the previous year.

Consolidated net income

Group consolidated net income rose 2.3% in 2018, to MAD 6.7 billion.

Net income (Group share)

Net income (Group share) amounted to MAD 5.7 billion, a rise of 5.8%.

Return on equity (ROE) came to 15.4% in 2018, while return on assets (ROA) was 1.3%.

Contributors to net income (Group share) at December 31, 2018	
Banking in Morocco, Europe and offshore zone	**+15.0%**
Specialized finance companies	**-7.0%**
Insurance	**-50.5%**
International retail banking	**+2.9%**

Global Risk Management

CONTENTS

GLOBAL RISK MANAGEMENT

Mission and Organisation of Global Risk Management

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

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

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

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

There are five main categories of risk:

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

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

Counterparty risk

Upstream

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

Downstream

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

Operational risk

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

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

Country risk

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

Market risk

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

ALM risk

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

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

In the 2020 strategic plan, the risk transformation initiative aims to:

- provide the Group with a structured risk appetite framework which is shared by all stakeholders; place a framework for risk taking at the core of Group strategy which optimizes risk/return and the employment of capital in the light of new regulatory constraints;
- optimize risk management processes;
- enhance risk management, particularly the Group's global risk profile, by means of software for analysis, modeling and stress testing;
- raise risk awareness among the Group's various bodies.

General measures

1- Governance and organisation

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

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

These entities include:

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

Board of Directors' role:

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

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

General Management's role:

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

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

Role of Committees:

Major Risks Committee

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

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

Group Credit Risk Committee

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

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

Market Risks Committee

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

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

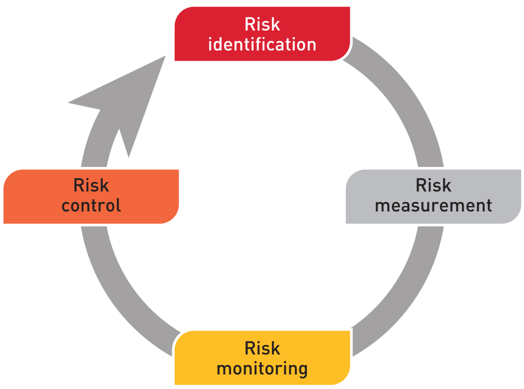
Global Risk Management's role:

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

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

2- Risk Management Process

The risk management process comprises four main stages:



Risk identification:

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

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

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

Risk measurement

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

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

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

Risk Monitoring

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

Risk Control

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

Risk Appetite Framework (RAF):

1.1 Risk management strategy

The Group risk strategy consists of employing available capital in order to optimize the balance of risk and return, while retaining an appropriate level of economic capital (i.e., sufficient to cover risks) and regulatory capital. Consequently, the objectives of Group risk management are to:

- implement a policy of rigorous risk management at all levels of activity, on the basis of risk appetite that is clearly defined and adhered to;
- ensure that capital is allocated in order to obtain the best returns on a weighted risk basis;
- satisfy the expectations of shareholders and stakeholders that we are retaining surplus capital in order to be able to meet our commitments, even when extreme risks occur.

The Attijariwafa bank risk management framework is an integral part of the decision-making procedures of Management and the Board of Directors, and is designed to help them reach these objectives. Attijariwafa bank endeavors to include risk-based decision making in its strategic planning, and in its operating and financial procedures. In so doing the Group can examine its business plan in terms of risk, and can adapt its current risk profile to satisfy risk preferences approved by Attijariwafa bank.

The procedure for establishing strategic, financial and operational objectives must allow the Group to achieve optimal risk/return. This involves examination of a portfolio of identified opportunities with regard to the competitive environment, internal resources and the Group's capacity to assume risk (or risk appetite), taking into account the entire Group and its risk profile. With this procedure, our economic model (i.e., how we intend to generate profits) and its underlying assumptions must be made explicit.

It is imperative that discussions about planning take into consideration the nature and type of risks to which the Group is exposed. Discussions should focus on the risk of over- or underestimating the solidity of our economic balance sheet, as well as our liquidity and reputation. The Group must measure and control the risks it has knowingly taken on, while monitoring risks as they change, emerge or threaten to emerge, and which could impact capital, liquidity, brand value or any other of the Group's key indicators.

Analyses, scenarios and stress tests (including reverse stress tests) must be carried out for business plans and projects, and applied for decision making.

Targets must reflect the returns expected by the Group, in terms of risk. Performance management must provide information that is relevant, precise and timely, and which emphasizes risk and return in decision making.

It is imperative that the entire Group have access to measures for risk appetite, delegations of power and critical thresholds. These should be consistent and clearly defined, in line with the approved plan, thereby allowing employees to manage risk proactively while respecting risk appetite, and to react quickly or alert their hierarchy where violations have occurred or are likely to occur.

The Board of Directors must assess and approve the strategy and plan of Attijariwafa bank, and should take into consideration implicit risk and the approved risk appetite.

1.2 Definition of risk appetite framework

The Attijariwafa bank risk appetite framework defines the risks that the Group 1) selects and manages in order to generate profit; 2) accepts but aims to minimize; and 3) wishes to avoid or transfer. The risk appetite framework includes:

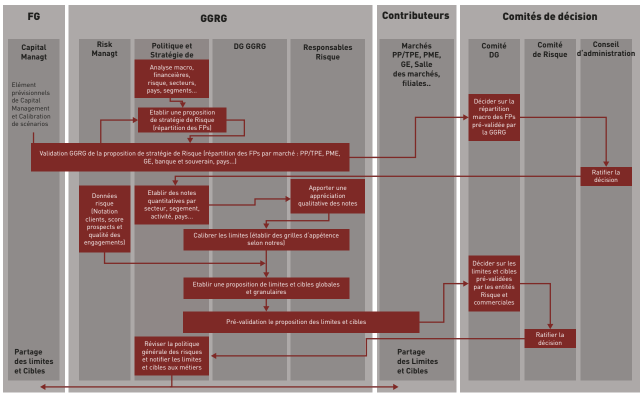
- General risk appetites: quantitative statements that help determine the level of risk that Attijariwafa bank can tolerate (e.g., the amount of capital that can be put at risk); risk appetites are defined at an aggregate level and by type of risk;
- Risk preferences: qualitative statements that set out 1) the risks that Attijariwafa bank considers it can manage effectively, and that are expected to produce profits; 2) risks that the Attijariwafa bank can take on but that must be managed; and 3) risks that Attijariwafa bank should avoid or minimize;
- Tolerances and limits for operational risks are specific quantitative limits (e.g., limits for specific risks). The business standards (i.e., related requirements and comments) set out the Attijariwafa bank methodology for:

i. identifying which risks are acceptable and which are not;

ii. setting limits and tolerances for operational risks, with Group requirements and preferences taken into consideration.

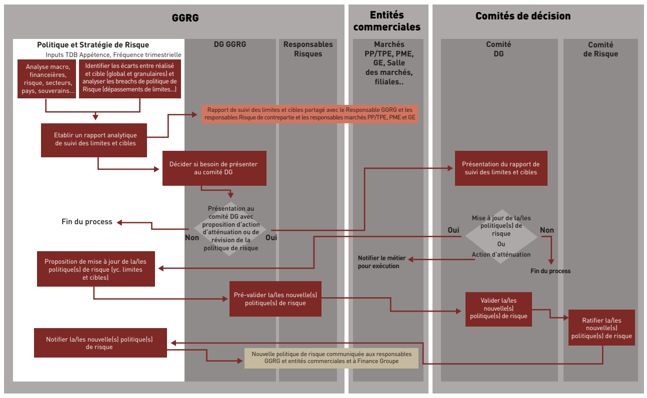
Risk appetites form an integral part of the planning process. They must be clearly defined, regularly updated, and examined and approved by the boards of directors and/or the competent specialized committees. At each meeting of the Risk Committee, risk profiles should be compared with risk appetites, and the results transmitted to the competent specialized committees. At their business review meetings, management and specialized bodies should examine and discuss positions in relation to risk appetite.

1.3 Procedure for defining targets and limits



As defined, the risk appetite framework provides a specific target, to be improved on wherever possible, for each accepted risk level. The limit is bound by both regulatory requirements and maximum capacity. Targets and limits are defined through a transversal procedure involving a large number of employees of various bank units, from front office to back.

The procedure for defining targets and limits has a dual objective. First, all risk levels which will help the Group achieve its strategic targets must be defined. Second, a methodology for the monitoring and continual updating of changes in measured indicators must be established.



1.4 Risk transformation – 2018 achievements, by project

Risk appetite and strategy

Scenarios, stress tests and impact simulations were carried out and approved. Scenario and simulation software has been finalized and is ready for interface with a Group database.

Regarding top-down appetite, aggregate indicators and appetite levels have been finalized and approved. Calibration is under way for targets and exposure limits, and for the use of capital on the basis of risk/return profiles and risk appetites. In addition, the Internal Crisis Recovery Plan (ICRP) resulted in an initial report submitted to the Bank Al-Maghrib on September 28, 2018. Improvements and a reinforced plan are slated for next year.

Work on bottom-up appetite focused this year on Corporate Banking, and was applied in line with the corporate program. The preliminary risk appetite (based on 42,000 companies) has been completed. Software for calculation is automated and can be interfaced with Group databases. In addition, the definitive appetite is being developed for the entire network for the 2019 budget (iteration under way for the five regional branches).

Moreover, a road map has been validated for SFC and IRB subsidiaries. Significant perimeters have been defined, and priorities finalized. An initial pilot exercise was carried out with Wafabail for the SFC, and with SIB for the IRB. The first drafts of the risk appetite frameworks for subsidiaries are currently under review by the subsidiaries' general management.

In addition, the Group Risk General Policy report has been updated to include new items introduced in 2018.

Infrastructure, management software and organization

This project was focused mainly on data. The first stage consisted of defining PSR datamart needs (internal and external data, customers and prospects, risk, finance, macro, sectors, segments, etc.), and software for management and data analysis. The second stage involved the appetite data use case for small and medium-sized companies, and was carried out in collaboration with the data office.

Requirements for various project software (front, GRM, global management) were drafted and submitted. For certain perimeters (Retail and Professional, Corporate, risk indicators to be included in Vision 360, Dashboard, CRM, B.O., etc.), the SFD have been written and development is already under way.

Work has also been done on the credit chain. Pre-framework GRM and business lines has been finalized, as have requirements and the business case (excl. Group IT costs). All documents and work performed have been submitted to GIS, which is currently planning IT guidelines to be included in the GIS 2018 action plan.

Raising risk awareness

An update for the training program was carried out in collaboration with the Académie (training courses designed for boards of directors and account managers, and for branches of Retail and Professional and very small enterprises). Furthermore, training was developed for linking corporate program appetite to Corporate Banking risk, in collaboration with Group human resources. E-learning modules are under preparation.

Risk guidelines for best practices have been written and submitted to the corporate program. The implementation of these best practices is currently with the pilot boards of directors.

Finally, fundamental work is under way on raising team awareness and on change management related to risk transformation. It is with this aim that workshops for transversal change management (GGRM, DT, Market, Network) are held in parallel with workshops for co-construction of SME risk appetite, with occasional visits from regional management (network heads and boards of directors).

I- CREDIT RISK

A- Credit policy

I- General principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Counterparty risk:

General principles underlying risk-taking:

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

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

These strategies are also adapted as a function of:

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

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

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

II.1 Customer selection:

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

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

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

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

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

II.2 Loan transaction structure:

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

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

III. Measures governing credit activity:

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

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

III.1 Prudential rules:

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

Before:

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

During:

This phase is governed by the following regulatory provisions:

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

After:

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

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

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

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

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

III.2 Concentration risk:

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

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

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

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

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

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

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

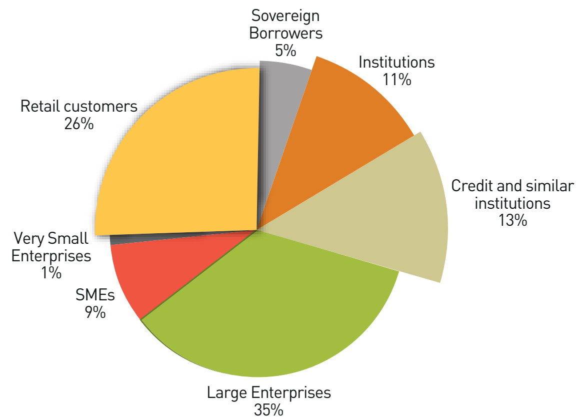
Regularly reviewing the bank's exposure against a backdrop of changing business conditions makes decision-making easier and enables real-time adjustments in quantitative, even qualitative, limits by:

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

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

III.2.1- Diversification by counterparty:

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



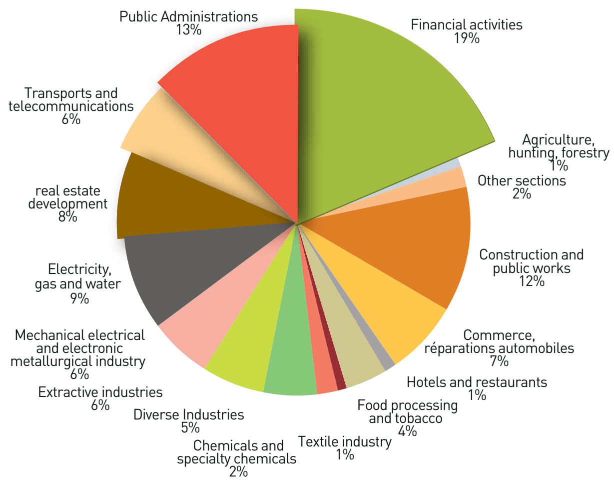
III.2.2- Diversification by sector:

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

The bank's loan commitments by sector as a percentage of total loan commitments at 31 December 2018 was as follows:

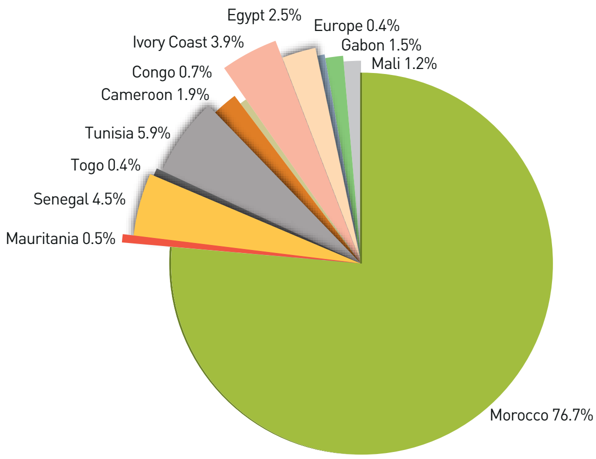
- Financial institutions, holding companies and insurance companies accounted for 19%, unchanged from 2017. Commitments in this sector carry a very low level of risk.
- Construction and public works, including building materials, accounted for 12%, unchanged since 2017.

- Real estate development accounted for 6% of total loan commitments, also unchanged from the previous year.
- "Other sections" groups retail loans (mortgages and consumer loans).



III.2.3- Geographical distribution:

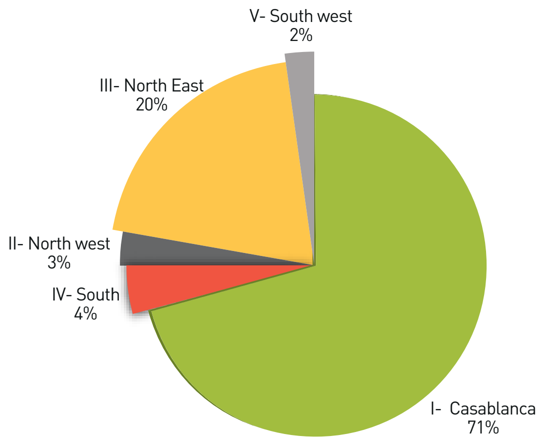
The geographical distribution of the Group's commitments shows high exposure to Morocco (approx. 77%), followed by Tunisia. The balance is divided among sub-Saharan countries.



In Morocco, the Greater Casablanca region alone accounted for 71% of the bank's commitments, followed by the northwest region (Rabat–Tangier) for 20%, then the south, northeast and southwest regions.

This concentration can be explained by:

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



B- Procedures

1- Decision-making

a- Scope of powers:

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

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

Credit proposals must adhere to the principles underpinning general credit policy. Any exception must be referred to a higher level of authority.

The bank's various decision-making bodies, validated by the Board of Directors and classified in ascending order of authority are:

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

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

b- Procedures:

Applications and proposals:

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

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

Analysis and decision-making:

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

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

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

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

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

Notification of the decision:

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

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

Revision:

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

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

Related legal entities:

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

c- Management of credit applications:

Content and management of credit applications

A customer application dossier comprises:

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

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

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

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

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

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

d- Management of guarantees

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

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

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

- A report by one of the bank's managers backed up by a visit report for guarantees of less than one million dirhams;

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

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

Management of guarantee or collateral dossiers:

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

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

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

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

2- Monitoring:

In Attijariwafa bank Group's new organizational structure, the Loan Audit unit is responsible mainly for monitoring and detecting loans in difficulty.

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

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

This unit is responsible for:

- Monitoring the regularity of commitments e.g. ensuring that the motives given in the credit application are valid and comply with authorised limits; assessing payment-related incidents; reviewing amounts owing etc.
- Detecting loans showing persistent signs of weakness, so-called loans in difficulty, based on a certain number of warning indicators;
- Working with the branch network to monitor major risks (loans in difficulty, the largest and/or most sensitive loan commitments);
- Determining which loans need to be downgraded on the basis of current regulations governing non-performing loans;
- Working with the branch network to monitor specific risks such as temporary admissions, advances to companies bidding for public contracts and advances for purchasing goods.

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

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

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

3- Provisioning:

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

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

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

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

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

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

- Regularisation, meaning that the said loans are reclassified under the "normal" category;
- Rescheduling or restructuring in the case of economically and financially viable businesses;

- A definitive downgrade to one of the non-performing loan categories after formally informing the customer concerned beforehand;
- Maintaining the loan under the "under watch" category for those cases which, although not formally eligible for downgrade under regulatory requirements, require particular attention however by the units concerned. Provisions for these loans may be recognised under general provisions.

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

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

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

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

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

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

4- Corrective portfolio measures:

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

Conciliatory collection consists of continually monitoring the consistency and quality of the Bank's total loan commitments, and of monitoring (mainly through the branch network or directly with the customers concerned) the correction of any shortcomings.

Collection by legal means consists of employing any legal measures necessary to recover nonperforming loans.

The purpose of Group Payment Collection is to make use of all available actions, whether conciliatory or legal, in order to collect nonperforming loans.

The unit's principal activities are to:

- draft and propose a collection policy on a Group scale;
- negotiate conciliatory solutions with customers before taking legal action;
- prepare and transmit doubtful loans to lawyers for legal action;
- monitor legal collection actions with the designated lawyers;
- minimize collection costs and related risks.

Efficient collection requires a clearly defined policy:

- compliance with instructions for provisions and accounting principles: circulars 8G and 19G, BAM and DGI (Moroccan tax authority) instructions for provisions and write-backs, weighting of guarantees, and adjusting mortgages;
- flexible, collective decision-making process: several specialized committees which deliberate on proposed debt settlement, and a Group collection committee which meets weekly to examine other proposals;
- categorizing customers: retail, very large debts, debts in receivership and court-ordered liquidation;
- preliminary analysis of cases (excl. retail): guarantees are examined and useful information is gathered;
- choice of strategy to adopt: preferably conciliatory, otherwise legal;
- efficient partnership with implementation and overhaul of collaborative agreements, renewal of the pool of lawyers on the basis of performance and quality of service provided, definition of case-attribution policy, and institution of quotas;
- enhanced productivity of current resources: specific training courses, recruitment and adequate staff for each business line, preparation of the next generation;
- introduction of five specialized collection committees: adherence to the principle of collective action, recording of decisions in committee minutes;
- overhaul of information system;
- adoption of annual action plan: quantitative and qualitative targets;
- creation of performance indicators and reporting: achievements and monitoring of activity;
- Analysis of performance by service providers: monitoring and analysis of costs, general operating expenses, and fees and commissions of service providers.

II- Market Risk

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

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

A- Managing market risks

1- Categories of market risk

Major types of market risk are:

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

- Interest rate risk:

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

- Foreign exchange risk:

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

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

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

Foreign exchange limit positions include:

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

These limits are governed by regulatory limits.

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

The bank's total forward foreign exchange position was MAD 25.482 billion at 31 December 2018, the breakdown of which was as follows:

MAD thousand	< 3 months	3-6 months	> 6 months
Hedging	15,874,217	1,790,184	7,818,444

At 31 December 2018, the bank's foreign exchange options positions amounted to MAD 4,996 billion.

- Equity risk:

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

- Commodity risk:

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

2- Monitoring and control measures

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

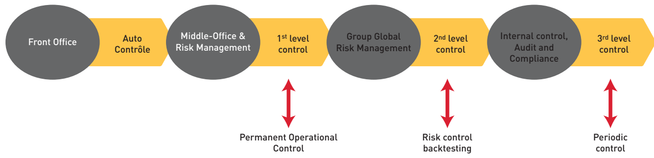
The following units are primarily responsible for the control functions relating to monitoring market risks:

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

The Operations & Risk Management unit reports to Capital Markets but remains independent of the Front Office and sales teams.

Internal Control reports to Capital Markets regarding management issues and to Group Compliance regarding operational issues.

Role of the various parties



The Operations & Risk Management unit of Capital Markets

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

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

Global Risk Management – Market risk

Global Risk Management assumes Level 2 financial control which involves, in particular, overseeing methodologies and market risks. Its remit primarily consists of:

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

Market Risks Committee

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

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

3- Governance of risk management

4- Management of limits

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

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

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

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

Monitoring limits and overruns

Responsibility for ensuring compliance with limits lies with:

- Operations & Risk Management unit ;
- GRM.

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

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

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

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

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

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

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

5- System for managing market risks

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

B- Policy and implementation of market-risk management

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

C- Methodology for measuring market risks (internal model)

The management of Market risk is based on several indicators :

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

1- Value at Risk measurement

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

The Value at Risk model was developed by Attijariwafa bank's Global Risk Management unit. It covers dirham-denominated interest rate risk, foreign exchange risk in the spot and forward markets as well as equity risk. The model is an-house application which is based on the RiskMetrics method developed by JP Morgan.

This method offers various advantages: (i) It is easy to use; (ii) It takes into account existing correlations between asset prices; (iii) It takes into consideration recent and historical fluctuations in prices.

The RiskMetrics method is based on a matrix of variances and co-variances of returns on portfolio assets as well as portfolio composition. Global Risk Management produces a daily detailed report which calculates the VaR and any changes and controls regulatory and internal limits**.**

Activity (in thousand MAD)	Position MAD	VaR 1 day	Regulatory VaR (10 days)
Foreign exchange	-225 669	917	2 899
Equities	77 895	1 594	5 042
Fixed income and mutual funds	54 209 338	38 925	123 093

2- Back-testing

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

3- Sensitivity indicators

Sensitivity indicators compare asset prices to the market.

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

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

4- Stress-testing

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

5- Economic capital

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

D- Market risk of subsidiaries

A. Monitoring of market risk

1- Foreign exchange activity

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

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

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

2- Interest rate activity

The country risk unit is responsible for sovereign risk.

3- Money market activity

Money market activities are limited to loans/borrowings, pensions and foreign exchange swaps.

An annual report on banking counterparties in the WAEMU was first published in early 2018 for interbank loans of subsidiaries in the zone.

B. Market risk management in subsidiaries

1- Information system

The Amplitude liquidity model has been implemented for the SIB and UGB subsidiaries, and is currently being deployed by the other subsidiaries.

Acquired in May 2017, the Egyptian subsidiary has its own market risk unit. Murex software has been phased in and is now operational.

2- Risk policy

A charter governing market risk management for subsidiaries has been drawn up.

This charter is being adapted to individual WAEMU and CAEMC economic zones for compliance with local regulations.

The charter has already been implemented in Egypt and Tunisi.

3- Trading and liquidity committees

Meetings of combined committees in subsidiaries have been held quarterly since 2018. These committees monitor the subsidiary's strategy and define its requirements for limits to be submitted to the GGRM.

III- Country Risk

Risk Management

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

Consolidation of the Barclays Egyptian subsidiary:

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

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

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

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

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

Enhancement of the regulatory framework for cross-border risk

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

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

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

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

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

Enhanced management of country risk

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

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

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

The deployment of the new global banking system and organizational model in compliance with central standards definitively secures the attachment of this subsidiary to the Group, and is a decisive step in its transformation plan.

Monitoring and oversight of counterparty risk at the Group level

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

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

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

Consolidation of country-risk management

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

This policy is based on the following:

- Country risk general policy

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

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

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

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

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

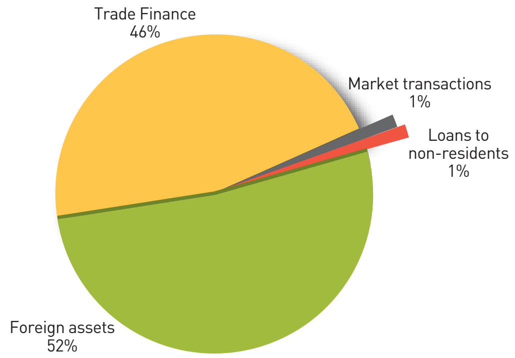
- Methodology for identifying and appraising international risks

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

- Cash advances and loans by signature to non-residents;
- Exposure in relation to trade finance activity:
  - Confirmation of export bills of exchange payable by foreign banks;
  - Counter-guarantees received from foreign banks;
  - The bank's nostrii accounts in credit held with foreign correspondent banks and foreign correspondent banks' lori accounts in debit held with Attijariwafa bank;
- Foreign asset transactions:
  - Foreign financial holdings;
  - Counter-guarantees issued by Attijariwafa bank on behalf of subsidiaries to support their business development;
  - New foreign branch openings;
  - ALM portfolio.
- Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

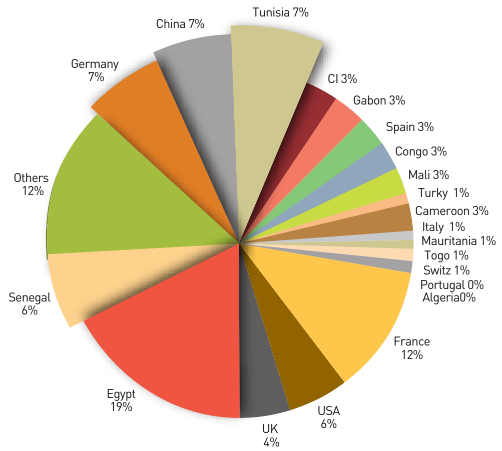
At the end of December 2018, AWB's cross-border risks amounted to MAD 28,654 thousand. Foreign-asset transactions accounted for 52% of total cross-border risks, followed by trade-finance transactions (46%). The percentage of foreign assets is due to the consolidation of the Egyptian subsidiary, which reflects the bank's international ambitions in a context of Morocco's opening to the global economy.

Cross-border risks at December 2018



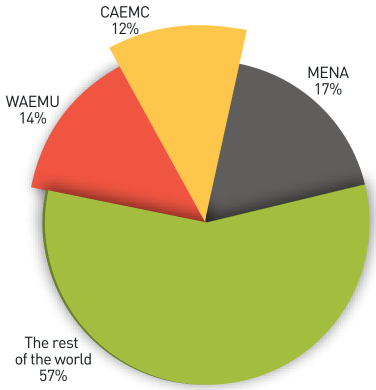
- **Methodology for calculating** and restating country risk exposure based on the risk transfer principle which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks:

Concentration of country exposure by country at December 2018



In the zones where it operates, the bank's exposure is represented by financial holdings in banking subsidiaries which bolster growth for the bank's strategic development in Africa. As a result of the acquisition of the Egyptian subsidiary, the MENA zone is dominant at 21%, compared with 8% in 2016.

Concentration of country exposure by region at December 2018



- **Consolidation rules** for country risk exposure providing an analysis of each subsidiary's commitments by country as well as those of the headquarter and an overall perspective of the Group's total commitments.
- **Development of an internal country scoring system** reflecting a country's vulnerability. The overall grade is based on a multi-criteria assessment approach combining:
• An **economic risk** sub-score based on macroeconomic indicators such as the public budget balance, external debt, foreign exchange reserves and GDP, providing an overview of a country's economic solidity;
• A **financial risk** sub-score based on macroeconomic indicators such as external debt, debt service obligations, foreign exchange reserves and current account balance, providing an overview of a country's liquidity situation;
• A **market risk** sub-score based primarily on credit default swaps (CDS) as protection against issuer default and therefore as an indicator of a country's default probability;
• A **political risk** sub-score reflecting a country's vulnerability to political instability; this indicator is based on a multi-criteria assessment approach combining the integrity of the judicial system, administration and bureaucracy, the redistribution of wealth by analysing the poverty rate, the democracy index and ease of doing business index.

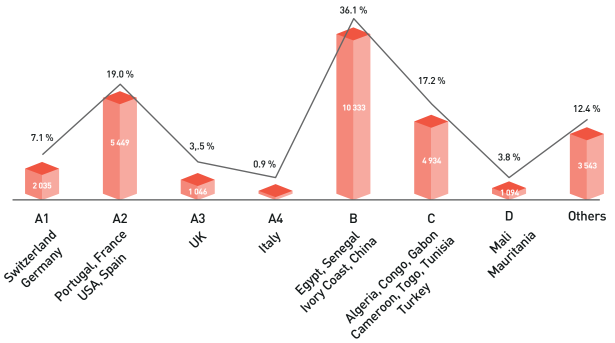
The resulting internal country score is the algebraic sum of the above sub-scores and is graded on a scale of 1 to 5, 1 representing an excellent risk profile and 5 representing a highly vulnerable risk profile.

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

Similarly, the procedure for determining country risk on a consolidated basis was enhanced by information provided by subsidiaries, and by regulatory reporting introduced by the regulatory authority.

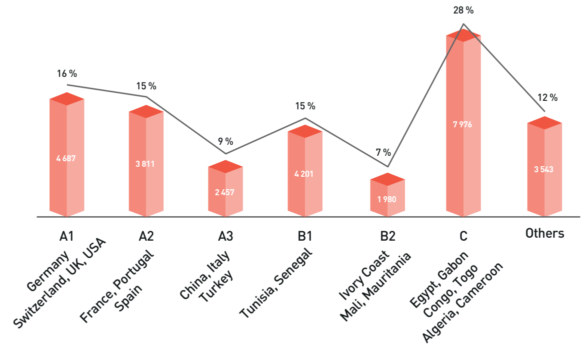
Of Attijariwafa bank's cross-border risks, 66.4% are in countries with ratings lower than Morocco's (A4). Egypt is gradually improving and was upgraded to "B" (moderately acceptable) at the beginning of 2018.

Breakdown of country risk exposure using the Coface scale at December 2018



According to the internal country scoring system (vulnerability index), exposure to countries with average risk (B1) and higher amounted to 53%.

Breakdown of cross-border risks according to internal scoring at December 2018



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

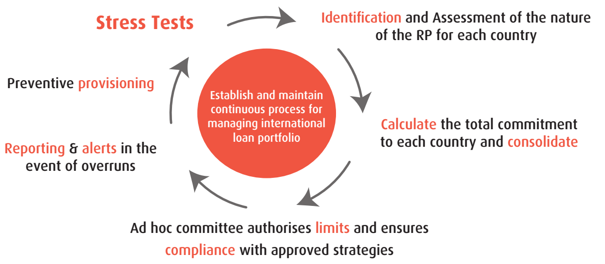
- **Allocation of limits**, which are calibrated as a function of the country risk profile and the bank's shareholders' equity with a breakdown by region, country, business sector, type of activity, maturity etc;
- **Monitoring and surveillance** to ensure compliance with limits through ad hoc reporting;
- **Provisioning** for country risk as a function of deterioration in any country to which the bank has exposure including the actual occurrence of risk incidents, debt rescheduling, default, recourse to debt relief measures etc.;

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

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

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

Country risk charter



IV- Operational risk and Business Continuity Plan (BCP)

Operational risks

1. Background and methodology

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

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

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

2. Reminder of how operational risk management is organised

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

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

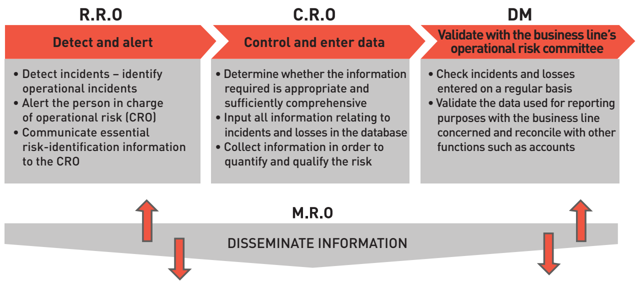
Within each business line, the main officers responsible for implementing the bank's operational risk management policy are known by the following acronyms:

RRO : Operational risk coordinators (business line)

CRO : Operational risk correspondents (business line)

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

DM : HEAD Business Line



3. Main committees

A number of committees are involved in operational risk management:

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

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

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

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

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

- To review past achievements and future action.

Bank strategy for operational-risk management

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

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

* For consistent global risk coverage on a Group level, a deployment and harmonization project for the operational risk management of IRB subsidiaries (WAEMU, CAEMC, MENA) has been launched and should be completed in 2019 (11 subsidiaries concerned).

A. Risk mapping analysis during 2018

Banking risks

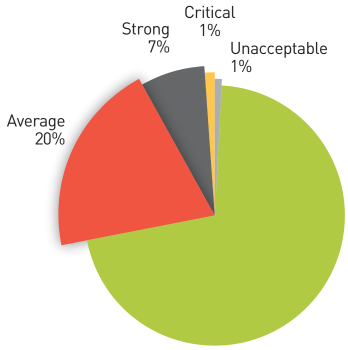
The risk map identifies 808 risks, including 15 «unacceptable or critical» risks, which require special treatment.

Risks by average net score

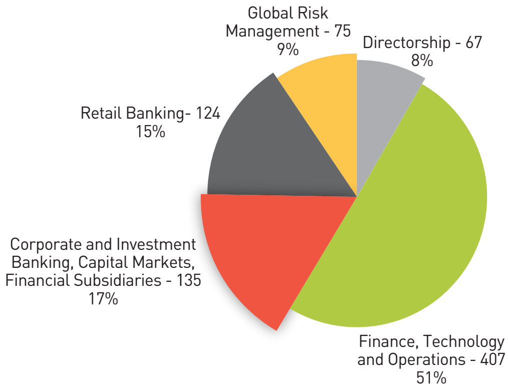
	1 - Less than once in every 5 years	2 - Less than once in a year	3 - Sometimes / year (between 1 and 15 per year)	4 -Sometimes / month (between 16 and 50 per year)	5 -Sometimes / week (between 51 and 350 per year)	6 -Sometimes/ day (a 350 per year)	Total
6 - Over MAD 100 billion	1	-	-	-	-	-	1
5 - From MAD 10 to 100 billion	5	1	-	2	1	-	10
4 - From MAD 1 to 10 billion	20	24	19	5	1	-	42
3 - From MAD 100 thousand to 1 billion	26	51	63	14	3	2	106
2 - From MAD 10 thousand to 100 thousand	68	64	110	26	7	15	199
1 - Less than MAD 10 thousand	21	30	123	60	26	20	275
Total	141	170	315	107	38	37	808

Low	Average	Strong	Critical	Unacceptable	Total
573	164	57	10	4	808

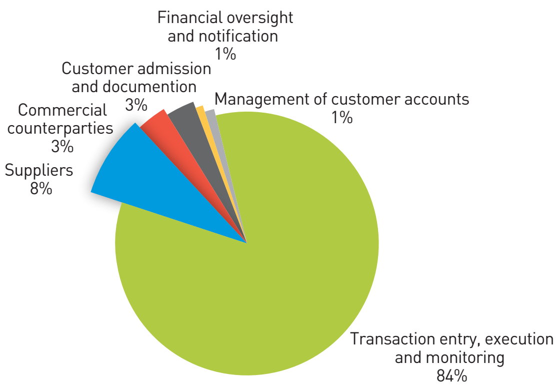
Risks by rating



Risks by business division



Risks from Basel Accords



808 operational risks were recorded

71% are rated as weak

9% are rated higher than strong

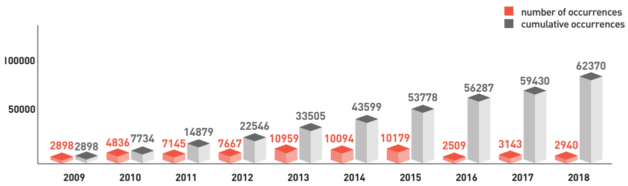
51% are connected to the Finance, Technology and Operations (FTO) division

69% are the result of default in delivery execution and process management (Basel II level 1)

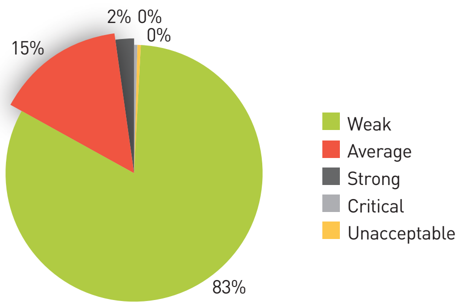
Incident recording at Bank level

The implementation of the operational risk management policy resulted in the declaration of 2,940 new incidents in 2018. At December 31, 2018, the consolidated incident base, which has been compiled since the policy was first implemented, totaled more than 62,000 incidents.

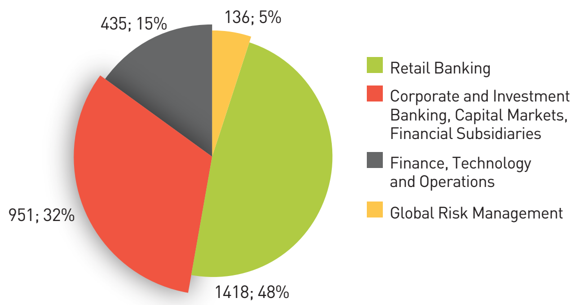
Operational risk incidents as at December 31, 2018



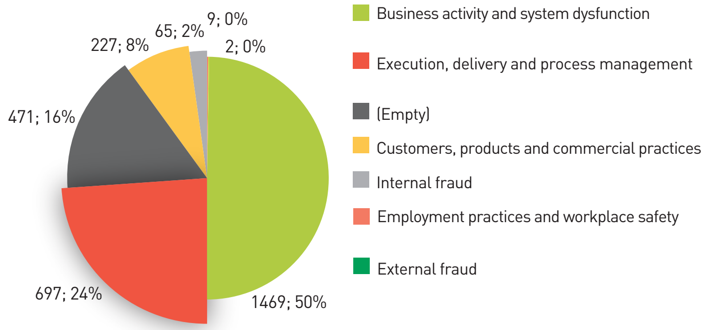
Risks occurred by rating



Risks occurred by business division



Incidents related to Basel Accords



Nearly half of the incidents that occurred in 2018 were due to business interruptions and systems dysfunctions.

B. Operational risk management policy summary:

Operational risk mapping has undergone significant change due to annual upgrades carried out at the business line level, mainly Back Office (whose standard processes were overhauled), Capital Markets and Group Finance.

As part of the implementation of the regulatory authority's guidelines, various projects were launched:

- An upgrade of all operational risk management procedures in Group Legal. A procedure enhancing the synergies between the two units is under preparation.
- Deployment of the operational risk management procedures for the AIB (Attijari International Bank) subsidiary, which aims to identify major operational risks of offshore banking activities.
- Launch of a project for the deployment and harmonization of operational risk management procedures for IRB subsidiaries: 11 subsidiaries concerned, with 2 pilot subsidiaries (SIB and SCB) launched in Q4 2018.

Other projects planned for 2019:

- continued deployment of operational risk management procedures for IRB subsidiaries;
- diagnosis of SFC subsidiaries in order to harmonize the operational risk management procedures also for Moroccan subsidiaries and to emphasize the governance and synergies between subsidiaries and the parent company (especially in terms of risk monitoring and consolidation of operational incidents);
- a review of risk management and action plans for major risks is planned for 2019;
- In the context of business line activities, and to raise awareness of employees, an operational risk management circular will be distributed as a review for employees of their roles and responsibilities for compliance with regulatory requirements.

C- Management of the Group Business Continuity Plan

BCP highlights in 2018:

1- Implementation of a Group Business Continuity Plan

In compliance with BAM guidelines, the Attijariwafa Group business continuity plan was submitted to the Management Committee on July 3, 2018, and approved by the Bank's board of directors on July 5, 2018.

The BCP constitutes a framework for both internal and external stakeholders: supervisory authorities, customers, suppliers and service providers, and Bank partners.

It is applicable to the Bank and in adapted form to subsidiaries.

2- Finalization and outfitting of BCP backup sites:

In close collaboration with BCP, LPG and GIS units, and with the Bank's expert business lines, work for fitting out BCP backup sites (Driss Lahrizi and Hassan II) was completed and delivered in 2018. BCP backup sites now cover 250 user posts in fail-safe mode.

3- Implementation of a test plan (2018–2019)

Attijariwafa bank has adopted a BCP test strategy to be gradually implemented.

The BCP test plan (2018–2019) was approved by the Management Committee on October 29, 2018.

4- Successful organization of regulatory BCP tests

The year 2018 was notable for the organization of several BCP prequalification tests, as well as stress tests under real operational and organizational conditions.

BCP test in dealing room on May 15, 2018

The dealing room is a major priority for continuity management, because of the diversity and complexity of its various activities.

Scenarios:

- partial delocalization of market operations to the backup dealing room (Driss Lahrizi site)
- functioning in "support" of the principal H2 site's activity
- perimeter: trading, corporate, liquidity and middle office.

BCP dealing room test results

Dealers in BCP fail-safe mode demonstrated their capacity to resume a substantial number of activities at the new site, within a timeframe that is MTPD-compatible with the dealing room business line.

BCP test for BAM and SRBM (BAM's real-time gross settlement system) on December 13,2018

Backup test of AWB/SRBM team, migration to BAM backup (BAM management participated in the test).

BCP test results for Group processing and BAM

- The procedure was adhered to for the alert and mobilization of teams for the BCP backup tests for the central processing departments concerned. The various participants were able to access their current applications at both the H2 backup site and the BAM backup site.
- Operators were able to successfully complete their interbank transfers via the BAM backup site, under a catastrophic crisis scenario (i.e., not all AWB dedicated platforms were operational).

All BCP technical and organizational tests in 2018 were conclusive.

5-BCP deployment in subsidiaries

The deployment of the BCP in subsidiaries is carried out on the basis of a global approach (concepts, procedures, organization, awareness raising, documented models, etc.) to ensure the implementation of standards defined at the Group level (i.e., consistency of the BCPs implemented).

- Implementation of a common BCP platform for African subsidiaries (methodology + training, BCP risk mapping, BCP directory, hierarchical procedures, etc.)
- Implementation of a road map for BCP deployment in subsidiaries, and a dedicated methodology guide.

6- Road map of Group BCP unit for BCP deployment in subsidiaries:

To ensure compliance with BAM circulars on BCP procedures for subsidiaries and their integration in the AWB Group BCP, while respecting their local and regulatory differences, the Group Business Continuity Management central unit will undertake a tour of Africa throughout 2019 to visit IRB subsidiaries, in accordance with the road map:

- BCP deployment assistance for IRB subsidiaries;
- compliance audit for Attijariwafa bank Group BCP and international standards;
- validation of key deliverables (standard procedure, BCP risk mapping, etc.);
- harmonization of software needed for integrated management of Group BCP.

7- Operational maintenance (MCO)

In 2018, all BRP priority business lines (dealing room, central processing, Group procurement, Group IT, etc.) were reviewed and tested.

Training and awareness raising sessions were held, which benefited the Bank's BCP correspondents as well as the managers of IRB subsidiaries (SIB, UGB, CBAO) and SFC subsidiaries (AIB, Wafa LLD).

8- Rigorous adherence to BAM guidelines following its audit

Presentation to the Audit Committee of the Bank's financial statements as at October 31, 2018, and a summary of adherence to the BAM guidelines issued after its BCP audit.

9- Development of Group BCP synergies

In 2018 the Group BCP Management unit planned several BCP workshops for the Bank's BCP correspondents and heads of subsidiaries (IRB and SFC).

Principal themes of BCP workshops in 2018:

- Review of BCP procedures: BRP, LRP and ITP
- Outfitting of backup sites (Driss Lahrizi and H2)
- Validation of profiles/stations (backup site)
- Designation of persons affected in BCP fail-safe mode, per business unit
- Procedure for configuration of laptops per business line profile
- Awareness-raising among members of business-line crisis units
- Organization and attribution of roles in the event that fail-soft mode and logistical backup are triggered from the YEM main site to the H2 backup site
- Preparation of frameworks and test scenarios
- Methodology guide for the implementation of BCP in subsidiaries
- Assistance to IRB and SFC subsidiaries for the preparation of BCP specifications (Attijari Tunisie, SIB, UGB)
- Assistance to subsidiaries in choosing external BCP consultants (SIB, UGB) through the organization of service-provider support and arbitrages
- Change management
- Crisis management
- Maintenance of BCP operational conditions.

10. Coordination of Business Continuity Plans on the financial marketplace scale

At the end of 2018, Attijariwafa bank partnered with operators in the Moroccan finance sector, under the aegis of Bank al-Maghrib, to 1) implement structures for the exchange of information and communication during crises, and 2) collectively test (without interference to BCP systems of individual companies) risk scenarios and shared threats to business interruption in the Casablanca marketplace.

11. Optimized risk coverage/Insurance

The year 2018 was notable for synergies created between risk management and insurance, and for the strengthening of various procedures in GGRM risk coverage.

With the implementation of a Global Bank Insurance (GBI) policy and its distribution by the AGMA insurance broker, the Bank succeeded in transferring certain probable, latent risks to insurance companies.

2018 GBI includes:

- P&C insurance for offices
- Comprehensive IT insurance
- Fraud insurance
- Cyber insurance

At the end of 2018, with the aim of reducing expenses, the GGRM was given power to authorize expenditures for Bank insurance and the payment of premiums.

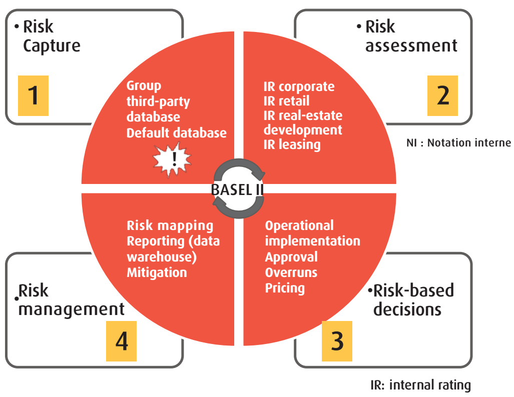
V- Risk Management

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

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

As part of the procedure for transitioning to the advanced processes required by the central bank (BAM) and by bank management, a Basel II framework has been implemented under the aegis of Risk Management. The framework is based on risk capture (default database), a company ratings system (updated in 2010 and 2017), a Group third-party database, a data warehouse for risk management, and a procedure for operational application of ratings on the process level.

Basel II scheme



Ratings map in accordance with the new corporate model

The model was reviewed in 2010 and 2017 as part of an ongoing effort to improve forecasting capacity and to comply with international risk management standards, particularly Basel II.

In 2018, the new model for corporate internal ratings (2017) was the basis for portfolio ratings and for requirements of the new IFRS 9.

The new model takes into account not only financial items, but also qualitative and behavioral items. It covers the majority of the Bank's commitments. It was designed on the basis of a proven statistical approach and with feedback from experienced risk managers. The result was enhanced forecasting capacity.

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

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

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

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

The ratings system has the following features:

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

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

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

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

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

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

f) The model's risk classes have been calibrated by adopting risk classes used by international ratings agencies. The rating is assigned to a risk class on an 8-class risk ratings scale under 3 categories :

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

g) Use of internal ratings: the internal ratings model is now an integral part of the assessment and credit approval process. The rating is taken into consideration from the very moment a credit proposal is submitted.

The risk rating will also determine the level of authority required in the credit approval process.

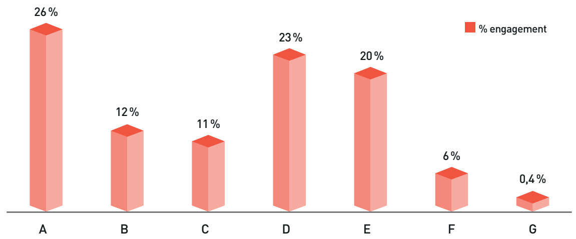
h) Ratings update: counterparty ratings are re-examined at each renewal date and at least once a year. However, for corporate customers under watch (Classes F, G or pre-recovery), the counterparty rating must be reviewed every six months. In general, any significant new information will result in the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

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

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

In terms of commitments, the 2018 risk distribution* below shows a good risk profile for portfolio risk. More than 90% of loan outstanding are classified as sound. The Top 500 showed marked improvement in revenues. Only 5% of outstanding in the large enterprise category are rated F or G.

BASED: 4 799 files totaling MAD 108.6 billion



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

At this stage, implementation has resulted in a higher portfolio rating, which in 2018 came to 97% of loan outstandings.

In 2018, a new model was created specifically for rating large-scale "Finance Project" projects. The energy sector was used as pilot operation. The successful implementation of this system opens the way to a gradual application in other business sectors.

A new version of the model for real estate development will be rolled out in the first half of 2019.

In addition, the GGRM has actively participated in a media campaign designed to help Moroccan companies understand ratings. To achieve this, seminars organized jointly with the corporate market have been held throughout most regions of Morocco. The result has been heightened awareness of risk and improved Bank/corporate relations. In operating terms, the Bank has made adjustments to allow a more equitable division of ratings.

Adjustment of ratings models for IFRS 9

In January 2018, the new IFRS 9 introduced a new model for recognizing impairment of financial assets on the basis of expected credit losses (ECL). The amount of expected losses is determined by means of three principal parameters: the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD), which take into consideration amortization profiles. ECL = PD x LGD x EAD.

Moreover, the standard adopts an approach to asset classification in 3 buckets:

- Bucket 1 ("healthy portfolio"): assets show no significant rise in credit risk after initial recognition;
- Bucket 2 ("portfolio with significant rise in credit risk"): significant rise in credit risk after initial recognition;
- Bucket 3 ("portfolio in default"): recognized credit event or default.

The broadening of corporate ratings models provides risk parameters (particularly probability of default) that cover most of the Bank's commitments in Morocco, especially the probability of default, which is now much lower than in previous models. The calculation of Bucket 1 provisions is made on the basis of the PD estimated on a 12-month point in time (PIT) horizon.

Where there is a significant rise in credit risk (Bucket 2), the PD employed is at maturity, in order to take the provision into account throughout the instrument's remaining life. This led the Bank to develop new models for forecasting probability of default over several timeframes, in compliance with the standard.

Moreover, the inclusion of an outlook component (i.e., on the basis of macroeconomic forecasts) is being implemented with probability scenarios that include past events, current conditions and reasonable, justifiable macroeconomic forecasts. These new models, called "forward looking," are able to estimate a default rate over several timeframes. The estimated default rate is used to measure the Life in Time (LIT) probability of default.

Updating rating models for retail customers

After five years of effective use of rating models (very small enterprises and professionals), the models have been enhanced with a new type of internal data (bank card payments and withdrawals) and external data (credit bureau) which significantly improve the forecasting capacity of the models. In addition, new models have been designed for specific segments – particularly prospects, new contacts and double relations – with the aim of enhanced precision. These models will be implemented in the first quarter of 2019.

To bring the ratings project to the Group level, the Bank has implemented a new technology that eliminates geographic constraints. This technology will allow subsidiaries to connect to Group models in order to rate their customers. WAFABAIL tested this approach in December 2018, and today can connect to Group models (very small enterprises and professionals) to rate its customers.

The rating of self-employed professionals and retail customers will be included in the 2019 global rating system.

These models now form a pillar for Retail Banking. They contribute to the mechanization of credit decisions, and ultimately increase the capacity for handling them.

Strengthening of risk management for subsidiaires

Special attention has been given to Attijariwafa bank Egypt. In order to make them consistent with Group practices, new rating models for large enterprises and for small and medium-sized companies have replaced previous models initially implemented by Barclays. The new models take local conditions into account.

A collaborative approach involving both Group and subsidiary risk managers has resulted in an intuitive model that works under tight deadlines. A variety of statistical tests confirm the careful choice of variables and the solid forecasting capacity of the global model, which like the Group model features both quantitative and qualitative elements.

On the operational level, a new ratings system was implemented in July 2018. The portfolio was rated on the basis of the new model, using the most recent balance sheets.

The initial results (3 months) show that the new model defines the risk profile better and improves the calculation of provisions for IFRS 9.

The quantitative risk models required by the new IFRS 9, particularly the models for probability of default at maturity (forward looking), were completed in the second half, thus allowing the subsidiary to meet deadlines imposed by the Egyptian Central Bank.

In addition, the broadening of the corporate internal ratings system continues for other international subsidiaries, with priority given those with significant commitments: CBAO (Senegal) and SCB (Cameroon). Models already deployed – SIB (Ivory Coast) and ATB (Tunisia) – are undergoing backtesting and continual improvement.

VI. ASSET-LIABILITY MANAGEMENT

Liquidity risk

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

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

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

Policy for liquidity-risk management

Objectives

The liquidity policy of Attijariwafa bank Group consists of:

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

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

Governance

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

The ALM Committee meets quarterly to:

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

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

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

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

Management and monitoring of liquidity risk

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

Free treasury securities

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

At December 31, 2018, outstanding free treasury securities amounted to MAD 24.4 billion, compared with MAD 33.6 billion a year earlier.

Available liquidity reserves

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

At December 31, 2018, high-quality liquid assets totaled MAD 30.5 billion, compared with MAD 38.7 billion at December 31, 2017.

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

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

At December 31, 2018, 12-month wholesale liquidity gaps totaled MAD 23.4 billion, compared with MAD 22.9 billion a year earlier. The coverage rate for high-quality liquid assets stood at 130% at December 31, 2018, compared with 169% at December 31, 2017.

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

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

At December 31, 2018, the static liquidity gaps were as follows (in MAD billions):

	0-1 year	1 to 5 years	more than 5 years
Asset flow	167	107	80
Liability flow	150	55	147
Static liquidity gap	17	52	-67

Liquidity coverage ratio (LCR):

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

At December 31, 2018, the LCR stood at 104%, compared with 147% at December 31, 2017.

Net stable funding ratio (NSFR):

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

At December 31, 2018, the NSFR stood at 121%, compared with 135% at December 31, 2017.

Structural interest-rate risk

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

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

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

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

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

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

Assessment and monitoring of structural interest rate risk

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

1. interest rate gaps (difference between assets and liabilities), by maturity. This measure determines the liquidity schedule for all assets and liabilities, fixed or floating interest rates:

- until the maturity date for floating interest rates;
- until the contractual date for fixed-rate operations;
- in accordance with assumptions based on models for items without a contractual schedule.

2. The sensitivity of the balance sheet's economic value to interest rate changes.
3. The sensitivity of the interest margin to changes in interest rates under various stress tests.

Interest rate gaps at the parent-company level at December 31, 2018 (in MAD billions), were as follows:

(en milliards de dirhams)

	0-1 year	1 to 5 years	more than 5 years
Asset flow	110	98	86
Liability flow	117	65	112
Rate gap	-7	33	-26

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

At December 31, 2018, the sensitivity for a 100 bp rise was MAD -49 million (0.65%) from the estimated interest margin, and MAD 1620 million 5.4% from statutory shareholders' equity.

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

Pillar III

CONTENTS

Pillar III : Risks and capital adequacy

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

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

I. Capital management and capital adequacy of Attijariwafa bank Group

1- Moroccan regulatory framework

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

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

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

2- Prudential scope of application

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

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

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

Name	Business Activity	Country	Method	% Control	% Stake
Attijariwafa bank	Banking	Morocco	Top		
Attijariwafa Europe	Banking	France	IG	99.78%	99.78%
Attijari International Bank	Banking	Morocco	IG	100.00%	100.00%
Attijariwafa bank Egypt	Banking	Egypt	IG	100.00%	100.00%
CBAO Groupe Attijariwafa Bank	Banking	Senegal	IG	83.07%	83.01%
Attijari bank Tunisie	Banking	Tunisia	IG	58.98%	58.98%
La Banque Internationale pour le Mali	Banking	Mali	IG	66.30%	66.30%
Crédit du Sénégal	Banking	Senegal	IG	95.00%	95.00%
Union Gabonaise de Banque	Banking	Gabon	IG	58.71%	58.71%
Crédit du Congo	Banking	Congo	IG	91.00%	91.00%
Société Ivoirienne de Banque	Banking	Ivory Coast	IG	67.00%	67.00%
Société Commerciale De Banque	Banking	Cameroon	IG	51.00%	51.00%
Attijari bank Mauritanie	Banking	Mauritania	IG	80.00%	53.60%
Banque Internationale pour l'Afrique Togo	Banking	Togo	IG	56.76%	56.76%
Wafasalaf	Consumer credit	Morocco	IG	50.91%	50.91%
Wafabail	Leasing	Morocco	IG	98.10%	98.10%
Wafa immobilier	Mortgage loans	Morocco	IG	100.00%	100.00%
Attijari Factoring Maroc	Factoring	Morocco	IG	100.00%	100.00%
Wafa LLD	Long-term leasing	Morocco	IG	100.00%	100.00%

3- Composition des Fonds Propres

In June 2014, Bank Al-Maghrib's prudential regulations for the adoption of Basel III entered into force. Consequently, Attijariwafa bank Group is required to comply with, on both an individual and a consolidated basis, a core-capital ratio of no less than 8.0% (including a conservation buffer of 2.5%), a Tier 1[1] capital ratio of no less than 9.0%, and a Tier 1 and Tier 2 capital ratio of no less than 12.0%. At the end of December 2018, in accordance with circular 14/G/2013, the regulatory capital of Attijariwafa bank Group comprised both Tier 1 and Tier 2 capital.

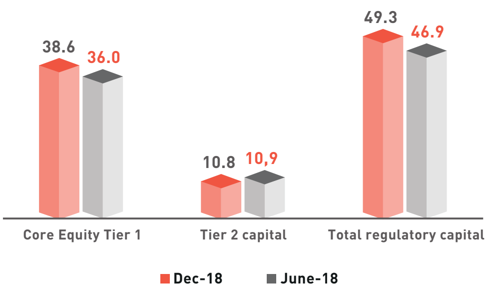
Tier 1 capital is determined on the basis of Core Equity Tier 1 capital (CET1) and additional Tier 1 adjusted for: the anticipated distribution of dividends; the deduction of goodwill, intangible assets, and unconsolidated equity investments[2] that are held in the capital of credit institutions and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

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

(in MAD thousands)

	Dec-18	June-18
Tier 1 capital= CET1+AT1	**38 574 941**	**35 994 000**
Items to be included in core capital	**50 127 149**	**47 647 555**
Share capital	2 098 597	2 035 272
Reserves	41 868 076	40 558 763
Retained earnings	3 046 121	1 523 377
Minority interests	3 151 512	3 608 588
Ineligible core capital	-529 567	-78 446
Items to be deducted from core capital	-12 552 207	-12 153 555
Core Equity Tier 1 (CET1)	**37 574 941**	**35 494 000**
Additional Tier 1 capital (AT1)	**1 000 000**	**500 000**
Tier 2 capital	**10 766 816**	**10 919 993**
Subordinated debt with maturity of at least five years	10 655 260	10 633 348
Unrealized gains from marketable securities	47 986	160 869
Other items	73 570	155 776
Ineligible Tier 2 capital	**-10 000**	**-30 000**
Total regulatory capital	**49 341 758**	**46 913 993**

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



4- Solvency ratios

At 31 December 2018, the Group's Core Equity Tier 1 ratio (T1) amounted to 10,19% and its capital adequacy ratio stood at 13,04%.

(in MAD thousands)

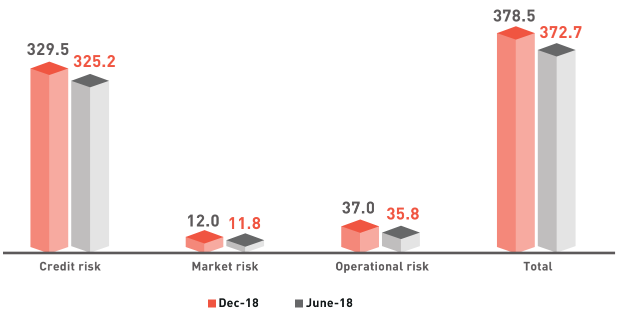
	Dec-18	June-18
Core capital	38 574 941	35 994 000
Total capital	49 341 758	46 913 993
Risk-weighted assets	**378 501 630**	**372 723 034**
Core equity Tier 1 ratio (CET1)	**10.19%**	**9.66%**
Capital adequacy ratio	**13.04%**	**12.59%**

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

At December 31, 2018, total risk-weighted assets for Pillar I, in compliance with circular 26/G/2006 (standards for calculating capital requirements under credit and market risk, using the standardized approach) for Attijariwafa bank Group amounted to MAD 378,501,630 thousands. Risk-weighted assets are calculated by means of the standardized approach for credit, counterparty, and market risks, and by means of the Basic Indicator approach for operational risks.

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

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



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

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

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

(in MAD thousands)

	Dec -18		June-18		Change	
	Risk-weighted assets	Capital requirements[3]	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Credit risk on balance sheet	**260,147,103**	**20,811,768**	**247,164,018**	**19,773,121**	**12,983,085**	**1,038,647**
Sovereigns	16,267,344	1,301,388	17,444,454	1,395,556	-1,177,110	-94,169
Institutions	18,740,854	1,499,268	12,467,248	997,380	6,273,606	501,888
Corporate	178,931,874	14,314,550	174,382,205	13,950,576	4,549,669	363,973
Retail	46,207,032	3,696,563	42,870,111	3,429,609	3,336,921	266,954
Credit risk off balance sheet	**45,106,167**	**3,608,493**	**51,879,114**	**4,150,329**	**-6,772,946**	**-541,836**
Sovereigns	1,817,874	145,430	933,013	74,641	884,861	70,789
Institutions	1,885,264	150,821	2,091,666	167,333	-206,401	-16,512
Companies	41,107,941	3,288,635	48,497,452	3,879,796	-7,389,511	-591,161
Retail customers	295,088	23,607	356,983	28,559	-61,895	-4,952
Counterparty risk[4]	**1,585,265**	**126,821**	**759,837**	**60,787**	**825,429**	**66,034**
Institutions	88,682	7,095	124,265	9,941	-35,583	-2,847
Companies	1,496,583	119,727	635,571	50,846	861,012	68,881
Credit risk from other assets[5]	**22,626,850**	**1,810,148**	**25,356,046**	**2,028,484**	**-2,729,195**	**-218,336**
Market risk	**11,993,658**	**959,493**	**11,789,261**	**943,141**	**204,397**	**16,352**
Operational risk	**37,042,586**	**2,963,407**	**35,774,759**	**2,861,981**	**1,267,827**	**101,426**
Total	**378,501,630**	**30,280,130**	**372,723,034**	**29,817,843**	**5,778,596**	**462,288**

1- Credit risk

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

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

• Analysis of credit risk by segment

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

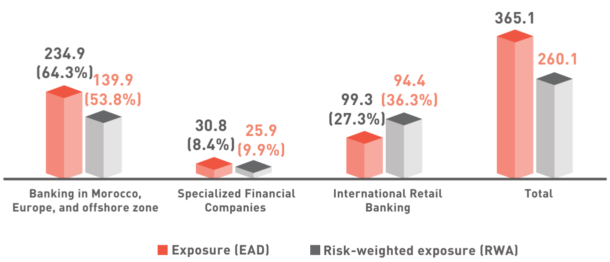
(in MAD thousands)

	Exposure before CRM (EAD)[6]		Risk-weighted exposure after CRM (RWA)	
	BALANCE SHEET	OFF BALANCE SHEET[7]	BALANCE SHEET	OFF BALANCE SHEET
Sovereigns	37 084 784	9 178 046	16 267 344	1 817 874
Institutions	26 745 815	2	116 199	-
Credit establishments and equivalent	26 772 019	5 423 146	18 624 654	1 885 264
Large enterprises	188 487 159	110 327 267	178 931 874	41 107 941
Retail customers	86 015 102	963 846	46 207 032	295 088
Total	**365 104 878**	**125 892 306**	**260 147 103**	**45 106 167**

• Analysis of balance-sheet credit risk by business line

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

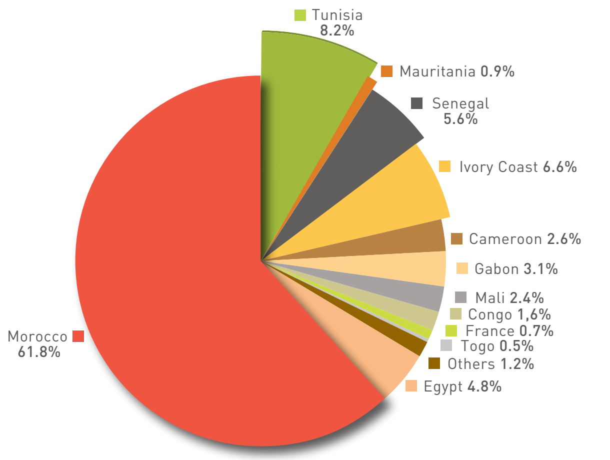
Breakdown of credit risk by business activity in December 2018 (in MAD billions)



• Geographic analysis of risk-weighted assets

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

Geographical breakdown of weighted risks



2- Counterparty risk

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

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

At December 31, 2018, the Group's net exposure to counterparty risk to security-financed transactions and derivative products totaled **MAD 34,592,158 thousand**, 4% more than at June 2018. Risk-weighted exposure came to **MAD 1,585,265 thousand**, 109% more than at June 30, 2018.

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

(in MAD thousands)

	Dec-18		June-18	
	Exposure at default (EAD)	Risk-weighted assets (RWA)	Exposure at default (EAD)	Risk-weighted assets (RWA)
Sovereign	29,253,371	-	28,482,871	-
Credit establishments and equivalent	1,386,168	88,682	306,175	124,265
Corporate	3,952,620	1,496,583	4,444,157	635,571
Total	**34,592,158**	**1,585,265**	**33,233,203**	**759,837**

3- Market risk

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

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

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

Market risk comprises:

• Interest-rate risk

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

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

• Equity risk

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

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

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

• Currency risk

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

• Capital requirements for market risks

(in MAD thousands)

Capital requirements	Dec-18	June-18
Capital requirements	**871,037**	**922,954**
Specific interest-rate risk	298,392	242,052
General interest-rate risk	572,645	680,902
Equity risk	**12,462**	**20,187**
Currency risk	**75,994**	**-**
Commodity risk	**-**	**-**
Total	**959,493**	**943,141**

4- Operational risk

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

• Capital requirements for operational risk by business line

(in MAD thousands)

Capital requirements	Banking in Morocco, Europe, and offshore zone	Specialized finance companies	International retail banking	Total
Dec-18	1,570,216	353,282	1,039,909	2,963,407
June-18	1,523,755	354,655	983,570	2,861,981

5- Credit-risk mitigation techniques

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

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

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

Bank Al Maghrib regulations by standardized approach

Eligibility criteria

• Eligibility of credit-risk mitigation techniques

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

For risks treated using the standardised approach:

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

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

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

• CRM amounts

Below are the guarantees and collateral (real and financial) as at the end of 2018, as well as the hedge amounts for credit risk included in the calculation of risk-weighted assets (standardised approach) at the end of 2018:

(in MAD thousands)

	Dec-18
Guarantees and collateral	**185 718 558**
Guarantees	19 313 799
Real[8] and financial collateral	166 404 759
Guarantees and collateral eligible for the standardised approach	**92 639 718**
Guarantees	19 313 799
Real and financial collateral	73 325 919
- Mortgage on residential home loan	58 316 980
- Mortgage on commercial lease	6 270 716
- Other	8 738 222

8) Collateral at the domestic-banking level.

III. Information on significant subsidiaries

1- Regulatory framework

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

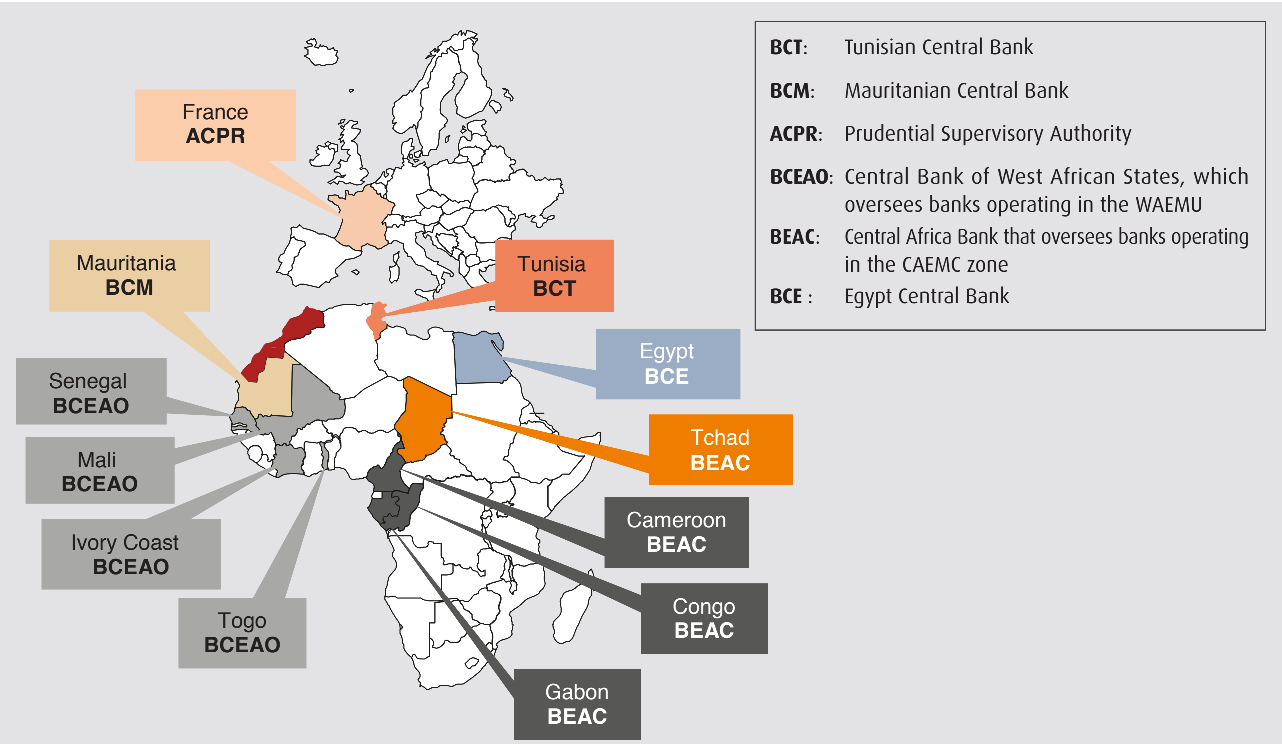
All subsidiary credit institutions in Morocco: Wafabail, Wafasalaf, and Attijari Factoring individually report their solvency ratios to Bank Al-Maghrib, as governed by:

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

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

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

Regulatory authorities of Attijariwafa bank international subsidiaries



2- Ratios of principal subsidiaries

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

Entity	Regulatory authority	Required minimum	Currency	Regulatory capital requirements (thousands)	Risk-weighted assets (thousands)	Total ratio
Attijariwafa bank	Bank Al-Maghrib	12.00%	MAD	35,253,143	248,423,208	14.19%
Wafasalaf	Bank Al-Maghrib	12.00%	MAD	1,553,733	12,018,916	12.93%
Wafabail	Bank Al-Maghrib	12.00%	MAD	1,143,369	9,022,837	12.67%
Wafa Immobilier	Bank Al-Maghrib	12.00%	MAD	162,532	429,889	37.81%
Attijari Factoring	Bank Al-Maghrib	12.00%	MAD	240,537	1,281,074	18.78%
Attijari bank Tunisie	BCT	10.00%	TND	742,661	5,946,081	12.49%
Attijariwafa bank Egypt	BCE	11.88%	EGP	3,724,836	29,062,882	12.82%
Société Ivoirienne de Banque	BCEAO	8.63%	FCFA	89,623,617	844,434,655	10.61%
CBAO	BCEAO	8.63%	FCFA	92,785,343	926,883,585	10.01%
Attijariwafa bank Europe	ACPR	12%	EURO	47,318	340,713	13.73%
UGB	BCEAC	9.50%	FCFA	30,083,000	198,244,750	15.17%

Subsidiaries (in MAD thousands)	Regulatory authority	Margin	Minimum solvency margin	Ratio
Wafa Assurance	ACAPS	6,612,994	2,100,963	315%

Exchange rate: TND (3,1921) FCFA (0,016697) EUR (10,952499) EGP (0,5333).

IV. Internal capital management

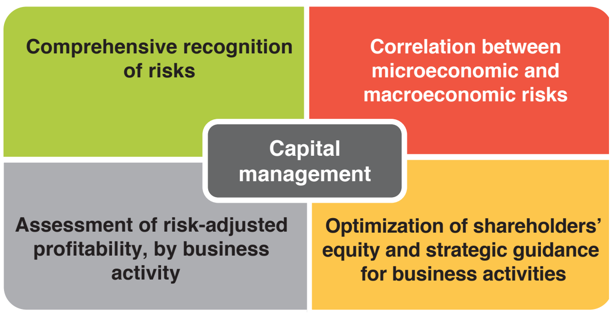
1- Capital management

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

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

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

Targets for « Capital Management »



2- Gouvernance

Le Comité Capital Management (CCM) est un comité semestriel, composé des membres du Comité de Direction Générale, des responsables de lignes métiers, de la Direction des Risques et de la Direction Financière. Le Secrétaire Général du Comité Capital Management est le responsable de l'entité « Gestion Financière et Capital Management ».

Les principales missions du CCM se résument comme suit :

- définir la politique de « Gestion du capital » et les ajustements nécessaires en fonction des évolutions des contextes (marché et concurrence, réglementation, environnement de taux, coût du capital ...) ;
- anticiper les besoins en capital du Groupe et des filiales bancaires et établissements de crédits sur un horizon de 18 mois ;
- analyser l'allocation du capital par pôle/métier ;
- prendre des décisions sur les sujets qui ont un impact sur le capital (de toutes les entités du Groupe).

De manière générale, sponsoriser toutes les actions/initiatives permettant un pilotage et une gestion optimisée du capital.

3- Stress tests réglementaires

Les résultats des stress tests réglementaires (directive Bank-Al-Maghrib 01/DSB/2012) sont communiqués semestriellement au régulateur. À fin juin 2018, Les ratios post-choc sur fonds propres Tier 1 et sur total fonds propres d'Attijariwafa bank sont supérieurs aux minimums réglementaires.

Les stress scénarios des stress tests réglementaires à fin 2018 sont :

Risque de crédit : Migration de 10% à 15% des créances représentant un risque élevé sur le total du portefeuille puis par secteur d'activité

Risque de concentration : Défaut des principales relations

Risque de marché :

- Dépréciation du MAD par rapport à l'EUR ;
- Dépréciation du MAD par rapport à l'USD ;
- Déplacement de la courbe de taux ;
- Hausse des taux ;
- Baisse des prix actions ;
- Dépréciation de la valeur liquidative des différents OPCVM (obligataires, monétaires ...).

4- Forecast ratios

Individual and consolidated capital adequacy ratios (CAR) forecast over the next 18 months are well above the current minimum regulatory level of 9.0% for Tier 1 and 12.0% for CAR through the internal policy of capital management.

Forecast ratio in an individual basis

Projections conducted with a constant prudential environment and constant accounting standard.

In MAD billion	June-18	Dec-18	June-19F	Dec-19F	June-20F
Tier 1 capital	24,049	27,074	28,036	29,210	28,873
Tier 2 capital	8,484	8,179	9,057	8,675	10,126
Total regulatory capital	**32,533**	**35,253**	**37,094**	**37,885**	**38,999**
Risk-weighted assets	**240,480**	**248,423**	**254,355**	**260,521**	**262,475**
Core equity Tier 1 ratio	10.00%	10.90%	11.02%	11.21%	11.00%
Capital adequacy ratio	13.53%	14.19%	14.58%	14.54%	14.86%

In MAD billion	June-18	Dec-18	June-19F	Dec-19F	June-20F
Tier 1 capital	35,994	38,575	39,401	41,669	42,485
Tier 2 capital	10,861	10,767	10,624	10,143	11,518
Total regulatory capital	**46,855**	**49,342**	**50,024**	**51,812**	**54,003**
Risk-weighted assets	**374,603**	**378,502**	**393,243**	**407,657**	**424,726**
Core equity Tier 1 ratio	9.61%	10.19%	10.02%	10.22%	10.00%
Capital adequacy ratio	12.51%	13.04%	12.72%	12.71%	12.71%

V. Corporate Governance

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

Board of Directors

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

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

1- General Management Committee

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

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

Members	Function	Since
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Managing Director	2003
Mr. Omar BOUNJOU	Managing Director	2004
Mr. Ismail DOUIRI	Managing Director	2008
Mr. Talal EL BELLAJ	Managing Director	2014

2- General Management and Coordination Committee

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

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

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

Members	Function	Title
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer
Mr. Omar BOUNJOU	Managing Director, Retail Banking Division	Managing Director
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division	Managing Director
Mr. Boubker JAI	Managing Director, Corporate and Investment Banking, Capital Markets and Financial Subsidiaries	Managing Director
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management	Managing Director
Mr. HASSAN BERTAL	Head of the Great Casablanca region	Deputy Managing Director
Mr. Saad BENWAHOUD	Head of North-West region	Deputy Managing Director
Mr. Said SEBTI	Head of North-East region	Deputy Managing Director
Mr. Hassan BEDRAOUI	Head of South region	Executive Director
Mr. Mouawia ESSEKELLI	Managing Director, Attijariwafa bank Europe	Deputy Managing Director
Mr. Omar GHOMARI	Specialized Financial Companies	Deputy Managing Director
Mrs Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Deputy Managing Director
Mr. Jamal AHIZOUNE	International Retail Banking	Deputy Managing Director
Mr. Youssef ROUISSI	Corporate & Investment Banking	Deputy Managing Director
Mr. Mohamed BOUBRIK	Head of South-West region	Executive Director
Mr. Fouad MAGHOUS	Head of South region	Executive Director

Mr. Rachid EL BOUZIDI	Retail Banking Support Functions	Deputy Managing Director
Mrs Saloua BENMEHREZ	Group Communication	Executive Director
Mr. Younes BELABED	Group General Audit	Executive Director
Mrs Malika EL YOUNSI	Group Legal Advisory	Executive Director
Mr. Jalal BERRADY	Private Banking	Executive Director
Mr. Rachid KETTANI	Group Finance Division	Executive Director
Mrs Soumaya LRHEZZIOUI	Group Information Systems	Executive Director
Mr. Driss MAGHRAOUI	Retail & Business Markets	Executive Director
Mr. Ismail EL FILALI	Back Office and Customer Services	Executive Director
Mr. Mohamed SOUSSI	Group Human Resources	Executive Director
Mr. Karim IDRISSI KAITOUNI	Head of SMEs Banking	Executive Director
Mrs Bouchra BOUSSERGHINE	Group Compliance Officer	Executive Director

3- Other Committees reporting to the Board of Directors

• Strategic Committee:

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. Abdelmjid TAZALOUI	Director
Mr. José REIG	Director
Mr. Aymane TAUD	Director
Guest Members	
Mr. Omar BOUNJOU	Managing Director, Retail Banking Division
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division
Mr. Talal El BELLAJ	Managing Director, Group Global Management
Mr. Boubker JAI	Managing Director, Corporate and Investment Banking, Capital Markets and Financial Subsidiaries

• Group Risk Committe:

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. José REIG	Director
Mr. Aymane TAUD	Director
Guest Members	
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Mrs Wafaa GUESSOUS	Deputy Managing Director – Procurement Logistics Group

• Group Audit Committee:

The Group Audit Committee monitors the Risk, Audit, Internal Control, Accounting and Compliance functions. This committee meets at least six times a year.

Members	Function
Mr. Abed YACOUBI-SOUSSANE	Chairman
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
Guest members	
Mr. Talal EL BELLAJ	Managing Director, Group Global Risk Management
Mr. Younes BELABED	Executive Director - Group General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance

• Group Appointment and Remuneration Committee:

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

Three sub-committees issued from "Group Appointment and Remuneration Committee", with different compositions depending on the prerogatives of each sub-committee

Members	Function
Mr. Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan OURIAGLI	Director , Representing AL MADA

The second sub-committee is composed of the following members:

Members	Function
Mr. Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan OURIAGLI	Director, Representing AL MADA
Mr. José REIG	Director
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer Attijariwafa bank
Mr. Abdelmjid TAZLAOUI	Director

The third sub-committee is composed of the following members:

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

• The Group Senior Purchase Committee:

The Senior Purchase Committee approves high-cost purchases. In the tender process, the Committee opens financial bids and approves high-cost purchases.

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Aymane Taud	Director, Representing AL MADA
Mr. Abdelmjid TAZLAOUI	Director
Mr. José REIG	Director
Guest members	
Mr. Ismail DOUIRI	Managing Director, Finance, Technology and Operations Division
Mrs Wafaa GUESSOUS	Deputy Managing Director – Procurement Logistics Group

Resolutions of the ordinary general meeting

First resolution

The General Meeting, having been informed of the reports of the Board of Directors and the Statutory Auditors for the financial year ended December 31, 2018, expressly approves the summary financial statements for financial year 2018, as presented, as well as the transactions reflected in those financial statements or summarized in those reports, which show earnings of MAD 4,603,982,564,32.

Second resolution

The General Meeting, having been informed of the special report of the Statutory Auditors on the agreements falling within the scope of Articles 56 and seq. of Act 17/95 pertaining to limited liability companies, as amended and supplemented by Act 20/05 and Act 78-12, approves the conclusions of said report and the agreements detailed therein.

Third resolution

The General meeting decide to allocate the earnings, proposed by the Board of Directors, amounting to MAD 4,603,982,564,32 as follows:

(in MAD)

Net income for the year	4,603,982,564,32
Earnings brought forward	388,816,59
DISTRIBUTABLE EARNINGS	**4,604,371,380,91**
ALLOCATION :	
Statutory dividend 6%	125 915 807,40
Amount necessary to raise the dividend per share to MAD 13	2,602,260,019,60
TOTAL DISTRIBUTION OF	**2,728,175,827,00**
Retained earnings	1,876,195,553,91

Accordingly, the Ordinary General Meeting resolves to allocate to each share constituting the Company's share capital an annual dividend of MAD 13 payable as from July 1st, 2019, at the bank's headquarters, in compliance with the regulations in force.

Fourth resolution

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

Fifth resolution

The General Meeting sets at MAD 4,000,000 the amount of directors' fees to be allocated to members of the Board of Directors for financial year 2019.

The Board of Directors shall divide this sum among its members in whatever manner it sees fit.

Sixth resolution

The General Meeting, on the proposal of the Board of Directors of 18 December 2018, appoints as a new Director, Mr Lionel ZINSOU for the statutory term of six years, expiring at the General Meeting convened to deliberate on the financial statements for financial year 2024.

Seventh Resolution

The General Meeting confers all powers on the holder of an original or copy of this document to perform disclosure and other formalities prescribed by law.

Board of directors

Consolidated Financial Statements

Auditors' report on consolidated financial statements

Year ended December 31, 2018

Deloitte.

Deloitte Audit

288, Bd Zerktouni
Casablanca - Maroc

EY
Building a better working world

37, Bd Abdellatif Ben Kaddour
20 050 Casablanca - Maroc

ATTIJARIWAFA BANK GROUP

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR JANUARY 1–DECEMBER 31, 2018

We have audited the accompanying consolidated financial statements of ATTIJARIWAFA BANK and its subsidiaries (attijariwafa bank group). The consolidated financial statements comprise the balance sheet at December 31, 2018, the income statement, the comprehensive income statement, the statement of changes in equity, the cash flow statement for the year ended December 31, 2018, and notes containing a summary of accounting principles used and other explanations. The financial statements show consolidated equity of MAD 50.471.394 thousand and consolidated net income of MAD 6.735.205.thousand.

Management's responsibility

Management is responsible for the preparation and faithful presentation of the financial statements in accordance with Bank Al Maghrib's standards, including the IFRS standards published by the IASB, with the exception of the application of the provisions of IFRS 9 to the group's insurance activities, which is deferred until the entry of IFRS 17. This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditors' judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to express an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the financial position of ATTIJARIWAFA BANK Group as composed of the persons and entities in the consolidated Group as at December 31, 2018, as well as of the Group's financial performance and cash flows for the year ended on that date, in accordance with Bank Al Maghrib's standards, including the IFRS standards published by the IASB, with the exception of the application of the provisions of IFRS 9 to the group's insurance activities, which is deferred until the entry of IFRS 17.

Without qualifying the conclusion expressed above, we draw your attention to the note setting out the effects of the first application of IFRS 9 on Financial Instruments.

Casablanca, April 25, 2019

The Statutory Auditors

DELOITTE AUDIT

Fawzi BRITEL
Associé

ERNST & YOUNG

BACHIR TAZI
ASSOCIÉ

FINANCIAL STATEMENTS

Consolidated Financial Statements at 31 December 2018

1. IFRS accounting standards and principles

1.1 Background

Attijariwafa bank's consolidated financial statements have been prepared under International Financial Reporting Standards (IFRS) since first-half 2007 with the opening balance at 1 January 2006.

In its consolidated financial statements as of 31 December 2018, the Attijariwafa bank Group has applied the obligatory principles and standards set out by the International Accounting Standards Board (IASB).

On July 24, 2014, the IASB published the complete version of IFRS 9 "Financial Instruments,» which replaced IAS 39. This standard establishes the principles for accounting and financial information concerning financial assets and liabilities. These principles are intended to replace those currently set out in IAS 39 "Financial Instruments" (IFRS 9.1.1) (Cf. note IFRS 9-Financial Instruments).

The project was divided into three phases:

- Phase 1 – Classification and measurement of financial instruments;
- Phase 2 – Impairment of financial assets (initially amortized cost and impairment of financial assets);
- Phase 3 – Hedging. This phase is divided into two parts: hedging of financial items, closed portfolios, and portions of financial and nonfinancial items; and macro-hedging.

Application of the new standard is mandatory for annual periods beginning on or after January 1st , 2018.

The first application of IFRS 9 on January 1, 2018, is retroactive. However, as allowed by the transition guidance of IFRS 9, the Group will not restate the comparative figures for prior periods.

As of January 1st , 2018, valuation adjustments of financial assets and liabilities, provisions and impairment for credit risk, and unrealized gains and losses recognized directly in profit or loss due to the retrospective application of IFRS 9 at that date will be recognized directly in equity (consolidated reserves, or unrealized gains and losses recognized directly in profit or loss) at this date.

Application of IFRS 9 for insurance activities:

On September 12, 2016, the IASB published amendments to IFRS 4 "Insurance Contracts" titled "Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts.'» These amendments were applicable for annual periods beginning on or after January 1, 2018. These amendments allow entities whose primary activity is insurance to defer the application of IFRS 9 until January 1, 2021. This deferral allows the entities concerned to continue to report their financial statements in accordance with the existing IAS 39.

This temporary deferral of application of IFRS 9, limited in the IASB amendments to groups whose majority business is insurance, was expanded by Bank Al-Maghrib to insurance entities consolidated by credit institutions reporting their consolidated financial statements in accordance with the PCEC (Moroccan chart of accounts for credit institutions).

AWB has chosen to apply this deferral for insurance entities, including funds falling under this activity, which will apply IAS 39 "Financial Instruments: Recognition and Measurement" until December 31, 2020.

As of January the first, Attijariwafa Group implemented also the new IFRS 15 standard « Revenue from Contracts with Customers» , its application did not have any material impact on earnings or equity.

This standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and their interpretations and sets out the new requirements for recognizing revenues earned from all types of contracts entered into with customers, with the exception of leases, insurance contracts, contracts in financial instruments and guarantees. The recognition of revenues in the income statement shall depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 "Leases", issued in January 2016, will supersede IAS 17 "Leases" and the interpretations relating to the accounting of such contracts. The new definition of leases relies on both the identification of an asset and the control of the right to use the identified asset by the lessee. The main change made by IFRS 16 relates to accounting for lessees. IFRS 16 will call for a model in respect of lessees that recognizes all leases on the balance sheet, with a lease liability on the liability side representing commitments over the life of the lease and on the asset side, an amortizable right-to-use. IFRS 16 will apply to reporting periods beginning 1 January 2019.

1.2 Accounting standards applied

1.2.1 Consolidation

The scope of consolidation is determined on the basis of what type of control (exclusive control, joint control or material influence) is exercised over the various overseas and domestic entities in which the Group has a direct or indirect interest.

The Group likewise consolidates legally independent entities specifically established for a restricted and well-defined purpose known as « special purpose entities », which are controlled by the credit institution, without there being any shareholder relationship between the entities.

The extent to which the Group exercises control will determine the consolidation method: fully consolidated for entities under the exclusive control of the Group as required by IFRS 10 «Consolidated Financial Statements" or under the equity method for associate companies or joint ventures as required by IFRS 11 «Joint Arrangements» and IAS 28 "Investments in Associates Joint Ventures".

A subsidiary is included in the scope of consolidation even if its activities are different from those of the other entities of the group.

Options taken by Attijariwafa bank

Definition of scope:

To define the companies to be integrated within the scope of consolidation, the following criteria must be respected:

- Attijariwafa bank must directly or indirectly own at least 20% of the existing and potential voting rights;

- One of the following thresholds is reached:
  - The subsidiary's total balance sheet exceeds 0.5% of the total consolidated balance sheet,
  - The subsidiary's net assets exceed 0.5% of the consolidated net assets,
  - The subsidiary's revenue or banking income exceeds 0.5% of consolidated banking income.

Long-term investments over which the Group does not enjoy any form of control are not included within the scope of consolidation even where their contribution satisfies the above criteria.

Exception

An entity making a non-material contribution must be included within the scope of consolidation when it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities

Dedicated mutual funds are consolidated in accordance with IFRS 10, which explains the consolidation of special purpose entities and more specifically the exclusively controlled funds.

Entities excluded from the scope of consolidation

An entity controlled by the Group or over which it has significant influence is excluded from the scope of consolidation where from acquisition this entity's securities are purely held for subsequent resale within a short period of time.

These securities are measured at fair value through profit or loss.

Equity interests (excluding majority interests) held in venture capital entities are also excluded from the scope of consolidation to the extent that they are designated at fair value through profit or loss at inception.

Consolidation methods

Consolidation methods are respectively covered by IFRS 10, Consolidated Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. The applicable method depends on the nature of the control Attijariwafa bank S.A. enjoys over entities, regardless of their business activities or whether or not they have a legal personality.

1.2.2 Property, plant and equipment:

An item of property, plant and equipment is by its nature a long-term asset held by the company for use by itself or for leasing to third parties.

When measuring an item of property, plant and equipment, an entity must choose between the following accounting models: cost model and revaluation model.

Cost model

This is the standard accounting treatment for measuring items of property, plant and equipment subsequent to initial recognition.

The cost represents the cost less accumulated depreciation and impairment.

Revaluation model

Following its recognition, an item of property, plant and equipment, the fair value of which can be reliably measured, must be carried at its revalued amount. This is the fair value on the date of revaluation less cumulative subsequent depreciation and impairment.

The frequency of revaluation depends on the fair value fluctuations of the items being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required.

Component depreciation

Every material component of an item of property, plant and equipment must be recognised separately and systematically depreciated over its own useful life in order to reflect the pattern in which the economic benefits are consumed.

Depreciation method, depreciable amount:

The depreciable amount of an asset is the cost of the asset (or revalued amount) less its residual value.

The depreciation expense for a financial year is generally recognised in profit or loss. However, when the future economic benefits constituting this asset are consumed in the production of other assets, the depreciation expense is included in the cost of these other assets and is deemed to be included in their carrying amounts. For example, the depreciation of production facilities is included in inventory manufacturing costs (IAS 2).

Depreciation periods and methods must be reviewed periodically by the company.

When these assumptions are revised, a change in accounting estimate must be recognised. Similarly, the depreciation expense for the current financial year and for future financial years must be adjusted.

The depreciation is recognised, even where the fair value of the asset exceeds its carrying amount, so long as the residual value does not exceed its carrying amount.

Residual value

This is the current price of the asset taking into account the estimated age and condition of the item of property, plant and equipment at the end of its useful life. In practice, it is often a non-material amount that does not take into account inflationary effects.

It must be readjusted at the end of each reporting period.

Useful life

The useful life is the period over which the entity expects to use an asset.

An asset is depreciated from the moment it is available for use. Accordingly, an asset is no longer depreciated once it has been derecognised.

In order to determine the useful life, the following factors are taken into account :

- The expected use to which this asset will be put is assessed by reference to the capacity or physical production expected from this asset;
- The expected wear and tear, which depends on operating parameters such as the rate at which the asset is used and the maintenance programme, the care taken and the maintenance of the asset outside of its period of use ;
- Technical or commercial obsolescence resulting from changes or improvements in the preparation process or changes in market demand for the product or service provided by the asset;
- Legal or similar limits on the use of the asset, such as the expiry of leases.

Borrowing costs

IAS 23 "Borrowing Costs" eliminates the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. All such borrowing costs must be included in the cost of the asset. Other borrowing costs must be recognized as an expense.

Options taken by Attijariwafa bank

Measurement

The Group's policy is not to apply the remeasurement option provided for in IAS 16.

However, it is possible for a Group entity to take the fair value option (IFRS 1) for one or more properties without having to justify this choice, offset outside profit or loss (in equity).

Depreciation period:

The Group's policy is not to have multiple depreciation schedules and to have the same depreciation schedule in the consolidated and IAS/IFRS financial statements.

The depreciation periods used by Group subsidiaries are permitted to differ by up to 2 years from the depreciation periods used by the Group.

Component approach

The Group doesn't require the separate recognition of comparente with a gross amount of under MAD 1,000 thousand.

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

This recommended component breakdown represents the minimum requirement.

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

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

The above components inevitably apply to the headquarters.

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

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

Architectural fees should be capitalised.

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

Identification of components:

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

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

This acquisition cost should not be retrospectively adjusted on the basis of the expensing/capitalisation split of ancillary acquisition costs. However, for acquisitions made after January 1, 2006, costs are monitored under both local GAAP and IFRS.

To this end, acquisition costs not yet amortized in the form of deferred expenses at 01/01/06 must be restated through equity.

Residual value:

The residual value of components other than land is deemed to be zero. In fact, the residual value is retained within the permanent component of the asset, which is obviously the land that by its very nature is not depreciated.

1.2.3 Investment property

Investment property is property (land or building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes;
- sale in the ordinary course of business.

Distinction between an investment property and an owneroccupied property: investment property generates cash flows that are largely independent from other assets held by the entity, which is not true of the production or supply of goods or services that is the main purpose underpinning the use of an owneroccupied property.

When an entity holds a property that is leased to, and occupied by its parent company or another subsidiary, for the purposes of the consolidated financial statements the property does not satisfy the investment property criteria since from the perspective of the Group as a whole, the property is owneroccupied.

An entity can choose between:

- Fair value model

When an entity opts for this accounting treatment, it must be applied to all investment property. It should be noted that the use of this model is encouraged by the independent appraisers.

- Cost model

In both cases, an estimate of the fair value of investment property is mandatory, for recognition on the balance sheet or disclosure in the notes.

Switching from one model to the other is only allowed when the change results in a more appropriate presentation. It is only possible to switch from the cost model to the fair value model.

Options taken by Attijariwafa bank:

Identification:

Investment property consists of all non-operating property apart from property set aside for staff and property that is to be sold within a year.

Property, together with the associated furniture, equipment and other items of property, plant and equipment, occupied by staff members is not considered investment property.

Properties held for sale are generally properties that are received as payments in kind and there is no assurance that these properties will be sold within a year given the nature of such transactions. As a result, the classification of investment property as non-current assets held for sale should be formally documented on the basis of reliable indicators that show that a sale is highly likely within 12 months.

Other non-operating property, plant and equipment connected with investment property should be treated in the same manner.

All operating properties leased to non-Group companies.

Operating properties that are not directly used for administrative purposes are treated as investment property.

Special case of Group transactions

Properties leased by Group subsidiaries do not satisfy the investment property criteria since from the perspective of the Group they are owner-occupied.

Valuation

The option chosen is to value investment property at adjusted historical cost using the component approach.

Information on the fair value should be disclosed in the notes, and the fair value appraisal should be carried out by means of an internal appraisal.

Certain properties have a portion that is held to earn rentals or for capital appreciation and another portion that is used in the production or supply of goods or services or for administrative purposes. If the two portions can be sold or leased separately the entity recognises them separately. If the two portions cannot be sold separately, the property is only classified as investment property when the portion held for use in the production or supply of goods or services or for administrative purposes is not material.

The fair value appraisal of these separate portions classified as operating property must be done in a reliable manner.

1.2.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Its attributes are:

- Identifiability: in order to distinguish it from goodwill;
- Control: when the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Two measurement methodologies are allowed:

Cost model

The intangible asset is recognised at cost less cumulative amortisation and impairment.

Revaluation model

The intangible asset must be recognised at its revalued amount, namely its fair value on the date of revaluation less cumulative subsequent amortisation and impairment. This accounting treatment applies when the market is active.

The amortisation of an intangible asset depends on its useful life. Intangible assets with indefinite useful lives are not amortized 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 amortized over this period.

The residual value, the useful live and the amortisation methods are reviewed at the end of each reporting period (IAS 8, change in accounting estimate).

To assess whether an internally-generated intangible asset meets the criteria for recognition, the creation of the asset must be classified in either the:

- Research phase: intangible assets generated by research may not be recognised. Research expenses must be expensed as incurred;
- Development phase: intangible assets generated by development must be recognised when they satisfy the following conditions:
  - It is technically feasible to complete the asset for sale or use;
  - It intends to complete the intangible asset and use or sell it;
  - It is able to sell or use the asset produced;
  - The asset will generate future economic benefits;
  - Existence of sufficient resources to successfully complete the project;
  - Its ability to reliably measure project-related costs.

Options taken by Attijariwafa bank:

The Group's policy is not to have multiple amortization schedules and to have the same amortization schedule in the consolidated and IAS/IFRS financial statements.

To this end, acquisition costs not yet amortized in the form of deferred expenses at 01/01/06 must be restated through equity.

Leasehold rights

Leasehold rights recognised in the parent company financial statements are not amortized. In the consolidated financial statements, they are amortization schedule over their useful life.

Goodwill

Goodwill must be formally reviewed at the end of each reporting period. When it is not possible to review goodwill, it must be derecognised.

Software

The useful lives used for software differ depending on whether the software is operating software or desktop software. The IT Department is responsible for defining these useful lives.

The amortization periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortization periods used by the Group.

Measurement of in-house software

The IT Department must be able to measure in-house software in the development phase. When the valuation is not reliable, no intangible asset is recognised.

Transfer duty, professional fees, commission and legal

Transfer duty, professional fees, commission and legal fees are, depending on the amount thereof, either expensed or included in the cost of acquisition whereas under IFRS these Expenses must be capitalized.

Divergences between the parent-company financial statements and the IFRS financial statements must be reviewed when they exceed MAD 1,000 thousand.

1.2.5 Inventories

Definition

Inventories are assets:

- held for sale in the ordinary course of business;
- In the production process for future sale;
- Materials and supplies that are consumed in the production process or in the supply of services.

Measurement

Inventories must be measured at the most reliable of cost and net realisable value.

The net realizable value is the estimated selling price in the ordinary course of business, less :

- Estimated costs to completion;
- selling costs.

The cost of inventory for non-fungible items must be determined by specifically identifying the individual costs.

On the other hand, the cost of inventory for fungible items can be determined using one of two methods:

- the FIFO (First In, First Out) method ;
- the weighted average cost method.

The same costing method must be used for all inventory with the same characteristics and similar uses.

Options taken by Attijariwafa bank

Inventories are measured using the weighted average cost method.

1.2.6 Leases

A lease is an agreement by which the lessor grants the lessee the right to use an asset for a particular period of time in consideration for a payment or a series of payments.

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incident to ownership of an asset.

An operating lease is a lease other than a finance lease.

The finance lease must be recognised, as determined at the inception of the lease, on the asset and liability sides of the lessee's balance sheet for amounts equal to:

- The fair value of the leased asset;
- Or, if lower, the present value of the minimum lease payments.

The lessor must, on the other hand, recognize on its balance sheet the assets held under a finance lease and present them as receivables for an amount equal to the net investment in the lease. (IAS 17)

The finance income should be recognised based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease. (IAS 17)

Definition of implicit interest rate (IIR):

The IIR is the discount rate that equates:

- The present value of the minimum payments receivable by the lessor plus the unguaranteed residual value,
- And the historical value of the asset (= initial fair value plus initial direct costs).

Change in the residual value of a finance lease:

Under IAS 17, unguaranteed residual values must be regularly reviewed. A reduction in the unguaranteed estimated residual value must result in a change in the income allocation over the full lease term (calculation of a new amortization schedule).

The portion of the change relating to prior periods is immediately expensed and the portion of the change for future periods is recognised by means of a change in the implicit interest rate.

Under IAS, the impairment is staggered over the full lease term.

Options taken by Attijariwafa bank

Operating leases entered into by Attijariwafa bank

Operating leases with fixed terms that are tacitly renewable. No adjustment required.

Leases with indefinite terms

Property leased for 3, 6 or 9 years. The tacit renewal of the lease term means that the lease has an indefinite term. It was classified as a finance lease.

The lease term used is 50 years.

These assets must be recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial amount of financing.

Leasing agreements

Leasing agreements are finance leases. Attijariwafa bank is the lessor. The bank only recognizes its portion of the lease in its financial statements.

These assets are recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial mount of financing.

1.2.7 Financial assets and liabilities (Loans, borrowings & deposits)

Classification

Financial assets, except those related to insurance activities, are classified in the following 3 accounting categories :

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value recognized in profit and loss ("FVPL")

The classification of a financial asset in one of these three categories is based on the following criteria:

- type of the asset held (debt or equity instrument);
- for debt instruments on the basis of both (i) contractual cash flows of the asset (SPPI: solely payment of principal and interest) and (ii) the business model defined by the company. The business models are based on how the company manages its financial assets to generate cash flows and create value.

Debt instruments:

This standard distinguishes three business models :

- «hold to collect» model: assets managed to collect contractual cash flows;
- «hold to sell» model: assets managed to sell the financial assets;
- «mixed» model: assets managed to collect contractual cash flows and sell the financial asset

The allocation of debt instruments to one of these models is made on the basis of how the groups of financial instruments are managed collectively in order to determine the economic objective. The identification of the economic model is not made instrument by instrument, but rather at the portfolio level of financial instruments, particularly through the analysis and observation of:

- the measurement method, monitoring and risk management associated with the financial instruments concerned;
- realized and expected asset sales (size, frequency, type).

Equity instruments:

Investments in equity instruments are classified as «financial assets at fair value through profit or loss» or as "Non-recyclable equity at fair value". In this last case, when securities are sold, unrealized gains and losses previously recognized in equity will not be recognized through profit or loss will not be recognized in profit or loss. Only dividends will be recognized in profit or loss.

Investments in mutual funds do not meet the definition of equity instruments, as they are puttable to the issuer. They do not meet the cash flow criterion neither. Therefore, they are recognized at fair value through profit or loss.

Measurement :

Initial valuation of assets at amortized cost:

The amortized cost of a financial asset or liability is the amount at which this instrument was first recognized:

- reduced by capital reimbursements

- Increased or reduced by the amortization accumulated calculated by the effective interest rate method, by any difference between this initial amount and the amount of reimbursement at maturity.
- Reduced by all the cuts for depreciation or no recoverability.

This calculation should include all the fees and other amounts paid or received directly attributable to credits, transaction fees and every valuation haircut or premium.

Initial valuation of assets valued at fair value through profit or loss:

In accordance with IFRS 9, financial assets or liabilities at fair value through profit or loss are assets or liabilities acquired or generated by the business primarily for the purpose of making a profit related to short-term price fluctuations or arbitraging margin.

All derivative instruments are financial assets (or liabilities) at fair value through profit or loss except when designated as hedges.

Securities classified as financial assets at fair value through profit or loss are measured at fair value and variations in fair value are recognized in profit or loss.

This class of securities is not subject to impairment.

Initial evaluation of assets valued at fair value through equity:

This class of securities relates to the debt instruments of the investment portfolio and the long-term debt instruments held.

Variations in the fair value of securities (positive or negative) classified as «Assets at fair value through equity» are recorded in equity (Recyclable).

The depreciation over time of the potential increase / decrease in fixed income securities is recognized in the income statement using the effective interest rate method (actuarial spread).

Subsequent valuation of financial assets :

After initial recognition, an entity shall measure financial assets, including derivatives that are assets, at fair value without any deduction for transaction costs that may be incurred on sale or other disposal, except for the following assets:

- Loans and receivables that are to be measured at amortized cost using the effective interest rate method;
- Held-to-maturity investments, which must be measured at amortized cost using the interest rate method

Valuation of financial liabilities: Borrowing and deposits

When initially recognized, a deposit or borrowing classified under IFRS in "Other financial liabilities" must be initially measured in the balance sheet at fair value plus or minus:

- Transaction costs (these are external acquisition costs directly attributable to the transaction) ;
- Fees received constituting professional fees that represent an integral part of the effective rate of return on the deposit or borrowing.

Deposits and borrowings classified under IFRS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortized cost using the effective interest rate method (actuarial rate).

Deposits classified under IFRS as "Liabilities held for trading" are subsequently measured at fair value at the end of the reporting period. The fair value of the deposit is calculated excluding accrued interest.

A deposit or borrowing may be the host contract for an embedded derivative. In certain circumstances, the embedded derivative must be separated from the host contract and recognized in accordance with the principles applicable to derivatives. This analysis must be done at the inception of the contract on the basis of the contractual provisions.

Options taken by Attijariwafa bank

Financial assets - Loans and receivables

The group has not identified any loans and receivables that do not meet the criteria SPPI. recorded at amortized cost.

Credits due within one year are maintained at historical cost.

Financial assets - Debt instruments

These financial assets are accounted for in accordance with the principles presented below:

Attijariwafa bank and other entities excluding insurance companies

SPPI debt instruments held in portfolios are classified according to the following principles:

Assets at FVPL	Debt instruments at FVOCI	Debt instruments at depreciated cost
• Trading and dealing Room portfolios	• Negotiable treasury bills classified in the Investment Portfolio • Bonds and other negotiable debt securities • Long-term investments	• Treasury Bills

Financial assets - Equity instruments

Equity instruments are by default recognised as financial assets at fair value through profit or loss, unless there is an irrevocable option to classify strategic securities at fair value through non-recyclable equity.

Borrowings

The Borrowings and deposits are broken down by nature into a number of categories : "Financial liabilities" / "Trading liabilities" / "Liabilities designated at fair value through profit or loss at inception".

Deposits

For demand deposits:

For demand deposits, the Attijariwafa bank Group applies IAS 39 §49.

- The fair value of demand deposits may not be lower than the amount payable upon demand.
- It is discounted from the first date on which the payment of these amounts may be demanded.

For interest-bearing deposits:

Deposits bearing interest at market rates

For deposits bearing interest at market rates, the fair value will be the nominal value, so long as the marginal transaction costs are not material.

When there are correlative and directly attributable costs, they should be included in the fair value.

- Marginal transaction costs and directly attributable nongroup fees, such as for example business introduction fees.
- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral intercompany transactions impacting profit or loss).

Rates must be logged so as to be able to demonstrate that the rates were indeed original market rates.

They must be kept for a period of ten years along the same lines as the period for retaining accounting documentation (see the provisions of the Commercial Code).

Deposits bearing interest at non-market rates

For deposits bearing interest at non-market rates, the fair value will consist of the nominal value and a discount.

For savings products sold at non-market rates, the fair value is not the same as the nominal value, and it is thus necessary to estimate this fair value, i.e. to determine the balance sheet historical value for these transactions.

It is thus necessary to look through savings transactions and assess whether the rate accorded differs markedly from that offered by other market participants (this could be the case for certain term deposits).

For deposits bearing interest at non-market rates, the discount must be factored into subsequent recognition. When the company extends a loan bearing interest at a rate that differs from the market rate and when it earns fees deducted at issuance, the company will recognise the loan at fair value, namely net of the fees it receives. The company will take the discount to profit or loss in accordance with the effective interest rate method.

NB: Advances against interest-bearing deposits are systemically recognized as loans and receivables and treated as such under IFRS.

Passbook accounts:

A single regulated rate applied by most banks is deemed to be a market rate. Accordingly, no adjustment under IFRS for passbook accounts.

Attijariwafa bank's position:

Savings products must be classified in the "Other liabilities"category.

The Attijariwafa bank Group will not recognise financial liabilities at fair value through profit or loss except when this is exceptionally approved by the (Group) Finance Department.

In fact, in principle, savings activities that constitute part of the banking intermediation business must be recognised in the other liabilities category, meaning that they can be kept at historical cost (subject to certain conditions), and not at fair value.

Except when expressly indicated otherwise, the above options will also apply to any debt securities issued.

Securities lending/borrowing and repurchase agreements

Securities temporarily sold under repurchase agreements continue to be recognized in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognized under the appropriate debt category except in the case of repurchase agreements contracted by the Group for trading purposes where the corresponding liability

is recognized under "Financial liabilities at fair value through profit or loss". Securities temporarily acquired under reverse repurchase agreements are not recognized in the Group's balance sheet. The corresponding receivable is recognized under "Loans and receivables" except in the case of reverse repurchase agreements contracted by the Group for trading purposes, where the corresponding receivable is recognized under "Financial assets at fair value through profit or loss".

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

loss". The Group does not use, however, the fair value option for financial liabilities.

Treasury shares

The term "treasury shares" refers to shares issued by the consolidating company, Attijariwafa bank. Treasury shares held by the Group are deducted from consolidated shareholders' equity. Gains and losses arising on such instruments are also eliminated from the consolidated profit and loss account. Treasury share derivatives are treated as follows, depending on how they are settled:

- As equity instruments, if they are settled by physical delivery of a fixed number of treasury shares for a fixed amount of cash or other financial asset; such derivative instruments are not re-valued;
- As derivatives, if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in the value of such instruments are recognized in the profit and loss account. In addition, if the contract includes an obligation, whether or not contingent, for the bank to repurchase its own shares, the bank must recognize the present value of the debt by an offsetting entry under equity.

Impairment

IFRS 9 introduces a new model for recognizing impairment of financial assets based on expected credit losses (ECL). This new model is applicable to financial assets measured at amortized cost or at fair value through other comprehensive income; The new model represents a change from the current IAS 39 model on the basis of incurred credit losses.

Assessment of increase in credit risk:

The new standard outlines a "three-stage" model. The allocation of a financial asset to one of these three stage (or "buckets") is made based on whether a significant rise in credit risk has occurred since initial recognition.

- Bucket 1 (Performing loans): no significant increase in credit risk since initial recognition;
- Bucket 2 ("Loans with a significant increase in credit risk"): significant increase in credit risk since initial recognition. There is also, according to the standard, a rebuttable presumption that the credit risk of an instrument has significantly increased since initial recognition when the contractual payments are more than 30days past due;
- Bucket 3 (Non performing loans): incurred credit/default event.

The amount of impairment and the basis for application of an effective interest rate depend on the bucket to which the financial asset is allocated.

The approach of expected credit losses under IFRS 9 is symmetrical, meaning that if expected credit losses at maturity have been recognized in a previous closing period, and if it turns out that there is no longer a significant increase in the credit risk for the financial instrument and for the current closing period since its initial recognition, the provision is again calculated on the basis of a credit loss expected at 12 months discounted with the effective interest rate of the exposure.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls) weighted by the probability of occurrence of these losses over the expected life of financial instrument. They are measured on an individual basis, for all exposures.

The amount of expected losses is determined by means of three principal factors : the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD) taking into account the amortization profiles.

Expected losses are calculated as the product of PD by LGD and EAD discounted at the effective interest rate of the exposure.

- Probabilities of Default (PD): the PD represent the likehood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation
- Exposure at Default (EAD): EAD is based on the amounts the group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- Loss Given Default (LGD): LGD represents the group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month of lifetime basis, where 12 month LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Options taken by Attijariwafa bank

Monitoring of risk degradation

The assessment of the significant increase in credit risk is based primarily on the internal credit risk rating system implemented by the Group, as well as on the monitoring of sensitive receivables and overdue payments. In addition, there is, according to the standard, a rebuttable presumption of a significant increase in the credit risk associated with a financial asset since initial recognition in the event of unpaid loans of more than 30 days.

Definition of Default

The definition of default is aligned with the criteria adopted by BAM in its circular n°19/G/2002. This definition is also the one used by the group in its internal management.

Measurement of expected credit losses

The Attijariwafa bank group has developed statistical models, specific to each of its entities, to calculate expected losses based on:

- Credit rating systems,
- Historical default occurrences,
- Historical data relating to recovery of non-performing loans;
- Information about non-recurring loans available to loan recovery units for relatively significant amounts;
- Guarantees and pledges held.

Depending on the maturity of the entities and the availability of data, these parameters could be modeled as a whole or were the subject of approximation to say expertly.

For Moroccan subsidiaries whose portfolios are covered by internal rating systems, the probability of default at one year (PD) is statistically modeled. Based on annual transition matrices of ratings, the probabilities of default at maturity are projected via a Markovian approach.

The LGD is the difference between the contractual cash flows and the cash flows of expected cash flows, discounted at the effective interest rate (or an approximation of the latter) on the date of default. The LGD is expressed as a percentage of the EAD. The LGD was modeled on the basis of the observed recovery flows taking into account potential credit enhancement mechanisms restated for sound returns.

Forward-looking

IFRS 9 introduces into the calculation of expected risk losses the notion of prospective elements, of a macroeconomic nature. The aim is to measure expected credit losses (ECL) through a probabilistic estimation of the different expected losses in the different probable economic scenarios.

The Group has identified relevant macroeconomic indicators that affect its credit risk by homogeneous risk class based on analysis of historical data. Prospective scenarios, over 3 years, have been established. The scenarios are weighted and projected on the default probabilities of the classes of selected risks.

1.2.8 Derivatives and embedded derivatives

Derivatives

A derivative is a financial instrument or another contract included in IFRS 9's scope of application which meets the following three criteria:

- Its value changes in response to a change in a variable such as specified interest rate, the price of a financial instrument, a price, index or yield benchmark, a credit rating, a credit index or any other variable, provided that in the case of a non-financial variable, the variable must not be specific to any one party to the contract (sometimes known as «the underlying »);
- Requires no initial investment or one that is smaller than would be required for a contract having a similar reaction to changes in market conditions; and
- Is settled at a future data.

A hedging instrument is a designated derivative or, in the case of a hedge for foreign exchange risk only, a non-derivative designated financial asset or liability. The latter's fair value or cash flows are intended to offset variations in the fair value or cash flows of the designated hedged item.

Options taken by Attijariwafa bank

Attijariwafa bank does not currently use derivatives for hedging purposes and is not therefore subject to provisions applicable to hedge accounting.

All other transactions involving the use of derivatives are recognized as assets/liabilities at fair value through income.

Embedded derivatives

An embedded derivative is a feature within a financial contract whose purpose its to vary a part of the transaction's cash flows in a similar way to that of a stand-alone derivative.

The IFRS 9 standard defines a hybrid contract as a contract comprising a host contract and an embedded derivative.

Where the host contract is a financial asset, the entire hybrid contract is measured at fair value through profit or loss because its contractual cash flows do not pass the SPPI test.

Where the host contract is a financial liability, the embedded derivative is separated from its host contract and accounted for as a derivative when the following three conditions are met:

- The hybrid contract is not recognized at fair value;
- Separated from the host contract, the embedded derivative possesses the same characteristics as a derivative;
- The characteristics of the embedded derivative are not closely related to those of the host contract.

IFRS 9 recommends that the host contract is valued at inception by taking the difference between the fair value of the hybrid contract (i.e. at cost) and the fair value of the embedded derivative.

Options taken by Attijariwafa bank

If there is a material impact from measuring embedded derivatives at fair value, then they are recognized under «Financial assets held at fair value through income ».

1.2.9 Insurance

Insurance contracts

The main provisions for insurance contracts are summarized below:

- May continue to recognize these contracts in accordance with current accounting policies by making a distinction between three types of contract under IFRS 4:

1. Pure insurance contracts;
2. Financial contracts comprising a discretionary participation feature;
3. And liabilities relating to other financial contracts, in accordance with IAS 39, which are recorded under «Amounts owing to customers ».

- Requires that embedded derivatives, which do not benefit from exempt status under IFRS 4, are accounted for separately and recognized at fair value through income;
- Requires a test for the adequacy of recognized insurance liabilities and an impairment test for reinsurance assets;
- A reinsurance cession asset is amortized, by recognizing this impairment through income, when and only when:

- Tangible evidence exists, following the occurrence of an event after initial recognition of the asset in respect of reinsurance cessions, resulting in the cedant not receiving all its contractual cash flows;
- This event has an impact, which may be accurately assessed, on the amount which the reinsurer is expected to receive from the primary insurer.

- Requires an insurer to keep insurance liabilities on its balance sheet until they are discharged, cancelled, or expire and prohibits offsetting insurance liabilities against related reinsurance assets;
- Requires that a new insurance liability is recorded in accordance with IFRS 4 «Shadow accounting » in respect of policyholders' deferred participation in profits which represents the portion of unrealized capital gains on financial assets to which policyholders are entitled, in accordance with IAS 39.

Options taken by Attijariwafa bank:

Insurance contracts

A liability adequacy test has already been carried out by Wafa Assurance, which appointed an external firm of actuaries to assess its technical reserves.

The provision for fluctuations in claims relating to non-life insurance contracts is to be cancelled.

Investment-linked insurance:

The instruments held in portfolios are currently classified in the following categories:

HFT	AFS	HTM	Loans & receivables
• Portfolio of consolidated UCITS	• Shares and other equity • Investments in SCIs (Panorama) ; • Treasury bills and unquoted debt instruments.	• Not applicable	• Long-term investments

1.2.10 Fair value

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

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

Level 1 inputs

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

Level 2 inputs

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

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

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

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

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

Level 3 inputs

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

The Group derives fair value as follows:

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

• CASE 1: instruments traded in active markets

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

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

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

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

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

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

1.2.11 Goodwill

Cost of a business combination:

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

The acquirer must measure the acquisition cost as follows:

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

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

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

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

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

Recognition of goodwill:

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

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

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

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

Options taken by Attijariwafa bank

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

1.2.12 Provisions

Provisions for risks

A provision must be recognised when:

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

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

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

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

Options taken by Attijariwafa bank

The Group has analysed all its general provisions and:

- How they are matched to inherent risks;
- Has reviewed how they are measured and booked under IFRS.

1.2.13 Current tax and deferred tax

Deferred tax assets and liabilities are recognised whenever the recovery or settlement of the carrying amount of an asset or liability will increase or reduce future tax payments compared to what they would have been had such a recovery (settlement) not had a tax impact.

It is probable that the company will post taxable profits against which a deductible temporary difference can be used:

- when there are sufficient taxable temporary differences levied by the same taxation authority on the same taxable entity that are expected to be reversed:
- 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 ;

This deferred tax liability impacts goodwill.

Options taken by Attijariwafa bank

Assessment of the probability of recovery of deferred tax assets:

Deferred tax that is uncertain to be recovered is not capitalised. The probability of recovery can be determined by the business plan of the relevant companies.

In addition, under IFRS, the phrase "probable recovery" must be interpreted as meaning that "recovery is more probable than improbable". This could result, in certain cases, by recognising a higher level of deferred tax assets than under generally accepted accounting principles.

Recognition of deferred tax liabilities stemming from temporary differences on intangible assets generated as part of a business combination:

Valuation adjustments relating to intangible assets recognised as part of a business combination that cannot be disposed of separately from the acquiree give rise to a deferred tax liability, even when these assets have indefinite useful lives.

Deferred tax asset stemming from deductible temporary differences on consolidated equity interests:

Mandatory recognition of a deferred tax asset for the deductible temporary differences on consolidated equity interests (differences stemming, for example, from the elimination of internal gains (losses) on consolidated equity interests) so long as these temporary differences are likely to be reduced in the foreseeable future (rare case in the absence of a disposal decision) and that the recovery of the deferred tax asset is probable.

Possibility of adjusting goodwill if deferred tax is identified following the period allowed under IFRS for adjustments:

A deferred tax asset deemed not to be identifiable at the date of acquisition and subsequently realised, is recognised in consolidated profit or loss, and the goodwill is subsequently retrospectively adjusted even after the expiry of the adjustment period, the impact of this correction also being recognised in consolidated profit or loss.

Deferred tax initially recognised outside profit or loss (in equity):

Recognition of the impact of changes in tax rates and/or taxation methods outside profit or loss (in equity).

1.2.14 Employee benefits

General principle

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. This standard shall be applied by an employer in accounting for all employee benefits, except those to which IFRS 2, Share-based Payments, applies. The employee benefits to which this standard applies includes those provided:

- under formal plans or other formal agreements between an entity and individual employees, groups of employees, or their representatives;
- under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, industry, or other multi-employer plans;
- by those informal practices that give rise to a constructive obligation, where the entity has no realistic alternative but to pay employee benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. They comprise the following categories:

Types of employee benefits

Short-term benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service (e.g., wages, salaries, and social-security contributions; paid annual leave and paid sick leave; and profit-sharing and bonuses).

When an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid;
- as an expense.

The posteriors advantages to employment

Postemployment benefits are employee benefits that are payable after the completion of employment (e.g., retirement benefits, postemployment life insurance, and postemployment medical care).

Postemployment benefit plans are classified as either defined-contribution plans or defined-benefit plans.

1- Under defined contribution plans, the entity makes a defined contribution to a fund and has no legal or constructive obligation to provide further contributions if assets are insufficient to meet the benefits in the plan benefit formula. In consequence, actuarial risk and investment risk fall, in substance, on the employee.

Accounting for defined-contribution plans is straightforward, because no actuarial assumptions are required to measure the obligation or the expense, and there is no possibility of any actuarial gain or loss.

When an employee has rendered service to an entity during a period, the entity shall recognize the contribution payable to a defined contribution plan in exchange for that service:

- as a liability, after deducting any contribution already paid;
- as an expense.

2- Under defined benefit plans, the entity's obligation is to provide the agreed benefits to current and former employees. Actuarial risk and investment risk fall, in substance, on the entity.

Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service.

A multi-employer plan is neither general nor mandatory, and must be classified by the entity as a defined-contribution plan or a defined-benefit plan under the terms of the plan.

Other long-term benefits include:

Long-term paid absences such as long-service leave or sabbatical leave, jubilee or other long-service benefits (e.g., "wissam schogal"), long-term disability benefits (if payable 12 months or later after the close of the reporting period), bonuses, and deferred remuneration.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of postemployment benefits. For this reason, this standard requires a simplified method of accounting for other long-term employee benefits. Unlike the accounting required for postemployment benefits, this method does not recognize remeasurements in other comprehensive income.

Termination benefits

Termination benefits result from either an entity's decision to terminate the employment of an employee before the usual retirement age, or an employee's decision to accept an entity's offer of benefits in exchange for termination of employment.

An entity shall recognize a liability and expense for termination benefits at the earlier of the following dates:

- when the entity can no longer withdraw the offer of those benefits;
- when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

For termination benefits payable as a result of an entity's decision to terminate an employee's employment, the entity can no longer withdraw the offer when the entity has communicated to the affected employees a plan of termination meeting all of the following criteria:

- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions, their locations, and the expected completion date;
- the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

Funding liabilities

Liabilities can be funded in two ways:

1. recognising a provision internally, either for the full amount or to supplement plan assets or redemption rights;

2. by outsourcing its obligation to pay the benefits by means of an insurance contract (the company transfers its obligation to pay the benefits : the actuarial and investment risks are managed by the insurer, with the latter paying out the benefits. The company's only obligation is to make contributions – defined contribution plan).

The revised version of the standard (2000 revision) established three criteria for plan assets (or qualifying insurance contracts):

- the legal entity holding these assets must be legally separate from the company ;
- the assets must be wholly set aside to fund the benefits payable under the plan in question ;
- if the assets are sufficient to meet the liabilities, the company has no legal obligation to directly pay benefits under the plan.

All assets designed to cover the liabilities but that fail to meet the above criteria constitute "reimbursement rights".

Reimbursement rights are recognised as a separate asset.

They do not reduce liabilities, unlike plan assets..

Measuring liabilities

Method

The measurement of defined benefit plans notably requires the use of actuarial techniques to reliably estimate the amount of benefits accruing to staff in consideration for current and past service.

This requires estimating the benefits, demographic variables such as mortality and staff turnover, financial variables such as discount rates and future salary increases that will affect the cost of benefits.

The recommended method under IAS 19 is the "projected unit credit" method, also the preferred method under French regulations.

This amounts to recognising, on the date of the calculation of the liability, of a liability equal to the probable present value of the estimated termination benefits multiplied by the ratio of length of service at the date of calculation and at the date of retirement of the employee.

This is the same as saying that the liability is incurred prorata to the length of service of the employee. Accordingly, the calculation of rights is done on the basis of the employee's length of service and the estimated final salary.

Assumptions

Actuarial assumptions are the entity's best estimates of variables determining the final cost of post-employment benefits. These assumptions include:

Demographic assumptions

These relate to the future characteristics of former and current employees (and their dependents) qualifying for benefits.

These demographic assumptions involve the following items:

- mortality, during and post-employment;
- staff turnover, disability and early retirement;
- the proportion of plan members and dependents qualifying for benefits; and
- the level of claims under the medical plans.

Expected rate of return on plan assets:

This rate must be established on the basis of market expectations on the reporting date for the period in which the liabilities are to be settled.

It must reflect the make-up of the asset portfolio. The breakdown of plan assets (bonds, equities, real-estate ...) and the expected return used for each asset class should be set out in the actuarial report.

Discount rate / inflation rate

The applicable rate to discount post-employment benefit liabilities (whether funded or not) must be determined by reference to a market rate at the reporting date based on the top-tier corporate bonds. In countries in which this type of market is not active,the relevant rate (at the end of the reporting period) is the treasury bond rate. The currency and maturity of corporate bonds or treasury bonds must be consistent with the currency and estimated maturity of postemployment benefit liabilities. The maturity of liabilities must be assessed on the basis of the schedule of future payments (weighted average only) for all plan participants on the measurement date.

Salaries, employee benefits and medical costs:

Post-employment benefit liabilities must be measured on a basis that reflects:

- estimated future salary increases;
- benefit rights as per the terms and conditions of the plan (or resulting from any constructive obligation going beyond these terms and conditions) at the reporting date; and
- estimated future changes in the level of benefits paid under any mandatory general plan affecting the benefits payable under a defined benefit plan, when, and only when, either :

- these changes have been adopted prior to the reporting date ; or
- past experience or other reliable indicators, show that these benefits paid under a mandatory general plan will change in a foreseeable manner, for example that they will reflect general price inflation or general salary inflation.

The assumptions related to medical costs must factor in the estimated future changes in the cost of medical services stemming both from inflation and changes specific to medical costs.

1.2.14.1 Options taken by Attijariwafa bank

It was agreed that in Attijariwafa bank's case the pension benefits were defined contribution plans. Accordingly, no IFRS adjustment is required.

In the case of post-employment medical coverage (CMIM), Attijariwafa bank does not have sufficient information to recognize as such this defined benefit multi-employer plan.

1.2.14.2 Share-based payments

Share-based payments consist of payments based on shares issued by the Group that are either equity or cash-settled with the amount depending on the share performance.

These payments can either be by means of the granting of stock options or employee share subscription offerings.

In the case of employee share subscription offerings, a discount is granted off the average market price over a given period.

This benefit is expensed over the lock-in period.

1.2.15 Statement of cash flows

The balance of cash and cash equivalent accounts represents the net cash balance with central banks, the Treasury and post office accounts as well as the net amount of demand bank borrowings and loans.

1.2.16 Estimates used to prepare the financial statements

When preparing the financial statements, the Attijariwafa bank Group was required to make assumptions and use estimates the future occurrence of which could be influenced by a series of factors including in particular:

- domestic and international market activities;
- interest rate and exchange rate fluctuations;
- the economic and political climate in certain business sectors or countries;
- regulatory or statutory changes.

These assumptions primarily involve:

- the use of internal models to value financial instruments for which quoted prices on organised markets are not available ;
- impairment tests on intangible assets;
- the calculation of provisions for the impairment of loans and receivables and contingency and loss provisions;
- estimation of residual values of assets measured at amortized cost and finance and operating leases.

FINANCIAL STATEMENTS

Consolidated financial statements at 31 December 2018

CONSOLIDATED IFRS BALANCE SHEET at 31 December 2018

(thousand MAD)

ASSETS (under IFRS)	Notes	12/31/2018	01/01/2018
Cash - Central banks - Postal cheque		18 536 591	18 224 849
Financial assets at fair value through profit or loss (FV P&L)	**2.1**	**61 567 279**	**60 765 376**
Trading assets		61 318 331	60 571 636
Other financial assets at fair value through profit or loss		248 947	193 740
Hedging derivatives			
Financial assets at fair value through other comprehensive income	**2.2 / 2.16**	**43 190 734**	**46 208 032**
Debt instruments at fair value through other comprehensive income (recycling)		10 086 448	15 002 669
Equity instruments at fair value through other comprehensive income (no recycling)		2 328 058	2 285 141
Financial assets instruments at fair value through other comprehensive income (Insurance)		30 776 229	28 920 222
Securities at amortized cost	**2.16 / 2.17**	**15 101 428**	**9 401 965**
Loans & receivables Financial Institutions at amortized cost	2.3 / 2.16	28 791 443	25 267 604
Loans & receivables Customers at amortized cost	**2.4 / 2.16**	**305 059 677**	**279 682 245**
Asset reevaluation difference - PF interest hedged			
Financial Placement of insurance activities			
Current tax assets	2.5	181 922	123 659
Deferred tax assets	2.5	2 866 699	3 012 395
Adjustment & other asset accounts	2.6	13 667 001	8 648 895
Non current assets held for sale		97 044	114 322
Investments in equity method companies	2.7	86 699	106 949
Investment property	2.8	2 522 538	2 247 468
Property, plant, equipment	2.9	5 687 723	5 550 721
Intangible assets	2.9	2 617 343	2 124 258
Goodwill	2.10	9 951 595	9 996 150
TOTAL ASSETS IFRS		**509 925 715**	**471 474 889**

LIABILITIES (under IFRS)	Notes	12/31/2018	01/01/2018
Central banks, Public treasury, Postal cheque		3 056	97 064
FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS	**2.11**	**400 624**	**716 739**
Financial assets held-for-trading		400 624	716 739
Financial assets designated at fair value through profit or loss			
Hedging derivatives			
Debts - Financial Institutions	2.12	47 314 854	37 651 602
Debts - Customers	2.13	332 005 586	316 210 403
Notes & certificates issued	2.14	15 508 094	11 120 406
Liability reevaluation difference - PF interest hedged			
Current tax liability	2.5	864 710	613 644
Deferred tax liability	2.5	1 975 571	2 435 504
Adjustment & other liability accounts	2.6	12 306 933	10 714 737
Debt related to non current assets held for sale			
Insurance technical provision		33 639 357	28 634 562
Provisions	2.15 / 2.16	2 608 204	2 446 353
Subsidies, allocated funds		361 230	129 252
Subordinated funds, special guarantee funds	2.14	12 466 102	14 645 903
SHAREHOLDERS' EQUITY		**50 471 394**	**46 058 720**
Equity and related reserves		12 551 765	10 151 765
Consolidated reserves		**29 387 656**	**33 763 752**
Group share		*25 596 383*	*28 639 863*
Non-controlling interests		*3 791 273*	*5 123 889*
Unrealized or deferred Gains / losses		**1 796 769**	**2 143 202**
Group share		*665 060*	*829 598*
Non-controlling interests		*1 131 708*	*1 313 604*
Net income		**6 735 205**	
Group share		*5 706 129*	
Non-controlling interests		*1 029 075*	
TOTAL LIABILITIES IFRS		**509 925 715**	**471 474 889**

CONSOLIDATED INCOME STATEMENT UNDER IFRS at 31 December 2018

(thousand MAD)

	Notes	12/31/2018	12/31/2017
Interest income	3.1	20 910 854	18 819 180
Interest income	3.1	-6 916 158	-5 910 854
INTEREST MARGIN		**13 994 695**	**12 908 326**
Commissions (income)	3.2	5 836 324	5 405 347
Commissions (expenses)	3.2	-801 976	-618 350
MARGIN ON COMMISSIONS		**5 034 348**	**4 786 997**
Net gains or losses occured by the hedging of net positions			
Net gains and losses on financial instruments at fair value through profit or loss	3.3	**3 115 065**	**2 870 289**
Net gain on trading assets		3 125 084	2 870 289
Net gain on other financial assets at fair value through profit or loss		-10 019	
Net gain on Financial assets at fair value through other comprehensive income	3.4	**725 810**	**1 035 505**
Net gain debt instruments at fair value through other comprehensive income (recycling)		37 499	8 733
Remuneration of Financial assets measured at fair value through other comprehensive income that will not be subsequently to profit or loss (dividends)		128 905	142 959
Remuneration of equity instruments measured at fair value through other comprehensive income that will not be reclassified subsequently to profit or loss (insurance)		559 406	883 812
Net gains (losses) arising from the derecognition of financial assets at amortized cost			
Net gains (losses) arising from the reclassification of financial assets through other comprehensive income to financial assets at fair value through profit or loss			
Income on other activities	3.5	**8 699 100**	**7 925 769**
Expenses on other activities	3.5	**-9 198 302**	**-7 882 109**
NET BANKING INCOME		**22 370 716**	**21 644 776**
Operating genral expenses		-9 647 858	-9 043 552
Amortization & Depreciation expenses - tangible & intagible assets		-1 065 250	-937 293
GROSS OPERATING INCOME		**11 657 608**	**11 663 931**
Risk cost	3.7	-1 723 565	-2 168 124
NET OPERATING INCOME		**9 934 043**	**9 495 808**
+/- Share net income Equity method		11 915	16 488
Net gains or losses on other assets	3.8	52 642	23 361
Goowill variation values			
PRE-TAX INCOME		**9 998 601**	**9 535 657**
Net income tax		-3 263 396	-2 951 691
Net income from discounted or held-for-sale operations			
NET INCOME		**6 735 205**	**6 583 965**
Non-controlling interests		-1 029 075	-1 193 064
NET INCOME GROUP SHARE		**5 706 129**	**5 390 902**
Earnings per share		27,19	26,49
Diluted earnings per share		27,19	26,49

STATEMENT OF NET INCOME AND GAINS AND LOSSES DIRECTLY RECORDED IN SHAREHOLDERS EQUITY at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
NET INCOME	**6 735 205**	**6 583 965**
comprehensive income on items that may be reclassified to profit or loss		
Gains and losses on translation adjustments	-374 454	-36 735
Reevaluation of financial assets at fair value through other comprehensive income (recyclable)	-539 486	378 367
Gains and losses on hedging derivative instruments		
Share of net gains and losses recorded through equity method	-5 655	-4 392
Other changes in Shareholders		
Related income tax	193 053	-144 843
Non Recyclable elements on net income :		
Revaluation of fixed assets		
Revaluation (Actuarial gains and losses) of the limit on a defined benefit Asset		
Revaluation of the own credit risk of financial liabilities that have been subject to recognising option at fair value through profit or loss		
Revaluation of Equity instruments at fair value through through other comprehensive income		
Share of gains and losses through OCI on Items regarding enterprises by equity method non recyclable		
Other elements at non recyclable OCI		
Related Taxes		
Total gains and losses directly recorded in shareholders' equity	**-726 542**	**192 397**
NET INCOME DIRECTLY RECORDED IN SHAREHOLDERS' EQUITY	6 008 662	6 776 362
Of which Group share	5 348 045	5 467 743
Of which non-controlling interests	660 617	1 308 618

TABLE OF SHAREHOLDERS EQUITY VARIATION at 31 December 2018

(thousand MAD)

	Share capital	Reserves (related to share capital)	treasury stock	Reserves and consolidated income	total assets and liabilities entered directly in capital	Gains or losses by OCI (non recycling)	Shareholders equity group share	Non-controling interests	TOTAL
Shareholders' equity at 31 december 2017	**2 035 272**	**8 116 493**	**-2 461 129**	**35 189 098**	**818 514**		**43 698 251**	**7 102 798**	**50 801 049**
Other restatement not related to IFRS 9 impacting opening balance sheet				-82 381			-82 381	-49 792	-132 173
Shareholders' equity at 31 December 2017 restated from IFRS 9 first application	**2 035 272**	**8 116 493**	**-2 461 129**	**35 106 717**	**818 514**		**43 615 870**	**7 053 006**	**50 668 876**
Reclassification from Available for Sale to Financial assets at fair value through profit or loss				-2 511	2 511				
Reclassification from Available for Sale to Financial assets at fair value through OCI - NOT recyclable					23 833	-23 833			
Reclassification from Available for Sale to Financial assets at amortized cost					8 573		8 573		8 573
Expected credit losses (on Financial assets and off balance sheet items)				-4 003 217			-4 003 217	-615 513	-4 618 730
Closing Shareholders' equity at 1st of january 2018	**2 035 272**	**8 116 493**	**-2 461 129**	**31 100 989**	**853 431**	**-23 833**	**39 621 227**	**6 437 493**	**46 058 720**
Transactions related to share capital	63 325	2 336 675		-410 274			1 989 726	-532 867	1 456 859
Share-based payments									
Transactions related to treasury stock									
Dividends				-2 743 968			-2 743 968	-654 833	-3 398 801
Net income				**5 706 129**			**5 706 129**	**1 029 075**	**6 735 205**
Intangible and fixed assets : revaluation and disposals									
Financial instruments : fair value variation and transfer through P&L					-154 268	-10 270	-164 538	-181 895	-346 433
Translation adjustments : change and transfer through PL				-187 891			-187 891	-186 562	-374 454
Latent or differed gains or losses				**-187 891**	**-154 268**	**-10 270**	**-352 429**	**-368 458**	**-720 887**
Other variations				266 296			266 296	-10 958	255 338
Changes in scope of consolidation				32 358			32 358	52 606	84 964
Closing Shareholders' equity at 31 December 2018	**2 098 597**	**10 453 168**	**-2 461 129**	**33 763 639**	**699 163**	**-34 103**	**44 519 337**	**5 952 057**	**50 471 394**

CONSOLIDATED CASH FLOW STATEMENT at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Pre-tax income	**9 998 601**	**9 535 657**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	1 123 146	1 139 901
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets		
+/- Net provisions	1 939 699	2 265 863
+/- Net income from companies accounted for under the equity method	-10 188	-16 488
+/- Net gain/loss from investment activities	-102 757	-253 717
+/- Net gain/loss from financing activities		
+/- Other movements	-752 798	-617 020
Total non-cash items included in pre-tax income and other adjustments	**2 197 102**	**2 518 538**
+/- Flows relating to transactions with credit institutions and similar establishments	12 075 675	3 619 843
+/- Flows relating to transactions with customers	-9 582 248	15 240 710
+/- Flows relating to other transactions affecting financial assets or liabilities	-949 394	-17 608 708
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- taxes paid	-3 161 363	-2 765 681
Net increase/decrease in operating assets and liabilities	**-1 617 330**	**-1 513 836**
Net cash flow from operating activities	**10 578 372**	**10 540 358**
+/- Flows relating to financial assets and investments	-10 458	-5 430 006
+/- Flows relating to investment property	-565 341	-284 307
+/- Flows relating to plant, property and equipment and intangible assets	-339 816	-1 114 531
Net cash flow from investment activities	**-915 615**	**-6 828 844**
+/- Cash flows from or to shareholders	-3 398 801	-3 223 799
+/- Other net cash flows from financing activities	2 207 418	992 389
Net cash flow from financing activities	**-1 191 383**	**-2 231 410**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-529 190**	**-409 879**
Net increase (decrease) in cash and cash equivalents	**7 942 184**	**1 070 225**

the composition of cash position	12/31/2018	12/31/2017
Cash and cash equivalents at the beginning of the period	**14 926 600**	**13 856 375**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	18 127 784	13 980 487
Inter-bank balances with credit institutions and similar establishments	-3 201 184	-124 113
Cash and cash equivalents at the end of the period	**22 868 784**	**14 926 600**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	18 533 535	18 127 784
Inter-bank balances with credit institutions and similar establishments	4 335 248	-3 201 184
Net change in cash and cash equivalents	**7 942 184**	**1 070 225**

CROSSING TABLE OF ACCOUNTING CATEGORIES FROM IAS 39 TO IFRS 9

(thousand MAD)

	12/31/2017	01/01/2018										
		IFRS 9 reclassifications										
			Financial assets at fair value through profit or loss (FV P&L)				Financial assets at fair value through other comprehensive income					
				Other financial assets at fair value through profit or loss								
	IAS 39 Carrying Amount(*)	Cash,Central banks, Public treasury, Postal cheque	Trading Assets	Equity Instruments	Other financial assets at fair value through profit or loss by option	Hedging derivatives	Debt instruments at fair value through other comprehensive income (recycling)	Equity instruments at fair value through other comprehensive income (no recycling)	Debt instruments at fair value through other comprehensive income (Insurance)	Loans & receivables CI	Loans & receivables Customers	Financial assets at amortized cost
Financial Assets												
Cash,Central banks, Public treasury, Postal cheque	18 224 849	18 224 849	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss (FV P&L)	66 512 480	-	58 655 906	9 636	-	-	-	-	7 846 938	-	-	-
Trading assets	48 302 646	-	42 778 702	-	-	-	-	-	5 523 943	-	-	-
Other financial assets at fair value through profit or loss	18 209 834	-	15 877 203	9 636	-	-	-	-	2 322 994	-	-	-
Hedging derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Assets available for sale	41 339 743	-	1 915 730	184 104	-	-	15 246 132	2 285 141	21 073 284	-	-	635 352
Loans & receivables CI	25 304 396	-	-	-	-	-	-	-	-	25 286 890	-	17 506
Loans & receivables Customers	285 777 442	-	-	-	-	-	-	-	-	-	285 774 588	2 854
Asset held to maturity	8 746 253	-	-	-	-	-	-	-	-	-	-	8 746 253
Closing balance according to IAS 39	**445 905 162**	**18 224 849**	**60 571 636**	**193 740**	**-**	**-**	**15 246 132**	**2 285 141**	**28 920 222**	**25 286 890**	**285 774 588**	**9 401 965**
Remeasurements according to IFRS 9	-	-	-	-	-	-	-243 463	-	-	-19 286	-6 092 343	-
Opening balance according to IFRS 9	**445 905 162**	**18 224 849**	**60 571 636**	**193 740**	**-**	**-**	**15 002 669**	**2 285 141**	**28 920 222**	**25 267 604**	**279 682 245**	**9 401 965**

(*) including other restatement not related to IFRS 9 on opening balance sheet

RECONCILIATION BETWEEN CLOSING BALANCE OF IMPAIRMENTS UNDER IAS 39 AND PROVISIONS IAS 37 AND OPENNING BALANCE OF VALUES ADJUSTMENTS FOR LOSSES UNDER IFRS 9

(thousand MAD)

	12/31/2017	01/01/2018										
		IFRS 9 reclassifications										
			Financial assets at fair value through profit or loss (FV P&L)				Financial assets at fair value through other comprehensive income			Financial Assets at amortized cost		
				Other financial assets at fair value through profit or loss								
	IAS 39 Carrying Amount (*)	Cash, Central banks, Public treasury, Postal cheque	Trading assets	Equity Assets	Other financial assets at fair value through profit or loss	Hedging derivatives	Debt instruments at fair value through other comprehensive income (recycling)	Equity instruments at fair value through other comprehensive income (no recycling)	Debt instruments at fair value through other comprehensive income (Insurance) recycling	Loans & receivables CI	Loans & receivables Customers	Financial assets at amortized cost
Financial Assets												
Cash,Central banks, Public treasury, Postal cheque	-	-	-	-	-	-	-	-	-	-	-	-
Assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-
Loans & receivables CI	23 994	-	-	-	-	-	-	-	-	23 994	-	-
Loans & receivables Customers	15 590 463	-	-	-	-	-	-	-	-	-	15 590 463	-
Assets held to maturity	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance according to IAS 39	**15 614 457**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23 994**	**15 590 463**	**-**
Remeasurements according to IFRS 9	-	-	-	-	-	-	243 463	-	-	19 286	6 092 343	-
Opening balance according to IFRS 9	**-**	**-**	**-**	**-**	**-**	**-**	**243 463**	**-**	**-**	**43 280**	**21 682 805**	**-**

(*) including other restatement not related to IFRS 9 on opening balance sheet

2.1 Financial assets at fair value through profit or loss at 31 December 2018

(thousand MAD)

	12/31/2018		01/01/2018	
	Trading assets	Other financial assets at fair value through profit or loss	Trading assets	Other financial assets at fair value through profit or loss
Loans and advances to financial institutions				
Loans and advances to customers				
Financial assets held as guarantee for unit-linked policies				
Securities received under repo agreements				
Treasury notes and similar securities	38 636 438		36 678 353	
Bonds and other fixed income securities	6 339 187		5 677 646	
Shares and other equity securities	16 231 685	121 926	17 792 934	57 208
Non-consolidated equity investments		127 022		136 533
Derivative instruments	111 021		422 703	
Related loans				
Fair value on the balance sheet	**61 318 331**	**248 947**	**60 571 636**	**193 740**

2.2 Financial assets at fair value through other comprehensive income at 31 December 2018

(thousand MAD)

	12/31/2018		
	Balance sheet value	Latent gains	latent losses
Financial assets at fair value through other comprehensive income	**43 190 734**	**3 359 744**	**-758 622**
Debt instruments at fair value through other comprehensive income (recycling)	10 086 448	132 136	-94 051
Equity instruments at fair value through other comprehensive income (no recycling)	2 328 058	197 909	-211 647
financial assets at fair value through other comprehensive income (Insurance)	30 776 229	3 029 699	-452 924

Debt instruments at fair value through other comprehensive income that may be reclassified to profit or loss	Balance sheet value	Latent gains	latent losses
Treasury bills and similar securities	3 545 981	131 498	-89 805
Bonds and other fixed income securities	6 540 466	638	-4 246
Total Debt securities	**10 086 448**	**132 136**	**-94 051**
Total Debt instruments at fair value through other comprehensive income that may be reclassified to profit and loss	**10 086 448**	**132 136**	**-94 051**
Income tax charge		-35 739	21 974
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**96 397**	**-72 077**

Equity instruments recognised at fair value through other comprehensive income that cannot be reclassified	Balance sheet value	Latent gains	latent losses
Equity and other variable income securities			
Non-consolidated equity investments	2 328 058	197 909	-211 647
Total Equity instruments at fair value through other comprehensive income that will not be reclassified to profit or loss	**2 328 058**	**197 909**	**-211 647**
Income tax charge		-65 385	76 632
OTHER COMPREHENSIVE INCOME ON EQUITY INSTRUMENTS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS (NET OF INCOME TAX)		**132 524**	**-135 015**

financial assets at fair value through other comprehensive income (recycling) (insurance)	Balance sheet value	Latent gains	latent losses
Treasury bills and similar securities	12 404 613	486 926	-12 473
Bonds and other fixed income securities	4 702 921	89 429	-104 359
Equity and other variable income securities	8 393 469	2 103 018	-21 115
Non-consolidated equity investments	5 275 226	350 325	-314 977
Total financial assets at fair value through other comprehensive income (insurance)	**30 776 229**	**3 029 699**	**-452 924**
Income tax charge		-908 536	106 701
Total financial assets at fair value through other comprehensive income that may be reclassified to profit or loss (insurance) (net of income charge)		**2 121 163**	**-346 223**

• Investments in financial instruments of insurance activities are accounted in accordance with the principles of IAS 39.
The market value of financial assets which cash flows are solely repayments of principal and interest payments amounted to MAD17.11 billion at December 31, 2018. It was MAD15.21 billion at January 1, 2018, representing a change over the period of MAD1.90 billion.
The market value of other financial assets amounted to MAD13.67 billion, corresponding to all instruments that do not meet the above criteria, derivatives and assets managed at market value. It was MAD13.71 billion at January 1, 2018, representing a change over the period of MAD-0.04 billion.

2.3 Loans and receivables to financial institutions at amortized cost

(thousand MAD)

2.3.1 Loans and receivables to financial institutions at 31 December 2018

Financial institutions	12/31/2018	01/01/2018
Accounts and loans	**27 499 181**	**24 488 897**
of which performing current accounts in debit	10 166 161	9 497 199
of which performing overnight accounts and advances	17 333 020	14 991 698
Other loans and receivables	788 426	686 020
Gross amount	**28 287 608**	**25 174 917**
Related loans	568 894	135 966
Impairment (*)	65 059	43 280
Net value of loans and receivables due from financial institutions	**28 791 443**	**25 267 604**

Intercompany operations	12/31/2018	01/01/2018
Regular accounts	2 833 807	4 337 223
Accounts and long-term advances	23 417 918	25 219 233
Related loans	70 676	116 319

(*) see note 2.16

2.3.2 Breakdown of loans and advances to financial institutions by geographical area at 31 December 2018

(thousand MAD)

	12/31/2018
Morocco	8 893 536
North Africa	6 523 186
The WAEMU Region	1 161 876
The EMCCA Region	1 478 642
Europe	7 891 145
Others	2 339 221
Total principal	**28 287 608**
Related loans	568 894
Provisions (*)	65 059
Net value on the balance sheet	**28 791 443**

(*) see note 2.16

Breakdown of loans and receivables to financial institutions by geographical area at 31 December 2017

(thousand MAD)

	12/31/2017
Morocco	8 491 775
North Africa	4 199 099
The WAEMU Region	1 564 873
The EMCCA Region	1 208 526
Europe	4 053 887
Others	5 674 263
Total principal	**25 192 423**
Related loans	135 966
Provisions (*)	23 994
Net value on the balance sheet	**25 304 396**

(*) see note 2.16

2.3.3 Breakdown of loans and receivables to financial institutions per remaining term at 31 December 2018

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to financial institutions	14 354 704	6 994 385	5 441 981	1 470 903	**28 261 974**

2.4 Loans and receivables to customers

2.4.1 Loans and receivables to customers at amortized cost at 31 December 2018

(thousand MAD)

Transactions with customers	12/31/2018	01/01/2018
commercial loans	40 665 827	40 846 606
other loans and advances to customers	234 460 174	217 272 218
securities received under repo agreements	1 107 784	11 892
subordinated loans	3 339	3 406
current accounts in debit	27 581 890	21 763 214
Gross amount	**303 819 015**	**279 897 336**
related loans	2 016 072	1 911 249
impairement (*)	20 409 812	20 999 627
Net amount of loans and advances to customers	**285 425 274**	**260 808 958**
Leasing activities		
property leasing	3 453 617	4 421 512
leasing of movable property, long-term rental and similar activities	16 980 249	15 134 046
Gross amount	**20 433 866**	**19 555 558**
related loans	1 092	907
impairement (*)	800 555	683 178
Net value of leasing activities	**19 634 402**	**18 873 287**
Balance sheet value	**305 059 677**	**279 682 245**

(*) see note 2.16

2.4.2 Loans and receivables to customer per economic operator at 31 December 2018

(thousand MAD)

	12/31/2018
Corporate entities	206 101 195
Including Large Enterprises	131 518 950
Private individuals	96 941 318
Total	**303 042 513**
Related loans	2 017 164
Net value on balance sheet	**305 059 677**

Loans and receivables to customer per economic operator at 31 December 2017

(thousand MAD)

	12/31/2017
Corporate entities	196 698 069
Including Large Enterprises	111 042 585
Private individuals	87 384 820
Total	**284 082 889**
Related loans	1 912 156
Net value on balance sheet	**285 995 046**

2.4.3 Breakdown of loans and receivables per remaining term at 31 December 2018

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and receivables to customers	62 109 522	53 368 017	115 696 736	70 757 187	301 931 463

The fair value of healthy outstanding loans to customers and financial institutions is estimated at 333,661 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Current taxes	181 922	123 659
Deffered taxes	2 866 699	3 012 395
Current and differed tax assets	**3 048 621**	**3 136 054**
Current taxes	864 710	613 644
Deffered taxes	1 975 571	2 435 504
Current and differed tax liabilities	**2 840 280**	**3 049 148**

2.5.2 Net income tax at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Current taxes	-3 368 729	-3 161 363
Net FY differed taxes	105 333	209 672
Net income tax	**-3 263 396**	**-2 951 691**

2.5.3 Effective tax rate at 31 December 2018

	12/31/2018	12/31/2017
Net income	6 735 205	6 583 965
Income tax	3 263 396	2 951 691
Average effective tax rate	**32,6%**	**31,0%**

Analysis of effective income tax at 31 December 2018

	12/31/2018	12/31/2017
Income tax in force	37,0%	37,0%
Differential in tax rate on foreign entities	-2,5%	-1,9%
Permanent differences	0,5%	-0,1%
Other items	-2,4%	-4,0%
Average effective tax rate	**32,6%**	**31,0%**

2.6 Accruals and deferred accounts and other assets

2.6.1 Accruals and deferred accounts and other assets at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Other Assets	**7 449 145**	**5 618 021**
Sundry debtors	3 908 410	3 733 961
Various securites & uses	167 669	175 258
Other insurance assets	3 068 438	1 515 077
Other	304 628	193 726
Accruals accounts	**6 217 856**	**3 030 874**
Receivables	1 939 502	1 332 289
Expenses identified in advance	232 133	174 638
Other equalization accounts	4 046 222	1 523 946
Total	**13 667 001**	**8 648 895**

2.6.2 Accruals and deferred accounts and other liabilities at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Other Liabilities	**7 882 817**	**7 164 900**
Miscellaneous securities operations	253 689	338 232
Miscellaneous creditors	7 166 039	6 710 837
Other insurance liabilities	463 090	115 831
Equalization accounts	**4 424 116**	**3 549 838**
Payables	1 764 499	1 543 465
Income identified in advance	775 455	583 825
Other equalization accounts	1 884 161	1 422 548
Total	**12 306 933**	**10 714 737**

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 2018

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in EM companies
Financial firms					
Non-financial firms	86 699	38 364	694 523	87 433	11 915
Net value on balance sheet in MEE companies	**86 699**	**38 364**	**694 523**	**87 433**	**11 915**

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

2.8 Investment property at 31 December 2018

(thousand MAD)

	01/01/2018	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2018
Gross value	2 784 871	17 190	343 222	56 723	-7 130	3 081 429
Depreciation and provisions	537 402	733	43 255	17 801	-4 698	558 891
Net value on balance sheet	**2 247 468**	**16 457**	**299 967**	**38 922**	**-2 432**	**2 522 538**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms correspond to the useful life per the following components:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Fittings and installation	15
Technical facilities	20
Internal and external joinery	15

The market value of the land and structures classified as investment property in 2018 is estimated at MAD 2,846 million.

2.9 Plant, property and equipment and intangible assets at 31 December 2018

(thousand MAD)

	12/31/2018			01/01/2018		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	3 312 799	1 404 761	1 908 038	3 178 977	1 344 777	1 834 200
Movable property and equipment	3 648 799	2 988 385	660 414	3 465 735	2 845 848	619 887
Leased movable property	706 977	271 643	435 335	646 023	245 949	400 074
Other property, plant and equipment	6 544 704	3 860 768	2 683 936	6 145 818	3 449 258	2 696 561
Total property, plant and equipment	**14 213 280**	**8 525 557**	**5 687 723**	**13 436 552**	**7 885 831**	**5 550 721**
It software acquired	3 848 632	2 385 334	1 463 298	3 301 645	2 117 298	1 184 347
Other intangible assets	1 710 159	556 113	1 154 046	1 487 722	547 812	939 911
Total intangible assets	**5 558 790**	**2 941 447**	**2 617 343**	**4 789 368**	**2 665 110**	**2 124 258**

TANGIBLE FIXED ASSETS :

Attijariwafa bank opted for an assessment of the cost of all fixed assets. Depreciation in linear and spread out over the following useful life:

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

The Attijariwafa bank group did not internally generate any intangible fixed assets. The useful life thereof is as follows:

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

Intangible fixed assets excluding goodwill:

The Attijariwafa bank group did not internally generate any intangible fixed assets. The useful life thereof is as follows:

Components	Annual duration of depreciation
Software packages acquired	5 years
Company-produced software packages	N/A
Other intangible fixed assets	15-20 years

2.9.2 Outright rentals: additional information at 31 December 2018

(thousand MAD)

Residual term	For the lessor
	Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	253 200
> 1 year ≤ 5 years	912 240
> 5 years	
Total	**1 165 440**

2.10 Goodwill at 31 December 2018

(thousand MAD)

	01/01/2018	Scope variation	Translation gains and losses	Other movements	12/31/2018
Gross value	9 996 150		-44 555		9 951 595
Accumulated amortisation and impairment					
Net value on the balance sheet	**9 996 150**		**-44 555**		**9 951 595**

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 2018, no impairment has been recognized.

2.11 Financial liabilities at fair value through profit or loss

2.11.1 Financial liabilities at fair value through profit or loss at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Securities pledged under repo agreements, Financial Institutions	105 633	291 038
Derivative instruments	294 991	425 701
Fair value on balance sheet	**400 624**	**716 739**

2.11.2 Derivative instruments per type of risk at 31 December 2018

(thousand MAD)

By risk type	Book value		Notional Amount
	Assets	Liabilities	
Exchange rate derivative instruments	47 542	84 145	35 821 084
Interest rate derivative instruments	56 562	32 949	24 621 797
Raw materials derivatives	6 917	3 985	386 874
Other derivative instruments		173 912	124 923
Total	**111 021**	**294 991**	**60 954 678**

2.12 Debts-financial institutions

2.12.1 Debts-financial institutions at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Financial institutions		
Accounts and borrowings	15 844 661	18 024 326
Securities pledged under repo agreement	31 391 411	19 551 878
Total	**47 236 071**	**37 576 203**
Related debt	78 783	75 399
Value on the balance sheet	**47 314 854**	**37 651 602**

	12/31/2018	01/01/2018
Intercompany operations		
Current accounts in credit	2 168 968	3 017 060
Accounts and long-term advances	24 021 345	25 654 975
Related debt	144 483	147 502

2.12.2 Breakdown of debts per remaining term at 31 December 2018

(thousand MAD)

	< = 3 months	Between 1 year and 5 years	Between 1 year and 5 years	>5 years	Total
Debts to financial institutions	43 366 610	1 738 686	1 366 447	764 328	47 236 071

2.13 Debts-customers

2.13.1 Amounts owing to Debts-customers at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Ordinary creditor accounts	239 132 310	226 664 757
Savings accounts	66 585 668	65 232 537
Other amounts owing to customers	22 710 135	17 637 538
Securities pledged under repo agreements	2 656 823	5 739 521
Total principal	**331 084 937**	**315 274 353**
Related debt	920 650	936 050
Value on the balance sheet	**332 005 586**	**316 210 403**

2.13.2 Breakdown of debts to customers by geographical area at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Morocco	241 343 116	229 791 216
North Africa	31 094 444	34 069 614
The WAEMU Region	34 316 213	30 228 060
The EMCCA Region	19 083 095	16 425 640
Europe	4 469 989	4 743 864
Others	778 079	15 960
Total principal	**331 084 937**	**315 274 353**
Related debt	920 650	936 050
Value on the balance sheet	**332 005 586**	**316 210 403**

2.13.3 Breakdown of debts to customers per economic operator at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Corporate entities	130 803 813	120 381 694
Including large enterprises	46 364 770	41 668 447
Private individuals	200 281 123	194 892 660
Total	**331 084 937**	**315 274 353**
Relevant debts	920 650	936 050
Net values on balance sheet	**332 005 586**	**316 210 403**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 December 2018

(thousand MAD)

	< = 3 months	Between 1 year and 5 years	Between 1 year and 5 years	>5 years	Total
Customer deposits	101 912 860	49 116 972	48 643 059	131 412 046	331 084 937

2.14 Debts represented by security and subordinated debts at 31 December 2018

(thousand MAD)

	12/31/2018	01/01/2018
Other debts represented by a security	**15 508 094**	**11 120 406**
Negotiable debt securities	15 468 327	11 050 883
Bond loans	39 768	69 523
Subordinated debts	**12 466 102**	**14 645 903**
Subordinated loan	12 466 102	14 645 903
with defined term	12 466 102	14 645 903
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**27 974 196**	**25 766 309**

2.15 General provisions at 31 December 2018

(thousand MAD)

	01/01/2018	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	12/31/2018
Provisions for risks in executing signature loans (*)	819 865		367 999		263 670	-9 286	914 908
Provisions for social benefit liabilities	523 741		99 631	58 519		-19 767	545 085
Other general provisions	1 102 748		254 115	12 075	183 093	-13 483	1 148 211
General provisions	**2 446 353**		**721 745**	**70 595**	**446 763**	**-42 536**	**2 608 204**

(*) see note 2.16

Contingent liabilities : Some Foreign Trade operations, initiated by Attijari bank Tunisie's clients, are currently under inspection by Tunisian authorities. At this stage, and based on the available information, Attijari bank Tunisie's responsibility is not incured.

2.16 Exposure at default and Expected credit loss by Bucket according to IFRS 9 at 31 December 2018

(thousand MAD)

12/31/2018	Exposure at Default			Expected Credit Loss			Coverage Ratio		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	**10 170 229**	**46 465**		**125 524**	**4 723**		**1,2%**	**10,2%**	
Loans & receivables Financial Institutions									
Loans & receivables Customers									
Debt instruments	10 170 229	46 465		125 524	4 723		1,2%	10,2%	
Financial assets at amortized cost	**318 621 655**	**29 353 140**	**22 347 052**	**2 196 282**	**4 324 893**	**14 848 124**	**0,7%**	**14,7%**	**66,4%**
Loans & receivables Financial Institutions	28 830 868		25 634	41 535		23 523	0,1%		91,8%
Loans & receivables Customers	274 806 614	29 142 012	22 321 418	2 082 332	4 303 435	14 824 601	0,8%	14,8%	66,4%
Debt instruments	14 984 173	211 128		72 415	21 459		0,5%	10,2%	
Total assets	**328 791 884**	**29 399 605**	**22 347 052**	**2 321 806**	**4 329 616**	**14 848 124**	**0,7%**	**14,7%**	**66,4%**
Off Balance Sheet items	125 989 278	10 340 805	849 238	477 910	267 271	169 727	0,4%	2,6%	20,0%
Total	**454 781 162**	**39 740 410**	**23 196 290**	**2 799 717**	**4 596 886**	**15 017 851**	**0,6%**	**11,6%**	**64,7%**

01/01/2018	Exposure at Default			Expected Credit Loss			Coverage Ratio		
	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3	Bucket 1	Bucket 2	Bucket 3
Financial assets at fair value through other comprehensive income	**14 591 991**	**654 141**		**193 684**	**49 779**		**1,3%**	**7,6%**	
Loans & receivables Financial Institutions									
Loans & receivables Customers									
Debt instruments	14 591 991	654 141		193 684	49 779		1,3%	7,6%	
Financial assets at amortized cost	**280 716 285**	**34 851 194**	**20 510 421**	**2 006 763**	**6 099 111**	**13 620 210**	**0,7%**	**17,5%**	**66,4%**
Loans & receivables Financial Institutions	25 286 890		23 994	19 286		23 994	0,1%		100,0%
Loans & receivables Customers	246 119 277	34 759 347	20 486 427	1 987 477	6 099 111	13 596 217	0,8%	17,5%	66,4%
Debt instruments	9 310 118	91 847					0,0%	0,0%	
Total assets	**295 308 276**	**35 505 335**	**20 510 421**	**2 200 447**	**6 148 890**	**13 620 210**	**0,7%**	**17,3%**	**66,4%**
Off Balance Sheet items	110 212 870	10 827 684	1 465 963	417 075	296 450	106 339	0,4%	2,7%	7,3%
Total	**405 521 146**	**46 333 019**	**21 976 384**	**2 617 523**	**6 445 341**	**13 726 549**	**0,6%**	**13,9%**	**62,5%**

2.17 Impaired outstanding amounts (Bucket 3) at 31 December 2018

(thousand MAD)

12/31/2018	12/31/2018		
	Outstanding amount Bucket 03		
	Gross Value	Expected Credit Loss	Net Value
Loans & receivables financial institutions	25 634	23 523	2 111
Loans & receivables customers	22 321 418	14 824 601	7 496 817
Debt instruments			
Total impaired outstanding amount at amortized cost (Bucket 3)	**22 347 052**	**14 848 124**	**7 498 928**
Total impaired off-balance sheet commitements (Bucket 3)	**849 238**	**169 727**	**679 512**

01/01/2018	01/01/2018		
	Outstanding amount Bucket 03		
	Gross Value	Expected Credit Loss	Net Value
Loans & receivables financial institutions	23 994	23 994	
Loans & receivables customers	20 486 427	13 596 217	6 890 210
Debt instruments			
Total impaired outstanding amount at amortized cost (Bucket 3)	**20 510 421**	**13 620 211**	**6 890 210**
Total impaired off-balance sheet commitements (Bucket 3)	**1 465 963**	**106 339**	**1 359 624**

2.18 Securities at amortized cost at 31 December 2018

(thousand MAD)

SECURITIES AT AMORTIZED COST	12/31/2018	01/01/2018
Treasury bills and similar securities	11 880 666	9 088 383
Bonds and other fixed income securities	3 314 635	313 581
Total	**15 195 301**	**9 401 965**
Impairment (*)	93 873	
Total	**15 101 428**	**9 401 965**

3- NOTES TO THE INCOME STATEMENT

3.1 Net interest margin at 31 December 2018

(thousand MAD)

	12/31/2018			12/31/2017		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**17 576 789**	**4 203 413**	**13 373 376**	**16 107 876**	**3 678 349**	**12 429 528**
Accounts and loans/borrowings	16 668 838	4 007 491	12 661 347	15 106 788	3 528 175	11 578 613
Repurchase agreements	2 177	195 922	-193 746	1 399	150 174	-148 775
Leasing activities	905 774		905 774	999 689		999 689
Inter-bank transactions	**700 064**	**1 584 410**	**-884 345**	**652 094**	**1 192 819**	**-540 725**
Accounts and loans/borrowings	699 592	1 461 125	-761 533	652 094	1 100 354	-448 260
Repurchase agreements	472	123 285	-122 812		92 466	-92 466
Debt issued by the group		**1 128 335**	**-1 128 335**		**1 039 686**	**-1 039 686**
Available-for-sale assets	**2 634 000**		**2 634 000**	**2 059 209**		**2 059 209**
Total interest margin	**20 910 854**	**6 916 158**	**13 994 695**	**18 819 180**	**5 910 854**	**12 908 326**

3.2 Margin on comissions at 31 December 2018

(thousand MAD)

	Income	Expenses	Net
Net comissions transactions	**2 480 395**	**116 486**	**2 363 908**
With financial institutions	142 001	89 068	52 933
With customers	1 600 740		1 600 740
On securities	132 073	12 197	119 876
On foreign exchange	119 554	9 780	109 774
On forward financial instruments and other off-balance sheet transactions	486 026	5 442	480 585
Banking and financial services	**3 355 930**	**685 490**	**2 670 440**
Net income from mutual fund management (UCITS)	382 491	27 212	355 279
Net income from payment services	1 886 412	581 180	1 305 232
Insurance	19 404		19 404
Other services	1 067 623	77 098	990 525
Net fee Income	**5 836 324**	**801 976**	**5 034 348**

3.3 Net gains and losses on financial instrument at fair price per profit or loss at 31 December 2018

(thousand MAD)

	12/31/2018
Fixed income securities	1 214 841
Variable income securities	497 847
Derivative financial instruments	67 244
Reassessment of over the counter foreign currency cash positions	1 335 132
Total	**3 115 065**

Net gains and losses on financial instrument at fair price per profit or loss at 31 December 2017

(thousand MAD)

	12/31/2017
Fixed income securities	1 853 593
Variable income securities	208 009
Derivative financial instruments	1 038 479
Reassessment of over the counter foreign currency cash positions	229 602
Total	**3 329 684**

3.4 Net gain on Financial assets at fair value through other comprehensive income at 31 December 2018

(thousand MAD)

	12/31/2018
Income from variable income securities	**491 728**
Income from transfers	**248 104**
Value added	290 642
Loss in value	-42 538
Gains and losses in value of variable income securities	**-14 023**
Total	**725 810**

Net gains or losses on financial assets available for sale at 31 December 2017

(thousand MAD)

	12/31/2017
Income from variable income securities	**423 113**
Income from transfers	**86 880**
Value added	160 004
Loss in value	-73 124
Gains and losses in value of variable income securities	**66 117**
Total	**576 110**

3.5 Income and expenses from other activities at 31 December 2018

(thousand MAD)

	12/31/2018			12/31/2017		
	Income	Expenses	Nets	Income	Expenses	Nets
Net income from insurance	8 154 242	8 300 667	-146 425	7 375 945	7 328 238	47 708
Net income from investment property	49 063		49 063	59 559		59 559
Net income from fixed assets rented outright	17 729	181	17 548	346		346
Other income	478 066	897 454	-419 389	489 918	553 871	-63 953
Total of interest income and expenses or equivalent	**8 699 100**	**9 198 302**	**-499 202**	**7 925 769**	**7 882 109**	**43 660**

3.6 Net income from insurance activity at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Gross premiums acquired	8 817 756	8 007 358
Variation in technical provisions	-3 386 710	-2 372 873
Contract service expenses	-5 649 209	-5 166 586
Net expenses or income from reassurance transfers	71 737	-420 191
Total	**-146 425**	**47 708**

3.7 Cost of risk at 31 December 2018

(thousand MAD)

	12/31/2018
Additional provisions	**-5 362 042**
Provisions for loan impairment	-5 023 937
Provisions for securities impairement	-83 989
Other general provisions	-254 115
Provision	**5 396 283**
Provision for loan impairment	5 093 062
Provisions for securities impairement	108 052
Provision for other general provisions	195 169
Change in provisions	**34 241**
Losses on write-off loans	-1 877 038
Amounts recovered on impaired loans and advances	136 290
Other losses	-17 059
Total	**-1 723 565**

3.8 Net gains or losses on other assets at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Operating tangible and intangible fixed assets		
Value added from transfers	59 060	39 171
Loss in value transfers	-6 418	-15 810
Net gains or losses on other assets	**52 642**	**23 361**

4. INFORMATION PER CENTER OF ACTIVITIES

Attijariwafa bank's information by business activity is presented as follows:

- **Domestic banking, europe and offshore comprising** Attijariwafa bank SA, Attijariwafa bank Europe, Attijari international bank and holding companies incorporating the group's investments in the group's consolidated subsidiaries;
- **Specialised Financial Subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International Retail Banking** activities comprising Attijari bank tunisie and the banks located in Sub-Saharan Africa;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET DECEMBER 2018	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	TOTAL
Balance sheet	**315 262 044**	**35 099 483**	**40 530 830**	**119 033 358**	**509 925 715**
including					
Assets					
Financial assets at fair value through profit or loss (FV P&L)	58 863 348	80 484		2 623 446	**61 567 279**
Financial assets at fair value through other comprehensive income	1 592 202	126 360	30 776 229	10 695 943	**43 190 734**
Financial assets at amortized cost	9 242 124	12 500		5 846 804	**15 101 428**
Loans & receivables Financial Institutions	18 469 333	800 967	54 316	9 466 827	**28 791 443**
Loans & receivables Customers	204 019 570	30 787 248	2 849 859	67 403 000	**305 059 677**
Property, plant, equipment	2 904 155	627 276	170 932	1 985 360	**5 687 723**
Debts-Financial Institutions					
Debts-Financial Institutions amount owing to Financial Institutions and similar establishments	37 846 409	2 458 134	555	7 009 755	**47 314 854**
Customers deposits	239 899 905	5 041 976	3 226	87 060 480	**332 005 586**
Subordinated funds, special guarantee funds			33 639 357		**33 639 357**
Subordinated debts	11 042 935	453 696		969 471	**12 466 102**
Shareholders' equity	38 773 107	2 761 296	4 324 978	4 612 012	**50 471 394**

Income statement December 2018	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	Eliminations	TOTAL
Interest margin	7 300 009	1 155 297	741 916	4 928 171	-130 698	**13 994 695**
Net fee income	2 461 514	934 667	-26 448	2 188 477	-523 862	**5 034 348**
Net banking income	11 491 287	2 418 885	1 063 045	7 813 787	-416 288	**22 370 716**
Net operating income	4 929 740	848 296	596 193	3 689 916	-416 288	**9 647 858**
Operating income	5 272 782	1 095 982	290 482	3 274 798		**9 934 043**
Net income	3 390 704	686 705	314 200	2 343 596		**6 735 205**
Net income group share	3 363 642	545 500	128 226	1 668 762		**5 706 129**

5. FINANCING COMMITMENTS AND GUARANTEES

5.1 Financing commitments at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Financing commitments given	65 002 129	56 284 528
Financing commitments received	1 448 894	497 547

5.2 Guarantee commitments at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
Guarantees commitments given	72 177 192	66 221 989
Guarantees commitments received	48 698 119	44 268 810

6. COMPLEMENTARY INFORMATION :

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated are conducted under the market conditions prevailing at the time of completion.

6.1.1 Relationship between group consolidated companies at 31 December 2018

(thousand MAD)

	Entreprises consolidées par intégration gobale
Assets	**27 653 951**
Loans, advances and securities	27 171 623
Ordinary accounts	3 253 538
Loans	23 918 086
Securities	
Miscellaneous assets	
Other assets	482 328
Total	**27 653 951**
Liabilities	**27 653 951**
Deposits	27 097 228
Ordinary accounts	2 931 400
Other loans	24 165 828
Debts represented by security	**74 395**
Miscellaneous liabilities	**482 328**
Total	**27 653 951**
Financing and guarantee commitments	
Commitments given	11 462 257
Commitments received	11 462 257

6.1.2 Income items regarding operations conducted with associated parties at 31 December 2018

(thousand MAD)

	Entreprises consolidées par intégration gobale
Interest and equivalent income	764 817
Interest and equivalent expenses	634 119
Commissions (income)	635 476
Commissions (expenses)	111 614
Income from other activities	373 780
Expenses from other activities	668 165
Other expenses	416 288

Relationships with members of administrative and management bodies:

In 2018, 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 2018 came to MAD 121.04 million. Loans to these members came to MAD 151.98 million at the end of 2018.

6.2 Wafa assurance

(thousand MAD)

Balance sheet	12/31/2018	12/31/2017
Assets		
Assets available for sale	22 390 832	21 073 284
Loans and debts to credit institutions and equivalent	50 970	166 158
Loans and debts to customers	2 688 999	2 751 038
Tangible fixed assets	146 492	226 176
Debts to credit institutions and equivalent		
Insurance contract technical provisions	32 585 789	28 634 562
Shareholders equity	3 867 050	4 250 913

Income statement	12/31/2018	12/31/2017
Interest margin	490 092	512 571
Margin on commissions	-22 663	-20 657
Net income from other activities	-177 798	227 117
Net banking income	693 783	1 164 674
Operating expenses	-631 374	-663 572
Operating income	-99 229	332 991
Net income	-42 673	238 918
Net income group share	-16 918	94 717

7. OTHER COMPLEMENTARY INFORMATON:

7.1 Certificates of deposit and finance company bonds issued during 2018:

The certificates of Deposits outstanding amounted, as of December 2018, to MAD 10.4 billion.

During 2018, MAD 7.4 billion has been issued with a maturity comprised between 13 and 52 weeks and rates between 2.46% and 13%.

The outstanding of Finance Company bonds totaled MAD 4.9 billion as of December 2018.

During 2018, MAD 2.1 billion of Finance Company Bonds has been issued with a maturity comprised between 1 and 6 years and rates between 2.28% and 3.36%.

7.2 Subordinated debts issued during 2018:

In 2018, the Attijariwafa bank group closed the issue five subordinated bonds.

The first subordinated loan was issued by Attijariwafa bank on June 19, 2018 for an amount of MAD1.5 billion. It is split up in 15,000 bonds with a nominal value of MAD100,000 and maturity of 7 years. It is divided into six tranches, four of which are listed on the Casablanca Stock Exchange (tranches A, B, E and F), and the other two not listed (tranches C and D).

The nominal interest rate for Tranches A and C is fixed with repayment of the principal and amounts to 2.97% increased by one risk premium of 60 basis points or 3.57%. The nominal interest rate relating to tranches E and F is fixed with repayment of the principal on the based on constant straight-line depreciation and is 2.81% increased a risk premium of 55 basis points or 3.32%. For tranches B and D, the rate is subject to annual review and is fixed at 2.38% increased a risk premium of 55 basis points or 2.93%.

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

(in thousand MAD)

	Section A	Section B	Section C	Section D	Section E	Section F
Amount withheld	18 200	1 091 800	-	-	60 000	330 000

The second perpetual loan was issued by Attijariwafa bank on December 27 2018 for an amount of MAD500 million.

It is split into 5,000 bonds with a nominal value of MAD100, 000. He is broken down into two unlisted tranches (A and B).

The nominal interest rate on section A is adjustable every 10 years and amounts to 5.98% including a risk premium of 260 basis points. The one who applicable to Tranche B is subject to annual review and amounts to 4.79%. including a risk premium of 235 basis points.

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

(thousand MAD)

	Section A	Section B
Amount withheld	100 000	400 000

The third loan issued by Compagnie Bancaire de l'Afrique de l'Ouest on 7 December 2018 in the order of CFAF 10 billion, it was split in 200 bonds with a nominal value of CFAF 50 million and a maturity of 7 years with a yield of 7.5% per year.

The fourth loan issued by the Ivorian Banking Corporation on 7 December 2018 in the order of CFAF 10 billion, it is split into 200 bonds with a nominal value of CFAF 50 million and a maturity of 7 years with a yield of 7.5% per year.

The fifth loan contracted by Attijari Bank Tunisia on 31 December 2018 in the order of 68.6 million TND has a maturity of 7 years with 2 years of grace and a yield of 3.40% per year.

7.3 Capital and income per share

7.3.1 Number of shares and per values

During 2018 , Attijariwafa bank's capital was increased to MAD2,098,596,790 compared to MAD2,035,272,260 in 2017 due to a capital increase reserved for Group employees. This capital increase concerned 6,332,453 shares. The share capital thus consists of 209,859,679 shares with a nominal value of MAD10.

7.3.2 Attijariwafa bank shares held by the Group

At the end of December 2018, the Attijariwafa bank group held 13,226,583 Attijariwafa bank shares representing a total amount of 2,461 million of MAD which is deducted from 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)

	12/31/2018	12/31/2017
Earnings per share	27,19	26,49
Diluted earnings per share	27,19	26,49

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:

	12/31/2018	12/31/2017
Start of period	01 January 2018	01 January 2017
End of period	31 December 2018	31 December 2017
Discount rate	4,15%	4,16%
Rate of salary increase	4,00%	4,00%
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows:

change in the actuarial debt	12/31/2018	12/31/2017
Actuarial liability N-1	**523 741**	**500 446**
Current service cost	87 307	108 858
Discounting effect	8 514	3 302
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	-	-
Termination benefits	-71 151	-81 609
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	-3 326	-7 256
Actuarial liability N	**545 086**	**523 741**

expense recognized	12/31/2018	12/31/2017
Current service cost	-87 307	-108 858
Discounting effect	-8 514	-3 302
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	11 836	47 251
Net expense recognized in profit or loss	**-83 986**	**-64 909**

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	99.78%	99.78%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	83.01%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank			(2)		Mali	IG	66.30%	66.30%
CREDIT DU SENEGAL	Bank					Senegal	IG	95.00%	95.00%
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58.71%	58.71%
CREDIT DU CONGO	Bank					Congo	IG	91.00%	91.00%
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	67.00%	67.00%
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank					Cameroon	IG	51.00%	51.00%
ATTIJARIBANK MAURITANIE	Bank					Mauritania	IG	80.00%	53.60%
BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO	Bank		(2)			Togo	IG	56.76%	56.76%
ATTIJARIWAFA BANK EGYPT	Bank	(1)				Egypt	IG	100.00%	100.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Leasing					Morocco	IG	98.10%	98.10%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	100.00%	100.00%
WAFA CASH	Cash activities					Morocco	IG	100.00%	100.00%
WAFA LLD	long-term rentals					Morocco	IG	100.00%	100.00%
ATTIJARI FINANCES CORP.	investment bank					Morocco	IG	100.00%	100.00%
WAFA GESTION	Asset management					Morocco	IG	66.00%	66.00%
ATTIJARI INTERMEDIATION	SM intermediation					Morocco	IG	100.00%	100.00%
FCP SECURITE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	39.65%	39.65%
WAFA ASSURANCE	insurance					Morocco	IG	39.65%	39.65%
ATTIJARI ASSURANCE TUNISIE	insurance				(3)	Tunisia	IG	58.98%	50.28%
WAFA IMMA ASSISTANCE	insurance				(3)	Morocco	IG	72.15%	45.39%
BCM CORPORATION	holding Company					Morocco	IG	100.00%	100.00%
OGM	holding Company					Morocco	IG	50.00%	50.00%
ANDALUCARTHAGE	holding Company					Morocco	IG	100.00%	100.00%
KASOVI	holding Company					Mauritius	IG	100.00%	100.00%
SAF	holding Company					France	IG	99.82%	99.82%
FILAF	holding Company					Senegal	IG	100.00%	100.00%
CAFIN	holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	holding Company					France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	holding Company					France	IG	67.00%	67.00%
ATTIJARI IVOIRE	holding Company	(4)				Morocco	IG	66.67%	66.67%
MOUSSAFIR	hospitality industry					Morocco	MEE	33.34%	33.34%
ATTIJARI SICAR	risk capital					Tunisia	IG	69.06%	40.73%
PANORAMA	real estate company					Morocco	IG	39.65%	39.65%
SOCIETE IMMOBILIERE TOGO LOME	real estate company					Togo	IG	100.00%	100.00%

(A) Movements occurring in first half of 2017	1 - Acquisition	6 - Merger between consolidated entities
(B) Movements occurring in second half of 2017	2 - Creation, crossing threshold	7 - Change in method - Equity method to global integration
(C) Movements occurring in first half of of 2018	3 - Entry into IFRS perimeter	8- Change in method - Equity method to proportional integration
(D) Movements occurring in second half of 2018	4 - Disposal	9 - Reconsolidation
	5 - Deconsolidation	

Parent-company Financial statements

General report of the statutory auditors

Parent-company Financial statements at 31 December 2018

Deloitte.
Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

EY
Building a better working world
37, Bd Abdellatif Ben Kaddour
20 050 Casablanca - Maroc

GROUP ATTIJARIWAFA BANK

GENERAL REPORT OF THE STATUTORY AUDITORS
AT 31 DECEMBER 2018

In accordance with the mission granted us by the General Meeting , we have audited the parent company financial statements of ATTIJARIWAFA BANK. The financial statements comprise the balance sheet, off-balance-sheet items, the income statement, the management accounting statement, the cash flow statement, and notes to the financial statements for the year ended December 31, 2018. The financial statements show shareholders' equity of MAD 52,540,499 thousand and net income of MAD 4,603,983 thousand.

Management's responsibility

Management is responsible for the preparation and faithful presentation of these financial statements, in accordance with accounting principles applicable in Morocco. This responsibility includes the planning, implementation, and monitoring of internal controls for the preparation and presentation of financial statements that are free of material misstatements due either to fraud or to error, and for the establishment of accounting estimates that are appropriate to the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements on the basis of our audit. We conducted our audit in accordance with accounting standards applicable in Morocco. These standards require that we comply with ethical policies and that we plan and perform the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit entails the performance of procedures used to obtain audit evidence with regard to the amounts and disclosures contained in the financial statements. The procedures chosen depend on the auditor's judgment, as does the assessment of risk that the financial statements contain material misstatements due either to fraud or to error.

In establishing these risk assessments, the auditor takes into consideration the entity's internal controls in force for the preparation and presentation of the financial statements, in order to define audit procedures that are appropriate to the circumstances, but not to state an opinion on the effectiveness of the internal controls. An audit also includes an evaluation of the appropriateness of the accounting methods used, an opinion on the reasonableness of accounting estimates made by management, and an assessment of the overall presentation of the financial statements.

We believe that the evidence obtained from our audit is adequate and appropriate as a basis for our opinion.

Opinion on the financial statements

We hereby certify that the financial statements mentioned in the first paragraph above provide in all material aspects a true and fair view of the operating results, financial position, and assets of ATTIJARIWAFA BANK Group as at December 31, 2018, in accordance with accounting standards applicable in Morocco.

Specific procedures and disclosures

We have also carried out specific procedures required by Moroccan law, and we have verified that information provided in the Board of Directors' management report to shareholders is consistent with the Company's financial statements.

Furthermore, in accordance with article 172 of Law 17-95 as amended and supplemented, we bring to your attention that the bank, during 2018, has:

- The creation of the subsidiary ATTIJARI GLOBAL RESEARCH for an amount of KMAD 1,000 held 100% by Attijariwafa bank;
- The creation of the subsidiary ATTIJARI AFRICA HOLDING for an amount of KMAD 300, 100% owned by Attijariwafa bank;
- The additional acquisition of a 15.3% stake in BANQUE INTERNATIONALE POUR LE MALI, bringing the total amount of the stake to KMAD 829,212; held to 66.3% by Attijariwafa bank.

Casablanca, April 25, 2019

The Statutory Auditors

DELOITTE AUDIT

Fawzi BRITEL
Associé

ERNST & YOUNG

BACHIR TAZI
ASSOCIÉ

FINANCIAL STATEMENTS

Parent-company Financial statements at 31 December 2018

1. Presentation

Attijariwafa bank is a Moroccan company governed by common law. The financial statements comprise the accounts of head office as well as branches in Morocco and overseas, including the branch offices in Brussels. Material intra-group transactions and balances between Moroccan entities and overseas branches have been eliminated.

2. General principles

The financial statements are prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Attijariwafa bank's financial statements complies with the Credit Institution Accounting Plan.

3. Loans and signature loans

General presentation of loans

- Loans and advances to credit institutions and customers are classified according to their initial maturity and type:

- Sight and term loans in the case of credit institutions;
- Short-term loans, equipment loans, consumer loans, mortgage loans and other loans for customers.

- Signature loans accounted for off-balance sheet relate to transactions which have not yet given rise to cash movements such as irrevocable commitments for the undrawn portion of facilities made available to credit institutions and customers or guarantees given;
- Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers);
- Interest accrued on these loans is recorded under related loans and booked to the income statement.

Non-performing loans on customers

- Non-performing loans on customers are recorded and valued in accordance with prevailing banking regulations.

The main measures applied are summarised as follows:

- Non-performing loans are classified as sub-standard, doubtful or impaired depending on the level of risk;

After deducting the guarantee portion as required by prevailing regulations, provisions for non-performing loans are made as follows:

- 20% for sub-standard loans;
- 50% for doubtful loans;
- 100% for impaired loans.

- Provisions made relating to credit risks are deducted from the asset classes in question. As soon as loans are classified as non-performing, interest is no longer accrued but is recognised as income when received;
- Losses on irrecoverable loans are booked when the possibility of recovering the non-performing loans is deemed to be zero;
- Provisions for non-performing loans are written-back on any positive development in respect of the non-performing loans in question, such as partial or full repayment or a restructuring of the debt with partial repayment.
- The bank has written off non-performing loans using provisions set aside for this purpose.

4. Amounts owing to credit institutions and customers

Amounts owing to credit institutions and customers are presented in the financial statements according to their initial maturity and type:

- Sight and term borrowings in the case of credit institutions;
- Current accounts in credit, savings accounts, terms deposits and other customer accounts in credit in the case of customers.

Repo transactions, involving shares or other securities, are recorded under the different loan categories (credit institutions or customers), depending on the counterparty;

Interest accrued on these loans is recorded under related borrowings and booked to the income statement.

5. Securities portfolio

5.1. General presentation

Securities transactions are booked and valued in accordance with the Plan Comptable des Etablissements de Crédit.

Securities are classified as a function of their legal characteristics (debt security or equity security) and the purpose for which they are acquired (trading securities, available-for-sale securities, investment securities and investments in affiliates).

5.2. Trading securities

Trading securities are securities which are highly liquid and are acquired with the intention of being resold in the very near future. These securities are recorded at cost (including coupon). At the end of each period, the difference between this value and their market value is recognised directly in the income statement.

5.3. Available-for-sale securities

Available-for-sale securities are securities acquired with the intention of being held for at least 6 months, except for fixed income securities intended to be held until maturity. AFS securities comprise all securities that do not satisfy the criteria required to be classified in another category.

Debt securities are booked excluding accrued interest. The difference between their purchase price and redemption price is amortized over the security's remaining life.

Equities are recorded at cost less acquisition expenses.

At the end of each period, a provision for impairment is made for any negative difference between a security's market value and carrying amount. Unrealised gains are not booked.

5.4. Investment securities

Investment securities are debt securities which are acquired, or which come from another category of securities, with the intention of being held until maturity for the purpose of generating regular income over a long period.

These securities are recorded at cost less acquisition expenses. The difference between their purchase price and redemption price is amortized over the security's remaining life.

At the end of each period, these securities are recorded at cost,

regardless of their market value. Unrealised profit or loss is therefore not recognised.

5.5. Investments in affiliates

This category comprises securities whose long-term ownership is deemed useful to the Bank.

At the end of each period, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

5.6. Repos with physical delivery

This category comprises securities which are expected to be useful to the bank if held over the long term.

At the end of each period, their value is estimated on the basis of generally accepted criteria such as useful value, share of net assets, future outlook for earnings and share price. Only unrealised losses give rise to provisions for impairment on a case-by-case basis.

6. Foreign currency-denominated transactions

Foreign currency-denominated loans, amounts owing and signature loans are translated into dirhams at the average exchange rate prevailing on the balance sheet date.

Any foreign exchange difference on contributions from overseas branches and on foreign currency-denominated borrowings for hedging exchange rate risk is recorded in the balance sheet under "Other assets" or "Other liabilities" as appropriate. Any translation difference arising on translation of long-term investment securities acquired in a foreign currency is recorded as a translation difference for each category of security in question.

Any foreign exchange difference on any other foreign currency account is posted to the income statement. Income and expenses in foreign currency are translated at the exchange rate prevailing on the day they are booked.

7. Translation of financial statements drawn up in foreign currencies

The «closing rate» method is used to translate foreign currency- denominated financial statements.

Translation of balance sheet and off-balance sheet items

All assets, liabilities and off-balance sheet items of foreign entities (Brussels branch offices) are translated at the exchange rate prevailing on the balance sheet date.

Shareholders' equity (excluding net income for the current period) is valued at different historical rates. Any difference arising on restatement (closing rate less historical rate) is recorded in shareholders' equity under «Translation differences».

Translation of income statement items

All income statement items are translated at the average exchange rate over the year except for depreciation and amortisation expenses, which are translated at the closing rate.

8. General provisions

These provisions are made, at the discretion of the management, to address future risks which cannot be currently identified or accurately measured relating to the banking activity.

Provisions made qualify for a tax write-back.

9. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recorded in the balance sheet at cost less accumulated depreciation and amortisation, calculated using the straight line method over the estimated use life of the assets in question.

Intangible assets are categorised as operating or non-operating assets and are amortized over the following periods:

Type	***Amortisation period***
- Lease rights	not amortized
- Patents and brands	N/A
- Research and development	N/A
- IT software	6.67 years
- Other items of goodwill	5 years

Property, plant and equipement are categorised as operating or non-operating assets and are amortized over the following periods :

Type	***Amortisation period***
- Land	not depreciated
- Operating premises	25 years
- Office furniture	6.67 years
- IT hardware	6.67 years
- Vehicles	5 years
- Fixtures, fittings and equipment	6.67 years

10. Deferred expenses

Deferred expenses are expenses which, given their size and nature, are likely to relate to more than one period.

Deferred expenses are amortized over the following periods:

Type	***Amortisation period***
-Start-up costs	3 years
- Expenses incurred in acquiring fixed assets	5 years
- Bond issuance expenses	N/A
- Premiums paid on issuing or redeeming debt securities	N/A
- Other deferred expenses	3-5 years on a case by case basis

11. Recognition of interest and fees in the income statement

Interest

Income and expenses calculated on principal amounts actually lent or borrowed are considered as interest.

Income and expenses calculated on a prorata temporis basis which remunerate a risk are considered as similar income or expenses. This category includes fees on guarantee and financing commitments (guarantees, documentary credits etc.).

Interest accrued on principal amounts actually lent or borrowed is booked under related loans or debt with an offsetting entry in the income statement entry.

Similar income or expenses are recorded under income or expenses when invoiced.

Fees

Income and expenses, calculated on a flat-rate basis for a service provided, are recorded under fees when invoiced.

12. Non-recurring items of income and expenditure

They consist exclusively of income and expenses arising on an exceptional basis and are, in principle, rare in that they are unusual in nature or occur infrequently.

FINANCIAL STATEMENTS

Parent-company Financial statements at 31 December 2018

BALANCE SHEET at 31 December 2018

(thousand MAD)

Assets	12/31/2018	12/31/2017
Cash and balances with central banks, the treasury and post office accounts	**8 093 723**	**9 142 735**
Loans and advances to credit institutions and similar establishments	**33 042 666**	**35 621 804**
. Sight	4 036 029	6 724 299
. Term	29 006 636	28 897 505
Loans and advances to customers	**192 683 277**	**179 237 875**
. Short-term loans and consumer loans	54 226 667	46 406 692
. Equipment loans	65 803 335	62 898 671
. Mortgage loans	60 953 282	59 194 993
. Other loans	11 699 993	10 737 519
Receivables acquired through factoring	**10 861 011**	**1**
Trading securities and available-for-sale securities	**66 340 133**	**59 555 810**
. Treasury bills and similar securities	44 914 479	38 338 338
. Other debt securities	6 130 636	6 092 873
. Fixed income Funds	15 106 219	15 124 599
. Sukuk Certificates	188 799	
Other assets	**5 486 261**	**3 782 194**
Investment securities	**8 751 621**	**6 840 219**
. Treasury bills and similar securities	8 751 621	6 840 219
. Other debt securities	-	-
. Sukuk Certificates		
Investments in affiliates and other long-term investments	**18 832 707**	**19 104 819**
. Investments in affiliates compagnies	17 828 403	18 062 065
. Other and similar investments	1 004 304	1 042 754
. Moudaraba and mourabaha securities		
Subordinated loans	**-**	**-**
Investments in affiliates and Investment deposits given		
Leased and rented assets	**672 004**	**395 093**
Fixed assets given in Ijara		
Intangible assets	**2 121 303**	**2 087 698**
Property, plant and equipment	**3 735 375**	**3 602 994**
Total Assets	**350 620 082**	**319 371 242**

Liabilities	12/31/2018	12/31/2017
Amounts owing to central banks, the treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**38 672 841**	**27 432 674**
. Sight	4 009 934	6 578 787
. Term	34 662 907	20 853 887
Customer deposits	**234 507 882**	**225 368 841**
. Current accounts in credit	148 095 873	145 722 889
. Savings accounts	28 537 587	27 988 582
. Term deposits	43 595 847	41 552 032
. Other accounts in credit	14 278 574	10 105 338
Debts to customers on participatory financing		
Debt securities issued	**8 547 047**	**5 878 938**
. Negociable debt securities	8 547 047	5 878 938
. Bonds	-	-
. other debt securities issued	-	-
Other liabilities	**12 788 959**	**7 080 313**
General provisions	**3 562 853**	**3 253 154**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**11 042 935**	**13 319 651**
Investment deposits received		
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**34 794 175**	**30 843 500**
Share capital	**2 098 597**	**2 035 272**
Shareholders, unpaid share capital (-)		**-**
Retained earnings (+/-)	**389**	**468**
Net income to be allocated (+/-)	**-**	**-**
Net income for the financial year (+/-)	**4 603 983**	**4 158 011**
Total liabilities	**350 620 082**	**319 371 242**

OFF-BALANCE SHEET at 31 December 2018

(thousand MAD)

Off-balance	12/31/2018	12/31/2017
COMMITMENTS GIVEN	**123 833 122**	**117 502 012**
Financing commitments given to credit institutions and similar establishments	1 837 664	4 574 906
Financing commitments given to customers	58 887 163	50 599 636
Guarantees given to credit institutions and similar establishments	13 662 949	15 990 395
Guarantees given to customers	49 342 317	46 333 931
Securities purchased with repurchase agreement	-	-
Other securities to be delivered	103 029	3 144
COMMITMENTS RECEIVED	**19 187 978**	**20 405 162**
Financing commitments received from credit institutions and similar establishments	-	-
Guarantees received from credit institutions and similar establishments	18 730 675	20 008 772
Guarantees received from the State and other organisations providing guarantees	457 303	381 116
Securities sold with repurchase agreement	-	-
Other securities to be received	-	15 274

INCOME STATEMENT at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
OPERATING INCOME FROM BANKING ACTIVITIES	**18 203 195**	**17 721 190**
Interest and similar income from transactions with credit institutions	985 359	1 030 084
Interest and similar income from transactions with customers	9 590 741	8 926 121
Income from equity securities	256 799	305 196
Income from equity securities and Sukuk certificates	1 609 613	1 512 834
Income from Moudaraba and Moucharaka securities		
Income from lease-financed fixed assets	154 439	23 726
Income from fixed assets given in Ijara		
Fee income provided from services	1 805 981	1 635 220
Other banking income	3 800 263	4 288 009
Transfer of income on investment deposits received		
OPERATING EXPENSES ON BANKING ACTIVITIES	**6 016 640**	**6 218 466**
Interest and similar expenses on transactions with credit institutions	874 558	592 376
Interest and similar expenses on transactions with customers	2 412 919	2 451 394
Interest and similar expenses on debt securities issued	199 045	207 086
Expenses on Moudaraba and Moucharaka securities		
Expenses on lease-financed fixed assets	35 609	30 853
Expenses on fixed assets given in Ijara		
Other banking expenses	2 494 509	2 936 757
Transfer of income on investment deposits received		
NET BANKING INCOME	**12 186 555**	**11 502 724**
Non-banking operating income	96 123	52 074
Non-banking operating expenses	1 887	3 469
OPERATING EXPENSES	**4 717 433**	**4 507 747**
Staff costs	2 196 216	2 068 105
Taxes other than on income	147 475	122 812
External expenses	1 866 504	1 885 578
Other general operating expenses	59 581	18 863
Depreciation, amortisation and provisions	447 657	412 389
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 994 547**	**2 797 776**
Provisions for non-performing loans and signature loans	1 228 460	1 338 046
Losses on irrecoverable loans	1 336 332	970 324
Other provisions	429 755	489 406
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**1 911 212**	**2 045 997**
Provision write-backs for non-performing loans and signature loans	1 724 922	1 310 261
Amounts recovered on impaired loans	55 214	62 564
Other provision write-backs	131 076	673 172
INCOME FROM ORDINARY ACTIVITIES	**6 480 023**	**6 291 803**
Non-recurring income	12 167	695
Non-recurring expenses	13 222	530 893
PRE-TAX INCOME	**6 478 968**	**5 761 605**
Income tax	1 874 985	1 603 594
NET INCOME FOR THE FINANCIAL YEAR	**4 603 983**	**4 158 011**

MANAGEMENT ACCOUNTING STATEMENT at 31 December 2018

(thousand MAD)

I - RESULTS ANALYSIS	12/31/2018	12/31/2017
+ Interest and similar income	10 832 899	10 261 401
- Interest and similar expenses	3 486 522	3 250 857
NET INTEREST MARGIN	**7 346 377**	**7 010 544**
+ Income from lease-financed fixed assets		
- Expenses on lease-financed fixed assets		
NET INCOME FROM LEASING ACTIVITIES		
+ Fees received	154 439	23 726
- Fees paid	35 609	30 852
NET INCOME FROM LEASING ACTIVITIES	**118 830**	**-7 126**
+ Income from fixed assets given in Ijara		
- Expenses on fixed assets given in Ijara		
NET INCOME FROM IJARA ACTIVITIES		
+ Fees received	1 812 809	1 638 349
- Fees paid	483	1 315
NET FEE INCOME	**1 812 326**	**1 637 034**
+ Income from trading securities	1 678 495	1 629 182
+ Income from available-for-sale securities	3 752	-6 367
+ Income from foreign exchange activities	730 748	635 577
+ Income from derivatives activities	36 433	101 838
INCOME FROM MARKET ACTIVITIES	**2 449 429**	**2 360 230**
+ Result of Moudaraba and Moucharaka Securities Transactions		
+ Other banking income	1 611 763	1 527 680
- Other banking expenses	1 152 169	1 025 638
NET BANKING INCOME	**12 186 555**	**11 502 724**
+ Income from long-term investments	-23 376	257 041
+ Other non-banking operating income	96 123	52 075
- Other non-banking operating expenses	1 887	-
- General operating expenses	4 717 433	4 507 747
GROSS OPERATING INCOME	**7 539 982**	**7 304 093**
+ Net provisions for non-performing loans and signature loans	-784 657	-935 545
+ Other net provisions	-275 303	-76 744
NET OPERATING INCOME	**6 480 023**	**6 291 804**
NON OPERATING INCOME	**-1 055**	**-530 199**
- Income tax	1 874 985	1 603 594
NET INCOME FOR THE FINANCIAL YEAR	**4 603 983**	**4 158 011**

II- TOTAL CASH FLOW	12/31/2018	12/31/2017
+ NET INCOME FOR THE FINANCIAL YEAR	**4 603 983**	**4 158 011**
+ Depreciation, amortisation and provisions for fixed asset impairment	447 657	412 389
+ Provisions for impairment of long-term investments	28 264	44 086
+ General provisions	205 000	165 700
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	65 998	304 595
- Capital gains on disposal of fixed assets	50 607	16 942
+ Losses on disposal of fixed assets	1 887	-
- Capital gains on disposal of long-term investments	-	-
+ Losses on disposal of long-term investments		3 469
- Write-backs of investment subsidies received	-	-
+ TOTAL CASH FLOW	**5 170 185**	**4 462 118**
- Profits distributed	2 544 090	2 442 327
+ SELF-FINANCING	**2 696 096**	**2 019 791**

NON-PERFORMING CUSTOMER LOANS at 31 December 2018

(thousand MAD)

	Disbursed loans	Signature loans	Amount	Provisions for disbursed loans	Provisions for signature loans	Total
12/31/2018	11 938 516	694 974	12 633 490	7 721 934	311 072	8 033 006

SALES at 31 December 2018

(thousand MAD)

2018	2017	2016
18 203 195	17 721 190	21 639 862

CASH FLOW STATEMENT at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
1. (+) Operating income from banking activities	16 352 932	15 945 413
2. (+) Amounts recovered on impaired loans	55 214	62 564
3. (+) Non-banking operating income	57 683	35 827
4. (-) Operating expenses on banking activities (*)	-6 374 634	-7 261 907
5. (-) Non-banking operating expenses		
6. (-) General operating expenses	-4 269 776	-4 095 358
7. (-) Income tax	-1 874 985	-1 603 594
I. NET CASH FLOW FROM INCOME STATEMENT	**3 946 434**	**3 082 945**
Change in: 8. (±) Loans and advances to credit institutions and similar establishments	2 579 138	5 093 824
9. (±) Loans and advances to customers	-24 306 413	-4 311 176
10. (±) Trading securities and available-for-sale securities	-6 784 323	-13 434 724
11. (±) Other assets	-1 704 067	1 525 081
12. (±) Lease-financed fixed assets	-276 911	-156 128
13. (±) Amounts owing to credit institutions and similar establishments	11 240 167	5 640 558
14. (±) Customer deposits	9 139 041	16 535 188
15. (±) Debt securities issued	2 668 109	-1 713 460
16. (±) Other liabilities	5 708 646	-2 824 836
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**-1 736 613**	**6 354 327**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I + II)	**2 209 821**	**9 437 272**
17. (+) Income from the disposal of long-term investments	-1 496 647	-871 053
18. (+) Income from the disposal of fixed assets	259 296	35 018
19. (-) Acquisition of long-term investments	-166 019	-5 141 802
20. (-) Acquisition of fixed assets	-824 218	-979 869
21. (+) Interest received	240 619	262 944
22. (+) Dividends received	1 609 613	1 512 834
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-377 356**	**-5 181 928**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	-2 250 000	550 000
25. (+) Equity issuance	2 400 000	
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-487 385	-523 765
28. (-) Dividends paid	-2 544 090	-2 442 327
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-2 881 476**	**-2 416 092**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS	**-1 049 011**	**1 839 252**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**9 142 735**	**7 303 483**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**8 093 723**	**9 142 735**

(*) : including net provisions

STATEMENT OF DEPARTURES FROM STANDARD ACCOUNTING TREATMENT at 31 December 2018

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 2018

NATURE OF CHANGES	REASONS FOR DEPARTURES	IMPACT OF DEPARTURES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	Not applicable	Not applicable
II. Changes in rules of presentation	Not applicable	Not applicable

LOANS AND ADVANCES TO CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS at 31 December 2018

(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 12/31/2018	Total 12/31/2017
CURRENT ACCOUNTS IN DEBIT	**4 288 306**	**4 819**	**569 106**	**3 239 581**	**8 101 812**	**12 240 270**
NOTES RECEIVED AS SECURITY						
- overnight						
- term						
CASH LOANS			**13 045 632**	**2 330 780**	**15 376 412**	**14 872 393**
- overnight						
- term			13 045 632	2 330 780	15 376 412	14 872 393
FINANCIAL LOANS		**2 123 762**	**10 327 609**		**12 451 371**	**13 811 069**
OTHER LOANS		**1 216 806**	**12**	**630**	**1 217 448**	**46 042**
INTEREST ACCRUED AWAITING RECEIPT		**18 754**	**165 175**		**183 929**	**217 092**
NON-PERFORMING LOANS						
TOTAL	**4 288 306**	**3 364 141**	**24 107 534**	**5 570 991**	**37 330 972**	**41 186 866**

LOANS AND ADVANCES TO CUSTOMERS at 31 December 2018

(thousand MAD)

LOANS AND ADVANCES	public sector	private sector			Total 12/31/2018	Total 12/31/2017
		Financial companies	non-financial companies	other customers		
SHORT-TERM LOANS	**1 060 471**	**4 787 478**	**34 295 865**	**2 157 900**	**42 301 714**	**35 487 690**
- Current accounts in debit	278 086	4 787 478	13 425 394	1 550 964	20 041 922	14 713 529
- Commercial loans within Morocco			4 949 304		4 949 304	4 865 371
- Export loans			348 222	85 578	433 800	470 739
- Other cash loans	782 385		15 572 945	521 358	16 876 688	15 438 051
CONSUMER LOANS			**351 532**	**11 066 105**	**11 417 637**	**10 388 318**
EQUIPMENT LOANS	**39 520 601**		**24 441 957**	**861 830**	**64 824 388**	**61 960 852**
MORTGAGE LOANS	**139 095**		**9 306 733**	**51 502 665**	**60 948 493**	**59 192 710**
OTHER LOANS	**3 333**	**5 254 157**	**2 160 924**	**59 836**	**7 478 250**	**7 693 221**
RECEIVABLES ACQUIRED THROUGH FACTORING	**10 777 337**				**10 777 337**	**1**
INTEREST ACCRUED AWAITING RECEIPT	**767 847**	**34 445**	**645 327**	**132 268**	**1 579 887**	**1 475 069**
NON-PERFORMING LOANS		**55 643**	**1 674 254**	**2 486 686**	**4 216 582**	**3 040 014**
- Sub-standard loans			120	19	139	196
- Doubtful loans			13 190		13 190	6 866
- Impaired loans		55 643	1 660 944	2 486 667	4 203 253	3 032 952
TOTAL	**52 268 684**	**10 131 723**	**72 876 592**	**68 267 290**	**203 544 288**	**179 237 875**

BREAKDOWN OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES BY CATEGORY OF ISSUER at 31 December 2018

(thousand MAD)

SECURITIES	CREDIT INSTITUTIONS AND SIMILAR ESTA-BLISHMENTS	PUBLIC ISSUERS	PRIVATE ISSUERS		12/31/2018	12/31/2017
			FINANCIAL COMPANIES	NON-FINANCIAL COMPANIES		
LISTED SECURITIES	**15 642**	**-**	**15 011 579**	**62 371**	**15 089 592**	**15 107 702**
. Treasury bills and similar instruments					-	-
. Bonds					-	-
. Other debt securities					-	-
. Fixed income Funds	15 642		15 011 579	62 371	15 089 592	15 107 702
. Sukuk Certificates						
UNLISTED SECURITIES	**2 765 304**	**56 946 393**	**1 578**	**126 511**	**59 839 786**	**51 106 637**
. Treasury bills and similar instruments	-	53 433 193			53 433 193	44 999 735
. Bonds	12 188	74 606		120 231	207 025	516 840
. Other debt securities	2 752 445	3 241 698			5 994 143	5 573 165
. Fixed income Funds	671	8 097	1 578	6 280	16 626	16 897
. Sukuk Certificates		188 799			188 799	
TOTAL GÉNÉRAL	**2 780 946**	**56 946 393**	**15 013 157**	**188 882**	**74 929 378**	**66 214 339**

VALUE OF TRADING SECURITIES, AVAILABLE-FOR-SALE SECURITIES AND INVESTMENT SECURITIES at 31 December 2018

(thousand MAD)

SECURITIES	Value	Current value	Redemption Value	Unrealised Capital gains	Unrealised Losses	Provisions
TRADING SECURITIES	**66 143 173**	**66 143 173**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments	44 857 134	44 857 134	-	-	-	-
- Bonds	104 129	104 129	-	-	-	-
- Other debt securities	5 922 402	5 922 402	-	-	-	-
- Fixed income Funds	15 070 709	15 070 709	-	-	-	-
- Sukuk Certificates	188 799	188 799				
AVAILABLE-FOR-SALE SECURITIES	**224 226**	**193 153**	**-**	**16 657**	**31 073**	**31 073**
- Treasury bills and similar instruments	54 748	54 748		2 123		
- Bonds	102 896	102 896		3 310		
- Other debt securities						
- Fixed income Funds	66 582	35 509		11 224	31 073	31 073
- Sukuk Certificates						
INVESTMENT SECURITIES	**8 593 052**	**8 593 052**	**-**	**-**	**-**	**-**
- Treasury bills and similar instruments	8 521 311	8 521 311		-	-	-
- Bonds						
- Other debt securities	**71 741**	**71 741**				
- Sukuk Certificates						

DETAILS OF OTHER ASSETS at 31 December 2018

(thousand MAD)

ASSETS	AMOUNT AT 12/31/2018	AMOUNT AT 12/31/2017
PURCHASED OPTIONS	**50 814**	**111 599**
SUNDRY SECURITIES TRANSACTIONS		
SUNDRY DEBTORS	**395 930**	**325 427**
Amounts due from the State	257 768	206 310
Amounts due from mutual		
Sundry amounts due from		
Amounts due from customers for non-banking services	71	103
Other sundry debtors	138 091	119 014
OTHER SUNDRY ASSETS	**1 680**	**1 292**
ACCRUALS AND SIMILAR	**4 907 887**	**3 222 574**
Adjustment accounts for off-balance sheet transactions	19 792	237 806
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Deferred expenses	190 370	50 295
Inter-company accounts between head office, branch offices and branches in Morocco	343 805	309 697
Accounts receivable and prepaid expenses	1 473 457	1 118 301
Other accruals and similar	2 880 463	1 506 475
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**129 950**	**121 302**
TOTAL	**5 486 261**	**3 782 194**

SUBORDINATED LOANS at 31 December 2018

(thousand MAD)

LOANS	Amount				including affiliates and related companies	
	12/31/2018			12/31/2017	12/31/2018	12/31/2017
	gross	Prov.	Net	Net	Net	Net
	1	2	3	4	5	6
Subordinated loans to credit institutions and similar establishments	NOT APPLICABLE					
Subordinated loans to customers						
TOTAL						

LEASED AND RENTED ASSETS at 31 December 2018

(thousand MAD)

TYPE	Gross amount at beginning of FY	Amount of acquisitions during FY	Amount of transfers or withdrawals during FY	Gross amount at end of FY	Depreciation		Provisions			Net amount at end of FY
					Allocation during FY	Aggregate depreciate	Allocation in the exercise	Provision write downs	Aggregate provisions	
LEASED AND RENTED ASSETS	**834 180**	**311 740**	**38**	**1 145 882**	**35 609**	**473 878**				**672 004**
Leased intangible assets										
equipment leasing	**807 004**	**311 740**		**1 118 744**	**35 609**	**451 942**				**666 802**
- Movable assets under lease	386			386						386
- Leased movable assets	806 618	311 740		1 118 358	35 609	451 942				666 416
- Movable assets unleased after cancellation										
property leasing	**25 647**			**25 647**		**21 936**				**3 711**
- Immovable assets under lease										
- Immovable leased assets	25 647			25 647		21 936				3 711
- Immovable assets unleased after cancellation										
Rents awaiting receipt										
Restructured rents										
Rents in arrears	1 529		38	1 491						1 491
Non-performing loans										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	**834 180**	**311 740**	**38**	**1 145 882**	**35 609**	**473 878**				**672 004**

GAINS AND LOSSES ON FIXED ASSET TRANSFERS OR WITHDRAWALS at 31 December 2018

(thousand MAD)

date of transfer or withdrawal	type	gross amount	Aggregate depreciation	net book value	transfer income	Value-added transfers	loss in value transfers
	REAL ESTATE	**64 095**	**20 626**	**43 469**	**84 017**	**42 434**	**1 887**
	GROUNDS	2 384	-	2 384			
	BUILDINGS	53 543	18 778	34 765			
	FRAIS	1 652	1 228	424			
	FIXTURES, FITTING & INSTALLATIONS	666	620	46			
	REGISTRATION FEES	5 850	-	5 850			
	FURNITURE	**24 233**	**8 173**	**16 060**	**24 233**	**8 173**	
	HARDWARE	13 631	4 271	9 360			
	SOFTWARE	10 602	3 902	6 700			
TOTAL		**88 328**	**28 799**	**59 529**	**108 250**	**50 607**	**1 887**

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT at 31 December 2018

(thousand MAD)

TYPE	gross value at the beginning of the exercise	Acquisitions	disposals	gross value at the end of the exercise	Amortisation/provisions				net value at the end of the exercise
					Amortisation and provisions at the beginning of the exercise	Additional amortisation	Amortisation on disposed assets	Accumulated amortisation and depreciation	
INTANGIBLE ASSETS	**3 646 039**	**350 528**	**198 535**	**3 798 032**	**1 558 341**	**152 902**	**34 515**	**1 676 728**	**2 121 303**
- Lease rights	319 371	-	5 850	313 521	-	-	-	-	313 521
- Research and development	-	-	-	-	-	-	-	-	-
- Intangible assets used in operations	3 326 668	350 528	192 685	3 484 511	1 558 341	152 902	34 515	1 676 728	1 807 782
- Non-operating intangible assets	-	-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**8 153 996**	**709 767**	**306 300**	**8 557 464**	**4 551 002**	**294 755**	**23 669**	**4 822 088**	**3 735 375**
IMMOVABLE PROPERTY USED IN OPERATIONS	**2 204 813**	**134 544**	**214 797**	**2 124 560**	**917 224**	**54 108**	**977**	**970 355**	**1 154 205**
- Land	466 152	116 077	282	581 947	-	-	-	-	581 947
- Office buildings	1 686 121	18 467	214 515	1 490 073	869 485	53 174	977	921 682	568 391
- Staff accommodation	52 540	-	-	52 540	47 739	934	-	48 673	3 867
MOVABLE PROPERTY AND EQUIPMENT USED IN OPERATIONS	**2 206 515**	**129 143**	**13 631**	**2 322 027**	**1 825 306**	**91 417**	**4 271**	**1 912 452**	**409 575**
- Office property	440 203	19 045	-	459 248	392 200	11 943	-	404 143	55 105
- Office equipment	885 775	48 999	-	934 774	763 806	30 026	-	793 832	140 942
- IT equipment	872 449	61 068	13 631	919 886	661 623	49 325	4 271	706 677	213 209
- Vehicles	8 088	31	-	8 119	7 677	123	-	7 800	319
- Other equipment	-	-	-	-	-	-	-	-	-
OTHER PROPERTY, PLANT AND EQUIPMENT USED IN OPERATIONS	**1 884 562**	**117 360**	**24 077**	**1 977 845**	**1 459 905**	**112 311**	**604**	**1 571 612**	**406 233**
PROPERTY, PLANT AND EQUIPMENT NOT USED IN OPERATIONS	**1 858 106**	**328 720**	**53 795**	**2 133 032**	**348 567**	**36 919**	**17 817**	**367 669**	**1 765 363**
Land	811 765	32 219	2 102	841 882	-	-	-	-	841 882
Buildings	826 516	287 068	51 677	1 061 907	222 326	27 936	17 801	232 461	829 446
Movable property and equipment	68 179	1 037	-	69 217	48 316	349	-	48 665	20 552
Other property, plant and equipment not used in operations	151 646	8 396	16	160 026	77 925	8 634	16	86 543	73 483
TOTAL	**11 800 035**	**1 060 296**	**504 835**	**12 355 496**	**6 109 343**	**447 657**	**58 184**	**6 498 816**	**5 856 678**

INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2018

(thousand MAD)

Name of the issuing company	Sector of activity	Share capital	Share of held	gross book value	net book value	data from the issuing company's most recent financial statements			contri-bution to income year's
						Year-end	net assets	net income	
A- Investments in affiliate companies				**18 197 094**	**18 000 418**				**1 554 005**
ATTIJARIWAFA BANK EGYPT	Banking	995 129 KEGP	60.00%	3 244 162	3 244 162	12/31/2018	4 613 437 KEGP	689 027 KEGP	147 165
ATTIJARI TCHAD	Banking	10 000 000 KFCFA	100.00%	166 908	166 908		-	-	
BANK ASSAFA	Banking	350 000	100.00%	350 000	350 000	12/31/2018	184 191	-106 968	
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	Banking	20 011 480 KFCFA	66.30%	829 212	829 212	12/31/2018	32 401 000 KFCFA	505 000 KFCFA	
CREDIT DU SENEGAL	Banking	10 000 000 KFCFA	95.00%	292 488	292 488	12/31/2017	19 534 000 KFCFA	3 467 000 KFCFA	23 790
CREDIT DU CONGO	Banking	10 476 730 KFCFA	91.00%	608 734	608 734	30/06/2017	19 856 475 KFCFA	3 240 139 KFCFA	82 429
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	Banking	11 450 000 KFCFA	4.90%	35 979	35 979	30/06/2017	83 258 992 KFCFA	8 604 616 KFCFA	8 714
SOCIETE IVOIRIENNE DE BANQUE " SIB "	Banking	10 000 000 KFCFA	51.00%	648 084	648 084	30/06/2017	60 131 658 KFCFA	10175488 KFCFA	78 918
SOCIETE CAMEROUNAISE DE BANQUE "SCB"	Banking	10 540 000 KFCFA	51.00%	379 110	379 110	12/31/2017	51 228 000 KFCFA	10 783 000 KFCFA	45 923
SOCIETE BIA TOGO	Banking	10 000 000 KFCFA	56.76%	153 301	153 301	30/06/2018	10 515 000 KFCFA	186 000 KFCFA	
SUCCURSALE DE BRUXELLES EX BCM	Banking	558 KEURO	100.00%	57 588	57 588	30/06/2017	1 632 KEUR		
UNION GABONAISE DE BANQUES "UGB GABON"	Banking	10 000 000 KFCFA	58.71%	848 842	848 842	30/06/2017	29 863 236 KFCFA	5 759 270 KFCFA	82 738
ATTIJARI FINANCES CORPORATION	Business Bank	10 000	100.00%	10 000	10 000	12/31/2018	38 072	26 171	56 000
ATTIJARIWAFA BANK MIDDLE EAST LIMITED	Business Bank	1 000	100.00%	8 194	8 194		-	-	
WAFACAMBIO	Credit institution		100.00%	963	963		-	-	
ATTIJARI INTERNATIONAL BANK "AIB"	Banking offshore	2 400 KEUR	100.00%	92 442	92 442	12/31/2018	24 398 KEURO	2 666 KEURO	26 407
WAFABANK OFFSHORE DE TANGER	Banking offshore		100.00%	5 842	5 842		-	-	
ANDALUCARTAGE	Holding	308 162 KEURO	100.00%	3 937 574	3 937 574	12/31/2018	358 494 KEURO	16 996 KEURO	161 913
ATTIJARI AFRIQUE PARTICIPATION	Holding	10 010 KEUR	100.00%	113 120	113 120	30/09/2018	9 846 KEUR	-12 KEUR	
ATTIJARI AFRICA HOLDING	Holding	300	100.00%	300	300	12/31/2018	284	-16	
ATTIJARI IVOIRE SA	Holding	32 450 KEUR	66.67%	236 891	236 891	30/09/2018	35 900 KEUR	3 450 KEUR	56 755
ATTIJARIWAFA EURO FINANCES	Holding	48 600 KEUR	100.00%	502 621	502 621	12/31/2017	48 137 KEURO	-51 KEURO	
BCM CORPORATION	Holding	200 000	100.00%	200 000	200 000	12/31/2018	241 233	23 058	25 000
CAFIN	Holding	1 122 000 KFCFA	100.00%	257 508	257 508	12/31/2018	6 426 160 KFCFA	1 624 261 KFCFA	26 736
KASOVI	Holding	50 KUSD	100.00%	1 519 737	1 519 737	12/31/2018	38 016 KUSD	14 091 KUSD	
OMNIUM DE GESTION MAROCAIN S.A."OGM"	Holding	950 490	50.00%	1 638 145	1 638 145	30/06/2018	1 386 278	329 854	167 500
WAFA INVESTISSEMENT	Investment Promotion Holding	55 000	100.00%	46	46	12/31/2018	1 123	-34	
ATTIJARI ASSET MANAGEMENT AAM SA (Sénégal)	Asset Management	1 200 000 FCFA	70.00%	13 889	13 889		-	-	7 568
ATTIJARI SECURITISES CENTRAL AFRICA (ASCA)	Asset Management	1 312 000 FCFA	70.00%	15 351	15 351		-	-	14 284
SOMACOVAM	Asset Management	5 000	100.00%	30 000	-	12/31/2018	-5 594	-3 857	
WAFA GESTION	Asset Management	4 900	66.00%	236 369	236 369	12/31/2017	157 651	89 995	59 376
ATTIJARI INVEST.	Asset Management	5 000	100.00%	5 000	5 000	12/31/2018	61 857	4 960	
ATTIJARI CAPITAL DEVELOPEMENT	Capital risk	10 320	100.00%	10 320	-	12/31/2018	-51 906	-378	
CASA MADRID DEVELOPPEMENT	Capital development	10 000	50.00%	5 000	5 000	12/31/2018	10 305	-49	
WAFA BOURSE	Stock intermediation	20 000	100.00%	40 223	40 223	12/31/2018	42 904	814	2 700
ATTIJARI TITRISATION	Titrisation	11 400	100.00%	11 700	2 866	12/31/2018	9 940	7 074	
FT MIFTAH	Fonds de titrisation	50 100	100.00%	50 100	50 100	12/31/2018	60 380	9 017	
WAFA TRUST	Consulting and Financial Engineering	1 500	100.00%	1 500	751	12/31/2018	751	-119	
WAFASALAF	Consumer credit	113 180	50.91%	634 783	634 783	12/31/2018	2 193 658	315 340	152 727
WAFA LLD	Location Longue durée de véhicules automobiles	20 000	100.00%	20 000	20 000	12/31/2018	38 269	13 208	19 500
WAFABAIL	Crédit-bail	150 000	57.83%	91 158	91 158	12/31/2017	900 618	127 073	34 862
DAR ASSAFAA LITAMWIL	Finance company	50 000	100.00%	50 510	50 510	12/31/2018	79 693	7 328	
ATTIJARI GLOBAL RESEARCH	Financial services	1 000	100.00%	1 000	1 000	12/31/2018	3 038	2 038	
ATTIJARI OPERATIONS	Services Society	1 000	100.00%	1 000	1 000	12/31/2018	693	-52	
ATTIJARI AFRICA	Services Society	2 000	100.00%	2 000	2 000	12/31/2017	19 531	790	
ATTIJARI CIB AFRICA	Services Society	2 000	100.00%	2 000	2 000	12/31/2018	1 588	-81	
ATTIJARI IT AFRICA	Services Society	1 000	100.00%	1 000	1 000	12/31/2017	7 718	165	
MEDI TRADE	Trading	1 200	20.00%	240	139	12/31/2018	693	-3	
WAFA COURTAGE	Courtage	1 000	100.00%	2 397	2 397	12/31/2018	73 929	42 099	35 000
WAFACASH	Electronic banking	35 050	100.00%	324 074	324 074	12/31/2017	383 712	138 087	138 000
ATTIJARI PAYMENT PROCESSING	Electronic banking	1 000	100.00%	1 000	1 000	12/31/2018	8 665	2 564	
DINERS CLUB DU MAROC	Payment card management	1 500	100.00%	1 675	72	12/31/2018	71	-274	
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	Informatique	300	100.00%	100	94	12/31/2018	94	-19	
WAFA SYSTEMES DATA	Informatique	1 500	100.00%	1 500	1 118	28/02/2018	1 118	-	
AGENA MAGHREB	Sale of computer equipment	11 000	74.96%	33	-	12/31/2018	-7 005	-56	
WAFA COMMUNICATION	Communication	3 000	85.00%	2 600	-	18/05/2018	-1 994	-1 629	
WAFA SYSTEMES CONSULTING	Computer Systems Consulting	5 000	99.88%	4 994	4 994	28/02/2018	6 045	-	
WAFA SYSTEMES FINANCES	Engineering computer Science	2 000	100.00%	2 066	827	28/02/2018	827	-	
WAFA FONCIERE	Property management	2 000	100.00%	3 700	1 742	12/31/2018	1 742	-281	
ATTIJARIA AL AAKARIA AL MAGHRIBIA	Real estate company	10 000	100.00%	9 999	10 000	12/31/2018	17 237	8 048	
ATTIJARI RECOUVREMENT	Real estate company	3 350	100.00%	11 863	4 450	12/31/2018	4 450	-30	
AYK	Real estate company	100	100.00%	100	-	29/09/2018	-1 034	-13	
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	Real estate company	50 000	100.00%	51 449	25 410	12/31/2018	25 411	-4 269	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	Real estate company	300	50.00%	25	25	12/31/2018	788	-263	
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	Real estate company	15 000	100.00%	15 531	4 385	12/31/2018	4 385	-2 090	
SOCIETE IMMOBILIERE MAIMOUNA	Real estate company	300	100.00%	5 266	2 442	12/31/2018	2 442	-219	
STE IMMOBILIERE MARRAKECH EXPANSION	Real estate company	300	100.00%	299	299	29/09/2018	371	-10	
SOCIETE IMMOBILIERE ZAKAT	Real estate company	300	100.00%	2 685	1	12/31/2018	-338	-820	
SOCIETE CIVILE IMMOBILIERE TOGO LOME	Real estate company	3 906 000 KFCFA	100.00%	66 761	66 761	31/12/2016	3 796 158 KFCFA	-33 822 KFCFA	
ATTIJARI IMMOBILIER	Immovable	50 000	99.99%	71 686	71 686	12/31/2018	63 739	176	
AL MIFTAH	Immovable	100	100.00%	244	-	12/31/2018	-3 887	-488	
CAPRI	Immovable	25 000	100.00%	88 400	-	30/09/2018	-14 273	-19 009	
WAFA IMMOBILIER	Immovable	50 000	100.00%	164 364	164 364	12/31/2018	162 532	105 619	100 000
ATTIJARI PROTECTION	security	4 000	83.75%	3 350	3 350	21/05/2018	4 184	-3	

INVESTMENTS IN AFFILIATES AND OTHER LONG-TERM INVESTMENTS at 31 December 2018

(thousand MAD)

B- Other investments				**635 408**	**502 318**				**47 419**
ATTIJARIWAFA BANK	BANKING	2 098 597		623	623		-	-	
BANQUE D'AFFAIRE TUNISIENNE	BANKING	198 741		2 583	-		-	-	
BANQUE MAGHREBINE POUR L'INVESTISSEMENT ET LE COMMERCE EXTERIEUR "BMICE"	BANKING	500.000$	1.20%	63 846	63 846		-	-	
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	PROFESSIONAL BANKER'S ASSOCIATION	19 005	20.00%	3 801	3 801		-	-	
BOURSE DE CASABLANCA	STOCK EXCHANGE	-		32 628	32 628				
AGRAM INVEST	INVESTMENT FUNDS	40 060	27.82%	10 938	8 237	12/31/2018	29 611	-1 153	
FONDS D'INVESTISSEMENT IGRANE	INVESTMENT FUNDS	70 000	18.26%	9 970	7 802	12/31/2018	42 727	1 825	
H PARTNERS	INVESTMENT FUNDS	1 400 010	7.14%	100 000	39 433	12/31/2017	937 686	-	
MAROC NUMERIQUE FUND	INVESTMENT FUNDS	157 643	20.00%	22 843	7 422	12/31/2017	37 446	-	
ALTERMED MAGHREB EUR	INVESTMENT FUNDS	-	7.94%	5 247	-	12/31/2017	432	-	
3 P FUND	INVESTMENT FUNDS	150 020	5.00%	13 500	9 631	12/31/2017	145 856		
AM INVESTISSEMENT MOROCCO	INVESTMENT HOLDING COMPANY	400 000	3.25%	13 000	8 298	12/31/2017	255 240	-	260
FONDS ATTIJARI AFRICA FUNDS MULTI ASSETS	Asset Management	31 KEURO		346	347		-	-	
EUROCHEQUES MAROC	Services financiers	1 500		364	364		-	-	
MOROCCAN FINANCIAL BOARD	Financial services	400 000	12.50%	20 000	20 000	12/31/2017	398 839	13 278	
TECHNOLOPARK COMPANY "MITC"	Service provision	-		8 150	7 784		-	-	
SALIMA HOLDING	HOLDING COMPANY	150 000	13.33%	16 600	14 614		-	-	
MAROCLEAR	SECURITIES CUSTODIAN	20 000	6.58%	1 342	1 342		-	-	
EXP SERVICES MAROC S.A.	Risk centralization services	20 000	3.00%	600	600		-	-	
INTER MUTUELLES ASSISTANCE	INSURANCE	-		894	894		-	-	
SMAEX	INSURANCE	37 450	11.42%	4 278	4 278		-	-	
WAFA IMA ASSISTANCE	Insurance and reinsurance	50 000	32.50%	15 356	15 356	12/31/2017	107 986	23 590	2 437
CENTRE MONETIQUE INTERBANCAIRE	Electronic banking	98 200	22.40%	22 000	22 000		-	-	11 000
SOCIETE INTERBANK	Bank card management	11 500	16.00%	1 840	1 840		-	-	
SGFG SOCIETE MAROCAINE DE GESTION DES FONDS DE GARANTIE DES DEPÔTS BANCAIRES	Collective Deposit Guarantee Fund Management	1 000		59	59				
NOUVELLES SIDERURGIES INDUSTRIELLES	steel industry	3 415 000	2.72%	62 942	62 942	30/06/2016	3 665 056	126 891	
SONASID	steel industry	390 000	0.27%	28 391	4 598	12/31/2017	1 934 187	43 723	
BOUZNIKA MARINA	Real Estate Promotion	-		500	-		-	-	
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	Real Estate Promotion	60 429	22.69%	13 714	13 714	12/31/2017	209 956	1 616	
TANGER FREE ZONE	Real Estate Promotion	335 800	16.95%	58 221	58 221		-	-	5 617
HAWAZIN	Immovable	960	12.50%	704	-		-	-	
INTAJ	Immovable	576	12.50%	1 041	549		-	-	
FONCIERE EMERGENCE	Immovable	240 034	8.06%	33 844	25 852	12/31/2017	321 587	-	721
IMPRESSION PRESSE EDITION (IPE)	Edition	-		400	400		-	-	
MOUSSAFIR HOTEL	Hotel	193 000	33.34%	64 343	64 343	30/06/2017	282 236	10 594	27 384
CASA PATRIMOINE	Management and rehabilitation of Casablanca heritage			500	500				
C- Similar investments				**350 693**	**329 971**				**-**
PARTNERS CURRENT ACCOUNT				334 858	314 138				
OTHER SIMILAR INVESTMENTS				15 835	15 835				
Total				**19 183 196**	**18 832 707**				**1 601 424**

AMOUNTS OWING TO CREDIT INSTITUTIONS AND SIMILAR ESTABLISHMENTS at 31 December 2018

(thousand MAD)

DEBTS	credit institutions and similar establishments in Morocco			credit institutions overseas	Total 12/31/2018	Total 12/31/2017
	Bank Al Maghrib, the treasury and post office accounts	Banks	other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		**1 847**	**319 342**	**749 808**	**1 070 997**	**1 533 336**
NOTES GIVEN AS SECURITY	**27 780 685**	**981 474**			**28 762 159**	**14 848 204**
- overnight		731 440			731 440	2 816 497
- term	27 780 685	250 034			28 030 719	12 031 707
CASH BORROWINGS	**1 500 000**	**1 875 286**	**1 884 378**	**3 356 037**	**8 615 701**	**10 944 110**
- overnight	1 000 000	741 000	380 229	86 090	2 207 319	2 227 957
- term	500 000	1 134 286	1 504 149	3 269 947	6 408 382	8 716 153
FINANCIAL BORROWINGS	**1 993**			**82**	**2 075**	**2 074**
OTHER DEBTS	**48 046**	**146 543**			**194 589**	**75 595**
INTEREST PAYABLE					**27 320**	**29 355**
TOTAL	**29 330 724**	**3 005 150**	**2 203 720**	**4 105 927**	**38 672 841**	**27 432 674**

CUSTOMER DEPOSITS at 31 December 2018

(thousand MAD)

DEPOSITS	public sector	private sector			Total 12/31/2018	Total 12/31/2017
		Financial companies	non-financial companies	private sector		
CURRENT ACCOUNTS IN CREDIT	1 790 700	1 218 640	30 277 081	113 678 474	146 964 895	141 414 316
SAVINGS ACCOUNTS				28 407 065	28 407 065	27 861 271
TERM DEPOSITS	3 769 500	2 977 293	11 000 782	23 312 239	41 059 814	39 040 125
OTHER ACCOUNTS IN CREDIT	187 743	2 845 829	12 094 939	2 311 977	17 440 488	16 370 350
ACCRUED INTEREST PAYABLE					635 620	682 779
TOTAL	**5 747 943**	**7 041 762**	**53 372 802**	**167 709 755**	**234 507 882**	**225 368 841**

DEBT SECURITIES ISSUED at 31 December 2018

(thousand MAD)

SECURITIES	Characteristics					Value	including		Unamortized value of issue or redemption premiums
	entitlement date	Maturity	nominal value	interest rate	Redemption terms		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	04/30/2014	04/23/2019	100 000	4.60%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	10/23/2015	10/23/2020	100 000	3.61%	IN FINE	250 000			
CERTIFICATES OF DEPOSIT	01/12/2016	01/14/2019	100 000	3.31%	IN FINE	404 000			
CERTIFICATES OF DEPOSIT	01/20/2016	01/21/2019	100 000	3.29%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	01/20/2016	01/21/2021	100 000	3.58%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	02/05/2016	02/05/2021	100 000	3.43%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	02/05/2016	02/25/2019	100 000	3.00%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	04/20/2016	04/22/2019	100 000	2.58%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	02/02/2018	02/02/2023	100 000	4.00%	IN FINE	300 000			
CERTIFICATES OF DEPOSIT	02/13/2018	02/13/2020	100 000	2.86%	IN FINE	500 000			
CERTIFICATES OF DEPOSIT	06/13/2018	06/13/2023	100 000	3.30%	IN FINE	400 000			
CERTIFICATES OF DEPOSIT	07/24/2018	07/24/2020	100 000	2.90%	IN FINE	800 000			
CERTIFICATES OF DEPOSIT	08/31/2018	08/31/2020	100 000	2.89%	IN FINE	800 000			
CERTIFICATES OF DEPOSIT	12/14/2018	12/14/2023	100 000	3.40%	IN FINE	500 000			
CERTIFICATES OF DEPOSIT	07/20/2018	07/19/2019	100 000	2.64%	IN FINE	1 573 000			
CERTIFICATES OF DEPOSIT	10/16/2018	01/15/2019	100 000	2.46%	IN FINE	357 000			
CERTIFICATES OF DEPOSIT	10/16/2018	04/16/2019	100 000	2.54%	IN FINE	843 000			
CERTIFICATES OF DEPOSIT	12/14/2018	06/14/2019	100 000	2.56%	IN FINE	497 000			
TOTAL						**8 424 000**			

DETAILS OF OTHER LIABILITIES at 31 December 2018

(thousand MAD)

LIABILITIES	AMOUNT AT 12/31/2018	AMOUNT AT/31/2017
OPTIONS SOLD	**274 658**	**377 445**
SUNDRY SECURITIES TRANSACTIONS	**7 871 282**	**1 976 885**
SUNDRY CREDITORS	**3 405 178**	**3 027 880**
Amounts due to the State	1 065 002	749 912
Amounts due to mutual societies	81 021	76 146
Sundry amounts due to staff	425 573	427 651
Sundry amounts due to shareholders and associates	5 080	4 756
Amounts due to suppliers of goods and services	1 807 544	1 745 018
Other sundry creditors	20 958	24 397
DEFERRED INCOME AND ACCRUED EXPENSES	**1 237 841**	**1 698 103**
Adjustment accounts for off-balance sheet transactions	9 475	1 063
Translation differences for foreign currencies and securities		
Income from derivative products and hedging		
Inter-company accounts between head office, branch offices and branches in Morocco		
Accrued expenses and deferred income	733 511	612 427
Other deferred income	494 855	1 084 613
TOTAL	**12 788 959**	**7 080 313**

PROVISIONS at 31 December 2018

(thousand MAD)

PROVISIONS	outstanding 12/31/2017	Additional provisions	Write-backs	other changes	outstanding 12/31/2018
PROVISIONS, DEDUCTED FROM ASSETS, FOR:	**8 633 816**	**1 167 559**	**1 685 004**	**3 500**	**8 119 871**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	8 251 238	1 136 611	1 669 415	3 500	7 721 934
Available-for-sale securities	39 090	2 684	10 701		31 073
Investments in affiliates and other long-term investments	327 111	28 264	4 888		350 487
Leased and rented assets	-				-
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**3 253 154**	**493 340**	**181 694**	**-1 947**	**3 562 853**
Provisions for risks in executing signature loans	276 676	91 849	55 506	-1 947	311 072
Provisions for foreign exchange risks	-				-
General provisions	2 064 549	205 000	61 110		2 208 439
Provisions for pension fund and similar obligations	142 666	55 603	42 875		155 394
Other provisions	769 263	140 888	22 203		887 948
Regulated provisions					
TOTAL	**11 886 970**	**1 660 899**	**1 866 698**	**1 553**	**11 682 724**

SUBSIDIES, PUBLIC FUNDS AND SPECIAL GUARANTEE FUNDS at 31 December 2018

(thousand MAD)

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT DECEMBER 2017	UTILISATION DECEMBER 2018	VALUE AT DECEMBER 2018
SUBSIDIES	NOT APPLICABLE				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

SUBORDINATED DEBTS at 31 December 2018

(thousand MAD)

currency of issue	Value of loan of issue	price (1)	Rate	Years (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 2018	Value in thousand MAD 2017	Value in thousand MAD 2018	Value in thousand MAD 2017
MAD			3.26%	10 YEARS		290 000				
MAD			5.00%	10 YEARS		710 000				
MAD			3.29%	10 YEARS		320 000				
MAD			4.75%	10 YEARS		880 000				
MAD			4.13%	7 YEARS		411 800				
MAD			4.52%	10 YEARS		588 200				
MAD			2.66%	7 YEARS		240 800				
MAD			3.34%	7 YEARS		1 200				
MAD			3.74%	10 YEARS		758 000				
MAD			2.81%	7 YEARS		1 250 000				
MAD			3.44%	7 YEARS		250 000				
MAD			3.96%	PERPETUAL		450 000				
MAD			5.73%	PERPETUAL		50 000				
MAD			2.81%	7 YEARS		896 500				
MAD			3.63%	7 YEARS		603 500				
MAD			2.92%	7 YEARS		925 000				
MAD			3.69%	7 YEARS		325 000				
MAD			3.32%	7 YEARS		390 000				
MAD			3.57%	7 YEARS		1 110 000				
MAD			4.79%	Perpétuelle		400 000				
MAD			5.98%	Perpétuelle		100 000				
TOTAL						**10 950 000**				

(1) BAM price at 12/31/2018 - (2) Possibly for an unspecified period – (3) Refer to the subordinated debt contract note

SHAREHOLDERS EQUITY at 31 December 2018

(thousand MAD)

SHAREHOLDERS'	outstanding 12/31/2017	Appropriation of income	other changes	outstanding 12/31/2018
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**30 843 500**	**1 614 000**	**2 336 675**	**34 794 175**
Legal reserve	203 527	-		203 527
Other reserves	22 523 480	1 614 000		24 137 480
Issue, merger and transfer premiums	8 116 493		2 336 675	10 453 168
Share capital	**2 035 272**	**-**	**63 325**	**2 098 597**
Called-up share capital	2 035 272		63 325	2 098 597
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	**468**	**-79**		**389**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**4 158 011**	**-4 158 011**		**4 603 983**
TOTAL	**37 037 671**	**-2 544 090**	**2 400 000**	**41 497 564**

FINANCING COMMITMENTS AND GUARANTEES at 31 December 2018

(thousand MAD)

ENGAGEMENTS	12/31/2018	12/31/2017
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**121 745 754**	**118 180 275**
Financing commitments given to credit institutions and similar establishments	**1 837 664**	**4 574 906**
Import documentary credits		
Acceptances or commitments to be paid	532	532
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	1 837 132	4 574 374
Financing commitments given to customers	**56 207 850**	**50 599 636**
Import documentary credits	15 332 405	14 210 895
Acceptances or commitments to be paid		3 332 250
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given	40 875 445	33 056 491
Guarantees given to credit institutions and similar establishments	**13 662 949**	**15 990 396**
Confirmed export documentary credits	81 062	90 847
Acceptances or commitments to be paid		
Credit guarantees given	1 979 711	2 005 381
Other guarantees and pledges given	11 602 176	13 894 168
Non-performing commitments		
Guarantees given to customers	**50 037 291**	**47 015 337**
Credit guarantees given	8 309 072	6 490 412
Guarantees given to government bodies	20 670 289	20 061 754
Other guarantees and pledges given	20 362 956	19 781 765
Non-performing commitments	694 974	681 406
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**19 187 978**	**20 389 889**
Financing commitments received from credit institutions and similar establishments		
Confirmed credit lines		
Back-up commitments on securities issuance		
Other financing commitments received		
Guarantees received from credit institutions and similar establishments	**18 730 675**	**20 008 773**
Credit guarantees received		
Other guarantees received	18 730 675	20 008 773
Guarantees received from the State and other organisations providing guarantees	**457 303**	**381 116**
Credit guarantees received	457 303	381 116
Other guarantees received		

COMMITMENTS ON SECURITIES at 31 December 2018

(thousand MAD)

	Montant
Commitments given	**103 029**
Securities purchased with redemption rights Other securities to be provided	
Commitments received	103 029
Securities sold with redemption rights Other securities receivable	
Securities sold with redemption rights	
Other securities receivable	

FORWARD FOREIGN EXCHANGE TRANSACTIONS AND COMMITMENTS ON DERIVATIVE PRODUCTS at 31 December 2018

(thousand MAD)

	Hedging activities		Other activities	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Forward foreign exchange transactions	**58 899 568**	**54 792 398**		
Foreign currencies to be received	22 616 285	20 670 552		
Dirhams to be delivered	6 201 179	6 030 477		
Foreign currencies to be delivered	23 172 997	21 191 080		
Dirhams to be received	6 909 107	6 900 289		
Of which currency swaps				
Commitments on derivative products	**37 715 098**	**36 443 732**		
Commitments on regulated fixed income markets				
Commitments on OTC fixed income markets	2 777 271	3 665 834		
Commitments on regulated foreign exchange markets				
Commitments on OTC foreign exchange markets	17 276 255	13 766 177		
Commitments on regulated markets in other instruments				
Commitments on OTC markets in other instruments	17 661 572	19 011 721		

SECURITIES RECEIVED AND GIVEN AS GUARANTEE at 31 December 2018

(thousand MAD)

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

Securities received as guarantee	Net book value	Asset/off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	24 830 063		
Other securities			
Mortgages			
Other physical assets			
TOTAL	**24 830 063**		

BREAKDOWN OF ASSETS AND LIABILITIES BY RESIDUAL MATURITY at 31 December 2018

(thousand MAD)

	d ≤ 1 month	1 month < d ≤ 3 months	3 months < d ≤ 1 year	1 year < d ≤ 5 years	d > 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	3 843 232	1 168 867	9 426 128	13 997 692	8 895 062	37 330 981
Loans and advances to customers	15 998 600	16 814 771	38 400 399	64 942 886	56 526 621	192 683 277
Debt securities	230 914	461 009	2 061 218	8 107 870		10 861 011
Subordinated loans	6 341	28 729	24 663	137 227		196 960
TOTAL	15 997	30 447	446 583	3 983 354	4 275 240	8 751 621
TOTAL	**20 095 084**	**18 503 823**	**50 358 991**	**91 169 029**	**69 696 923**	**249 823 850**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	34 820 676	2 018 795	1 426 065	407 305		38 672 841
Amounts owing to customers	32 329 412	11 096 082	39 649 416	32 430 499	119 002 473	234 507 882
Debt securities issued	873 439	323 673	3 399 935	3 950 000		8 547 047
Subordinated debt	9 395	17 880	1 065 660	2 153 799	7 796 201	11 042 935
TOTAL	**68 032 922**	**13 456 430**	**45 541 076**	**38 941 603**	**126 798 674**	**292 770 705**

Loans & Advances and demand deposits are classified according to run-off conventions adopted by the bank.

BREAKDOWN OF FOREIGN CURRENCY-DENOMINATED ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS at 31 December 2018

(thousand MAD)

BALANCE SHEET	12/31/2018	12/31/2017
ASSETS:	**35 629 927**	**35 629 927**
Cash and balances with central banks, the Treasury and post office accounts	159 682	159 682
Loans and advances to credit institutions and similar establishments	10 226 499	10 226 499
Loans and advances to customers	4 397 362	4 397 362
Trading securities and available-for-sale securities	6 806 032	6 806 032
Other assets	113 703	113 703
Investments in affiliates and other long-term investments	13 926 649	13 926 649
Subordinated		
Leased and rented		
Intangible assets and property, plant and equipment		
LIABILITIES:	**17 040 475**	**17 040 475**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	7 330 352	7 330 352
Customer deposits	8 786 632	8 786 632
Debt securities		
Other liabilities	923 491	923 491
Subsidies, public funds and special guarantee		
Subordinated		
Share capital and reserves		
Provisions		
Retained earnings		
Net income		
OFF-BALANCE SHEET ITEMS:	**60 343 017**	**60 343 017**
Commitments given	42 054 981	42 054 981
Commitments received	18 288 036	18 288 036

RISK CONCENTRATION WITH THE SAME COUNTERPARTY at 31 December 2018

(thousand MAD)

NUMBER OF COUNTERPARTIES	TOTAL
20	63 272 712

NET INTEREST MARGIN at 31 December 2018

(thousand MAD)

	12/31/2018	12/31/2017
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CUSTOMERS	**9 590 741**	**8 926 121**
of which interest and similar income	9 334 940	8 682 864
of which fee income on commitments	255 801	243 257
INTEREST AND SIMILAR INCOME FROM ACTIVITIES WITH CREDIT INSTITUTIONS	**985 359**	**1 030 084**
of which interest and similar income	909 058	969 858
of which fee income on commitments	76 301	60 226
INTEREST AND SIMILAR INCOME FROM DEBT SECURITIES	**256 799**	**305 196**
TOTAL INTEREST AND SIMILAR INCOME	**10 832 899**	**10 261 401**
Interest and similar expenses on activities with customers	2 412 919	2 451 394
Interest and similar expenses on activities with credit institutions	874 558	592 376
Interest and similar expenses on debt securities issued	199 045	207 086
TOTAL INTEREST AND SIMILAR EXPENSES	**3 486 522**	**3 250 856**
NET INTEREST MARGIN	**7 346 377**	**7 010 544**

FEE INCOME PROVIDED FROM SERVICES at 31 December 2018

(thousand MAD)

FEES	12/31/2018	12/31/2017
Account management	237 689	222 827
Payment services	735 407	663 751
Securities transactions	46 930	52 669
Asset management and custody	84 828	81 866
Credit services	139 023	127 032
Sale of insurance products	119 593	118 240
Other services provided	442 511	368 835
TOTAL	**1 805 981**	**1 635 220**

GENERAL OPERATING EXPENSES at 31 December 2018

(thousand MAD)

EXPENSES	12/31/2018	12/31/2017
Staff costs	2 196 216	2 068 105
Taxes	147 475	122 812
External expenses	1 866 504	1 885 578
Other general operating expenses	59 581	18 863
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	447 657	412 389
TOTAL	**4 717 433**	**4 507 747**

INCOME FROM MARKET ACTIVITIES at 31 December 2018

(thousand MAD)

INCOME AND EXPENDITURES	12/31/2018	12/31/2017
+ Gains on trading securities	2 195 530	1 994 475
- Losses on trading securities	517 035	365 293
Income from activities in trading securities	**1 678 495**	**1 629 182**
+ Capital gains on disposal of available-for-sale securities	31	9
+ Write-back of provisions for impairment of available-for-sale securities	10 700	4 377
- Losses on disposal of available-for-sale securities	4 295	
- Provisions for impairment of available-for-sale securities	2 684	10 753
Income from activities in available-for-sale securities	**3 752**	**-6 367**
+ Gains on foreign exchange transactions - transfers	1 024 610	1 608 702
+ Gains on foreign exchange transactions - notes	96 954	100 026
- Losses on foreign exchange transactions - transfers	375 135	1 068 310
- Losses on foreign exchange transactions - notes	15 681	4 841
Income from foreign exchange activities	**730 748**	**635 577**
+ Gains on fixed income derivative products	158 923	44 826
+ Gains on foreign exchange derivative products		211 478
+ Gains on other derivative products	304 537	306 140
- Losses on fixed income derivative products		23 967
- Losses on foreign exchange derivative products	70 028	128 219
- Losses on other derivative products	356 999	308 420
Income from activities in derivatives products	**36 433**	**101 838**

INCOME FROM EQUITY SECURITIES at 31 December 2018

(thousand MAD)

CATEGORY	12/31/2018	12/31/2017
Available-for-sale securities	-	-
Investments in affiliates and other long-term investments	1 609 613	1 512 834
TOTAL	**1 609 613**	**1 512 834**

OTHER INCOME AND EXPENSES at 31 December 2018

(thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2018	12/31/2017
Other banking income	3 800 263	4 288 009
Other banking expenses	2 494 509	2 936 757
TOTAL	**1 305 754**	**1 351 252**

OTHER NON-BANKING INCOME AND EXPENSES	12/31/2018	12/31/2017
Non-banking operating income	96 123	52 074
Non-banking operating expenses	1 887	3 469
TOTAL	**94 236**	**48 605**
Provisions and losses on irrecoverable loans	2 994 547	2 797 776
Provision write-backs and amounts recovered on impaired loans	1 911 212	2 045 997

NON-CURRENT INCOME AND EXPENSES	12/31/2018	12/31/2017
Non-recurring income	**12 167**	**695**
Non-recurring expenses	**13 222**	**530 893**

DETERMINING INCOME AFTER TAX FROM ORDINARY ACTIVITIES at 31 December 2018

(thousand MAD)

I- DETERMINING INCOME	MONTANT
Income from ordinary activities after items of income and expenditure	6 480 023
Tax write-backs on ordinary activities (+)	296 453
Tax deductions on ordinary activities (-)	1 707 895
Theoretical taxable income from ordinary activities (=)	5 068 581
Theoretical tax on income from ordinary activities (-)	1 875 375
Income after tax from ordinary activities (=)	4 604 648
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

DETAILED INFORMATION ON VALUE ADDED TAX at 31 December 2018

(thousand MAD)

TYPE	Balance at the beginning of the exercise 1	transactions liable to VAT during the period 2	VAT declarations during the period 3	Balance at the end of the exercise (1+2-3=4)
A. VAT collected	**122 272**	**1 508 244**	**1 469 504**	**161 013**
B. Recoverable VAT	**202 177**	**598 171**	**546 675**	**253 673**
On expenses	82 250	437 609	434 548	85 311
On fixed assets	119 927	160 562	112 127	168 362
C. VAT payable or VAt credit = (A-B)	**-79 905**	**910 073**	**922 829**	**-92 660**

RECONCILIATION OF NET INCOME FOR ACCOUNTING AND TAX PURPOSES at 31 December 2018

(thousand MAD)

RECONCILIATION STATEMENT	Montant	Montant
I- NET INCOME FOR ACCOUNTING PURPOSES	**4 603 983**	
. Net profit	4 603 983	
. Net loss		
II- TAX WRITE-BACKS	**2 171 438**	
1- Current	2 171 438	
- Income tax	1 874 985	
- Losses on irrecoverable loans not provisioned	27 029	
- General Provisions	205 000	
- Provisions for pension funds and similar obligations	55 603	
- Non-deductible exceptional expenses	3 509	
- Personalized gifts	5 312	
2- Non-current		
III- TAX		**1 707 895**
1- Current		1 707 895
- 100% allowance on income from investments in affiliates		1 603 910
- Write-back of provisions used		42 875
- Write-back of general contingencies		61 110
2- Non-current		
TOTAL	**6 775 421**	**1 707 895**
IV- GROSS INCOME FOR TAX PURPOSES		**5 067 526**
. Gross profit for tax purposes if T1 > T2 (A)		5 067 526
. 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		**5 067 526**
. Net profit for tax purposes (A - C)		5 067 526
. Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED		
. Financial year Y-4		
. Financial year Y-3		
. Financial year Y-2		
. Financial year Y-1		

(1) up to the value of gross profit for tax purposes (A)

APPROPRIATION OF INCOME at 31 December 2018

(thousand MAD)

	Value		Value
A- origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	468	to legal reserve	-
Net income awaiting appropriation		Dividends	2 544 090
Net income for the financial year	4 158 011	Other items for appropriation	1 614 000
Deduction from income		Earnings carried forward	389
Other deductions			
TOTAL A	**4 158 479**	**TOTAL B**	**4 158 479**

SHAREHOLDING STRUCTURE at 31 December 2018

Name of main shareholders or associates	Adress	number of shares held		Part du capital détenue %
		previous period	current period	
A- DOMESTIC SHAREHOLDERS				
* AL MADA	60, RUE D'ALGER , CAASBLANCA	97 433 137	97 433 137	46.43%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	15 597 202	15 597 202	7.43%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 226 583	13 226 583	6.30%
* REGIME COLLECTIF D'ALLOCATION ET DE RETRAITE	HAY RIAD - B.P 20 38 - RABAT MAROC	10 417 416	10 417 416	4.96%
* CIMR	BD ABDELMOUMEN CASA	7 860 780	7 860 780	3.75%
* CAISSE MAROCAINE DE RETRAITE	AVENUE AL ARAAR, BP 2048, HAY RIAD, RABAT	4 405 769	4 405 769	2.10%
* CAISSE DE DEPOT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	3 576 531	3 576 531	1.70%
* PERSONNEL DE LA BANQUE *	***************************	1 462 560	6 497 329	3.10%
* RMA WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1.28%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	1 551 495	1 551 495	0.74%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	***************************	34 596 197	35 893 881	17.10%
B - FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID - ESPAGNE	10 715 614	10 715 614	5.11%
TOTAL		**203 527 226**	**209 859 679**	**100.00%**

BRANCH NETWORK at 31 December 2018

BRANCH NETWORK	12/31/2018	12/31/2017
Permanent counters	1 200	1 191
Occasional counters		
Cash dispensers and ATMs	1 362	1 306
Branches in Europe	60	64
Representative offices in Europe and Middle-East	8	7

STAFF at 31 December 2018

StAFF	12/31/2018	12/31/2017
Salaried staff	8 681	8 533
Staff in employment	8 681	8 533
Full-time staff	8 681	8 533
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	4 733	4 633
Other staff (full-time)	3 893	3 900
Including Overseas staff	55	58

SUMMARY OF KEY ITEMS OVER THE LAST THREE PERIODS at 31 December 2018

(thousand MAD)

ITEM	DECEMBER 2018	DECEMBER 2017	DECEMBER 2016
SHAREHOLDERS' EQUITY AND EQUIVALENT	**41 497 564**	**37 037 671**	**35 320 900**
OPERATIONS AND INCOME IN FY			
Net banking income	12 186 555	11 502 724	14 235 602
Pre-tax income	6 478 968	5 761 605	8 519 470
Income tax	1 874 985	1 603 594	1 584 422
Dividend distribution	2 544 090	2 442 327	2 238 799
PER SHARE INFORMATION IN MAD			
Earning per share			
Dividend per share	12,50	12,00	11,00
STAFF			
Total staff costs	**2 196 216**	**2 068 105**	**1 929 338**

KEY DATES AND POST-BALANCE SHEET EVENTS at 31 December 2018

I. KEY DATES	
. Balance sheet date (1)	31 December 2018
. Date for drawing up the financial statements (2)	march-19

(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
. favourable	NOT APPLICABLE
. unfavourable	NOT APPLICABLE

CUSTOMER ACCOUNTS at 31 December 2018

	12/31/2018	12/31/2017
Current accounts	203 123	187 961
Current accounts of Moroccans living abroad	841 753	816 418
Other current accounts	2 391 443	2 180 220
Factoring liabilities	477	7
Savings accounts	963 944	922 849
Term accounts	16 101	16 815
Certificates of deposit	2 707	2 699
Other deposit accounts	1 522 803	1 303 343
TOTAL	**5 942 351**	**5 430 312**

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