2013

Management Report

التجاري وفا بنك
Attijariwafa bank

2013

Management Report

Attijariwafa bank, a limited company with a capital of MAD 2,035,272,260. Head office : 2, boulevard Moulay Youssef, Casablanca. Approved as a credit institution by order of the Minister of Finance and Privatization n° 2269-03 of the 22 December 2003 as amended and supplemented. Trade Register n° 333.
Tel : +212 22 29 88 88 - www.attijariwafabank.com

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MANAGEMENT REPORT

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Economic environment

World: Moderate economic growth in 2013[1]

In 2013, global economic activity continued at a moderate pace. According to the International Monetary Fund, the global economy is expected to grow by 3.0% in 2013^{E} and 3.6% in 2014^{P}, compared with 3.2% in 2012.

The year 2013 was also notable for a change in growth momentum. Developed countries began to recover and became the main drivers of global growth. Their GDP is expected to grow by 1.3% in 2013^{E} and 2.2% in 2014^{P}.

In contrast, emerging countries experienced a slowdown in business activity. These markets will be required to find solutions to stimulate growth and carry out vital structural reforms. The GDP of emerging countries is expected to grow by 4.7% in 2013^{E}, compared with 5.0% in 2012 and 6.2% in 2011.

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

	Q1-2012	Q2-2012	Q3-2012	Q4-2012	Q1-2013	Q2-2013	Q3-2013	Q4-2013	2012*	2013*	2014*
World	-	-	-	-	-	-	-	-	3.2	3.0	3.6
Eurozone	-0.2	-0.5	-0.7	-1.0	-1.2	-0.6	-0.3	0.5	-0.7	-0.5	1.2
France	0.4	0.1	0.0	-0.3	-0.4	0.5	0.3	0.8	0.0	0.3	1.0
Germany	1.3	1.1	0.9	0.3	-0.3	0.5	0.6	1.4	0.9	0.5	1.7
Spain	-1.2	-1.6	-1.7	-2.1	-1.9	-1.6	-1.1	-0.2	-1.6	-1.2	0.9
United Kingdom	0.6	0.1	0.3	0.2	0.5	1.7	1.8	2.7	0.3	1.8	2.9
United States	3.3	2.8	3.1	2.0	1.3	1.6	2.0	2.6	2.8	1.9	2.8
Japan	3.1	3.2	-0.2	-0.3	-0.1	1.3	2.4	2.5	1.4	1.5	1.4

Source: OECD (*) : IMF

The growth outlook for the American economy was revised down in 2013^{E}, to 1.9% (2.8% in 2012). However, the continuing robustness of private demand-combined with recovery in financial, property, and job markets-should boost growth to 2.8% in 2014^{P}. In addition, the ISM manufacturing index, which stood at 57 points in December 2013, indicates expending economic activity.

The eurozone economy remained in recession for the second consecutive year, mainly because of high public debt. Although the eurozone's GDP growth declined by 0.5% in 2013^{E} (–0.7% in 2012), it is expected to recover gradually, to 1.2% in 2014^{P}. Signs of improvement have already appeared in the eurozone's core countries, such as France (0.3% in 2013^{E} and 1.0% in 2014^{P}) and Germany (0.5% in 2013^{E} and 1.7% in 2014^{P}). The IMF has also confirmed the robustness of the British economy, whose GDP stood at 1.8% in 2013^{E} and by 2.9% in 2014^{P}. The PMI composite index for the eurozone stood at 52.1 points on December 31, 2013, compared with 51.7 points in November.

Regarding monetary policy, in early May 2013 the ECB lowered its refinancing rate by 25 basis points, to 0.50%. In early November, as protection against deflationary risk and to stimulate the eurozone economy, the ECB again lowered its refinancing rate, to 0.25%, a record low.

In Japan, the economy expanded vigorously, by 1,5% in 2013^{E}, compared with 1.4% in 2012. This growth was underpinned by a weaker yen and by strengthening external demand.

In emerging economies in 2013^{E}, business activity slowed by 0.3 points, to 4.7%. Russian economic growth in 2013^{E} was relatively modest, at 1.3%, compared with 3.4% in 2012.

In China, GDP growth in 2013^{E} (7.7%) was unchanged from its level in 2012. Nonetheless there have been signs of recovery among the BRIC countries since the third quarter of 2013.

International trade in goods and services in 2013:

International trade figures reflect the slow pace of global business activity. Trade volumes rose by 3.0% in 2013^{E} versus 2.8% in 2012.

Inflation and oil prices:

- Global inflationary pressures were moderate in 2013^{E} and are expected to remain so in 2014^{P}. Consumer price inflation in developed countries amounted to 1.4% in 2013^{E} (1.5% forecast for 2014^{P}) and to 5.8% in 2013^{E} (5.5% forecast for 2014^{P}) in emerging and developing countries. Slower growth and declining commodity prices should ease pressure on oil prices, which nonetheless remain supported by inadequate capacity and weak currencies.
- According to the IMF, the average oil price was $104.10 per barrel in 2013, compared with $105.00 in 2012. Average prices are estimated at approximately $104.20 per barrel in 2014^{P}.

Euro/dollar exchange rate

- On foreign exchange markets, the euro continued to strengthen in 2013, to $1.33 at December 31, 2013. This rise of 4.7% year on year is attributable to worries about the US budget and the Fed's monetary policy.

(1)- Source : IMF, BM, DPEG/BAM
(2)- Institute for Supply Management
(3)- Purchasing Managers' Index

African economies: overview and outlook

Despite a generally unfavorable global economy, the African economy had a good year overall in 2013.

Economic growth in Africa should reach 4.8% in 2013, compared with 6.6% in 2012. Excluding Libya, economic growth in Africa should amount to 4.5% in 2013, compared with 4.2% in 2012. In terms of demand, domestic consumption plays a vital role in numerous African countries. This momentum nevertheless cannot fully compensate for the negative effects of the global crisis on external demand. Private consumption and both private and public investment often boost domestic demand.

Private consumption is driven by higher revenues in a number of sectors, as well as by the positive trend of remittances and by increased recourse to consumer loans. Private investment, often directed at the oil and mining sectors, attracts inflow from direct investments. Foreign direct investment (FDI) is forecast to reach $56.6 billion in 2013, compared with $49.7 billion the previous year. However, FDI will go mainly to large economies such as those of South Africa, Nigeria, and Morocco, while the rest of the continent continues to depend heavily on subsidies and aid.

On the supply side, agriculture and services are the main growth drivers. This is especially true in countries rich in natural resources such as oil production and mining.

Economic growth in Africa estimated at 4.8% in 2013^{E}, compared with 6.6% in 2012

In **North Africa**, political transitions have been slower than expected, while the depressed economic environment prevalent in the European Union has delayed economic recovery in some countries. North African GDP growth in 2013^{E} is forecast at approximately 3.9%. The previous year's 9.5% growth was due to the extraordinary 96% growth in Libya between 2011 and 2012 following resumption of oil production and export. Excluding Libya, economic growth in the region was 4.5% in 2013, compared with 4.2% in 2012.

West Africa remains the most vibrant region in Africa and is expected to maintain steady GDP growth of 6.7% in 2013^{E}, compared with 6.6% in 2012. This performance is attributable to growth in the oil, mining, agriculture, and service sectors, but also to strong demand driven by consumption and investments.

East Africa is expected to grow 5.2% in 2013, compared with 4.5% in 2012. One of the region's highlights in 2013 was the signing of a memorandum of understanding for the implementation of monetary union among five East African countries: Burundi, Rwanda, Kenya, Uganda, and Tanzania.

In **Southern Africa**, growth of 4.1% is forecast for 2013, compared with GDP growth of 3.7% in 2012. Countries such as Angola, Botswana, Mozambique, and Zambia are the region's main sources of growth.

In **Central Africa**, growth is expected to remain at approximately 5.7% despite the humanitarian crisis that has ravaged the Central African Republic, even more devastated since the deposition of President François Bozizé. The DRC and Chad are the foundation for this performance, with growth rates in 2013^{E} of 8.2% and 7.4% respectively.

GDP growth by African region (%)

	2012	2013^{E}
Africa	6.6%	4.8%
Central Africa	5.7%	5.7%
EMCCA	5.5%	3.7%
East Africa	4.5%	5.2%
North Africa	9.5%	3.9%
Southern Africa	3.7%	4.1%
West Africa	6.6%	6.7%
WAEMU	5.8%	6.0%

Source: AfDB

Inflation contained at 7.4% in 2013^{E}

For Africa as a whole, inflation should amount to 7.4% in 2013^{E}, compared with 9.1% in 2012. This trend can be attributed to stabilized oil and food prices.

In addition, most countries with moderate inflation are members of a monetary union such as the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CAEMC). Their currencies are pegged to the euro.

Inflationary pressures in 2013 nevertheless varied from country to country.

Inflation growth by African region (%)

	2012	2013^{E}
Africa	9.1%	7.4%
Central Africa	4.4%	3.5%
EMCCA	3.5%	2.5%
East Africa	21.4%	10.9%
North Africa	7.2%	7.1%
Southern Africa	6.5%	6.5%
West Africa	9.8%	8.0%
WAEMU	2.4%	1.6%

Source: AfDB

North Africa (excluding Egypt)

Surface area: 6 million Km²

Population growth rate: 1.9%

Population : 92.1 million

- Morocco: 32.9 million
- Tunisia: 10.9 million
- Libya: 6.5 million
- Mauritania: 3.7 million
- Algeria: 38.1 million

Currencies: dirham, dinar, ouguiya

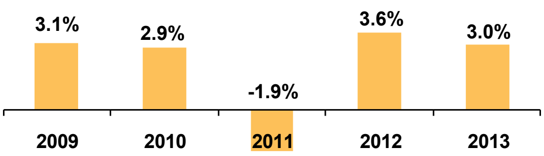
Source : IMF

Tunisia

Economic growth of 3.0% forecast for 2013, a decline of 0.6 points

Despite a tumultuous environment on both the domestic and international fronts, the Tunisian economy has begun to recover. After a 1.9% decline in 2011, the country enjoyed positive growth of 3.6% in 2012. The IMF's latest forecast calls for GDP growth of 3.0% in 2013.

Annual GDP growth (%)



Source : IMF

A sector analysis of the Tunisian economy highlights the decline in the agricultural and fisheries sector, whose value-added lost 3.3% in the third quarter of 2013. Lower cereal production was largely responsible for this performance. Nonmanufacturing industries experienced slowed growth (–0.4%) in the third quarter of 2013, mainly because of a decline in energy production (–3.2%).

Value-added in manufacturing industries was almost unchanged (+0.2%). The most active sectors were textiles, clothing and leather goods (+3.7%), and the mechanical and electrical industries (+1.2%). In the service sector, tourism—the sector hardest hit by the revolution—showed improvement in the first ten months of 2013, compared with the same period a year earlier. Nonetheless tourism has yet to return to its precrisis level of business activity. At October 31, 2013, the number of foreign tourists had risen by 5.7%, to 5.5 million persons. This change can be attributed to a rise in North African tourists (+15.1%), offsetting the decline in European (–1.5%) tourists, mainly French (–21.5%). At the same time, total overnight tourist stays increased by 0.2%, to 27.5 million nights.

According to data published by Tunisia's foreign direct investment promotion agency (FIPA), direct foreign investment had risen by 13.0% at end-October 2013, to TND 1,544 million. Most FDI went into the energy sector (+21.6%). At the same time, inflow from portfolio investments amounted to TND 123.5 million, a rise of 66.2%.

Unemployment is also falling, as seen in the National Survey on the Population and Employment. According to the survey's results, the unemployment rate in the third quarter of 2013 stood at 15.7%, down 1.3 points year on year.

Inflation of 6.0% in 2013[E], compared with 5.6% in 2012

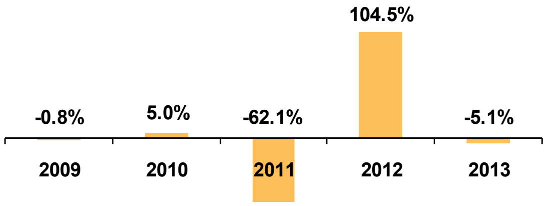
The IMF forecasts a rise in the consumer price index of approximately 6.0% in 2013, compared with 5.6% in 2012. This change is attributable mainly to food and fuel, whose prices increased in September 2012 and March 2013.

Libya

Economic growth of -5.1% in 2013[E] after record of 104.5% in 2012

Political disagreements, disruptions in oil exports, and security concerns continue to slow Libya's political and economic transition, two years after the liberation of Tripoli.

Annual GDP growth (%)



Source: IMF

Libya's economic recovery remains tied to hydrocarbon production, which accounted for 78% of the country's GDP in 2012.

GDP is expected to contract by 5.1% in 2013 after record growth of 104.5% in 2012 that was due to the hydrocarbon sector, which accounts for 95% of total government revenue and 98% of exports. In 2013, however, frequent strikes and the blockade of oil production sites hurt oil exports and related government revenues. This atmosphere of uncertainty also affects private business activity outside the oil sector.

Inflation contained at 3.6% in 2013[E], compared with 6.1% in 2012

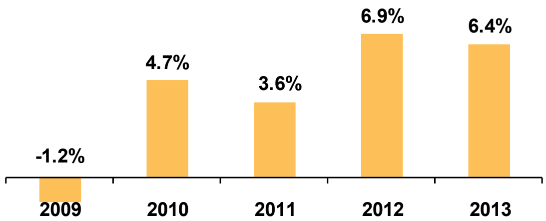
Inflation in 2013[E] slowed to 3.6%, 2.5 points lower than in 2012.

Mauritania

Economic growth estimated at 6.4% in 2013, compared with 6.9% in 2012

The IMF forecasts growth in the Mauritanian economy of 6.4% in 2013, compared with 6.9% a year earlier. This performance is attributable mainly to the dynamic agricultural and mining industries, but also to service sectors and major infrastructure projects.

Annual GDP growth (%)



Source: IMF

Economic indicators for the first nine months of 2013 show solid growth in mining activities (iron ore production +12.7%

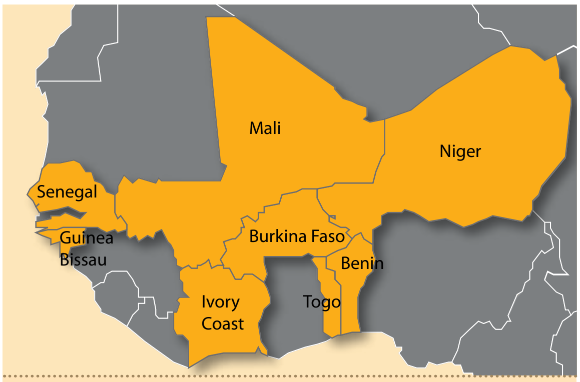
at August 31, 2013, and crude oil production +5.0% at September 30, 2013), while the industrial production index rose by +6.9% in Q3 2013 year on year. Construction activity, on the other hand, slowed slightly. The steepest decline occurred in the fisheries sector (–72.4% at September 30, 2013), mainly because of lower pelagic fish volume (–75.9% at September 30, 2013).

Foreign trade in the first nine months of 2013 saw imports and exports down by 8.4% and 12.3% respectively year on year. The deficit stands at $67.5 million.

Inflation down to 4.2% in 2013^E from 4.9% in 2012

As a result of lower commodities prices, inflation was 4.2% in 2013^E, compared with 4.9% a year earlier. At September 30, 2013, inflation had risen by 5.1% year on year.

WAEMU: West African Economic and Monetary Union



Surface area: 3.5 million Km²

Population growth rate: 3%

Population : 107.2 millions d'habitants

- Senegal : 13.5 millions
- Ivory Coast: 24.1 million
- Mali: 16.9 million
- Burkina Faso: 17.8 million
- Benin: 10.3 million
- Niger: 16.6 millions
- Guinea-Bissau: 1.6 million
- Togo: 6.4 million

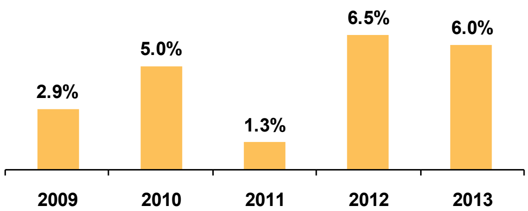
Currency: CFA franc

Source : IMF

Steady economic growth of 6.0% expected in 2013^E, compared with 6.5% in 2012

Despite a persistently weak global economy, economic improvement observed in 2012 in the West African Economic and Monetary Union (WAEMU) has been confirmed after stabilization of the political and security conditions in Mali and Guinea-Bissau. WAEMU economies grew by 6.0% in 2013^E, compared with 6.5% in 2012.

Annual GDP growth (%)



Source : IMF

On a sector basis, the forecast for annual growth in cereal production for the 2013–2014 harvest ranges from –7.0% to +3.0% year on year because of late, light, and inconsistent rainfall between May 2013 and mid-July 2013. Since August 2013, rainfall has been more evenly distributed.

Industrial activity fell 0.8% year on year in the third quarter of 2013, the first such decline since the first quarter of 2011. This decline was due mainly to the manufacturing sector (-2.9%), which is tied to slowing refinery operations in the Ivory Coast and Senegal. The energy sector also declined (-2.8%), in tandem with production in Niger and Togo.

The construction and public-works sector grew in the third quarter of 2013 because of continued public infrastructure work in all WAEMU countries except for Mali and Guinea-Bissau.

Trade revenue is trending upwards and had grown 6.5% year on year at September 30, 2013. The main contributors to trade revenues were automobiles, motorcycles, and spare parts (+22.2%), textiles (+21.2%), household goods (+17.1%), and petroleum products (+12.9%).

The Central Bank of West African States (CBWAS) eased its monetary policy by lowering key lending rates by 25 basis points in September 2013. Subsequently the refinancing rate for liquidity tenders declined from 2.75% to 2.50%. The refinancing rate for a marginal lending facility is now 3.50%, down from 3.75% previously.

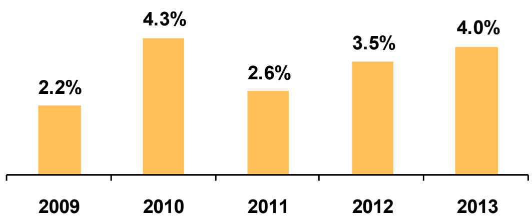
Inflation down, from 2.8% in 2012 to 2.0% in 2013^E

The WAEMU inflation rate continued its downward trend, from 2.8% in 2012 to 2.0% in 2013^E. This fall in prices is the result of lower local cereal prices, mainly in the Sahel region, and of the WAEMU's 2012–2013 bumper harvest (cereal production +24.0%). The decrease of inflation rate is also due to the exchange regime of WAEMO countries (indexed to Euro).

Senegal

After a slowdown in 2011 as a result of a poor harvest, the Senegalese economy expanded by 3.5% in 2012. This rebound continued in 2013, when GDP rose by an estimated 4.0%. The forecast is based on investments in a number of sectors, part of the government's socioeconomic program supported by the International Monetary Fund's Economic Policy Support Instrument (PSI). Key investments focus on agriculture, road infrastructure (with continued work on a toll road and the Blaise-Diagne international airport), and improved electricity distribution.

Annual GDP growth (%)



Source: IMF

Economic indicators at November 30, 2013, show a 5.9% contraction in the primary sector, attributable to the poor performance in livestock (–11.5%).

The secondary sector has followed suit, with a 14.0% decline attributable to the poor performance of the mining sector (–54.0%).

The tertiary sector, however, grew by 0.3% as a result of robust performances by subsectors of transportation and telecommunications (+14.3%), which offset declines in financial services (–20.2%), real estate (–9.1%), and retail (–4.9%).

In foreign trade, exports of goods fell by 0.7%, to 1,096.9 billion CFA francs at November 30, 2013. This decline was due to a fall in exports of hydraulic cement (–27.0%), phosphoric acid (–31.1%), and raw gold (–17.2%). Imports of goods amounted to 2,693.2 billion CFA francs, in stagnation compared with the same periode of 2012.

Inflation contained at 0.7% in 2013

The National Statistics Agency reported that the harmonized index of consumer prices recorded almost no change (–0.1%) at the end of 2013 from a year earlier. The annual inflation rate was 0.7% in 2013.

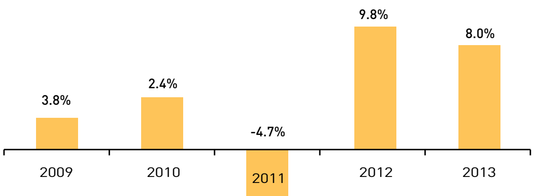
Ivory Coast

Economic growth estimated at 8.0% in 2013E, compared with 9.8% in 2012

Political stability continues to encourage economic activity in the Ivory Coast, where growth in 2013 is estimated at 8.0%, compared with 9.8% in 2012. This momentum is underpinned mainly by acceleration in the key areas of the National Development Plan and by reforms designed to improve business conditions.

In the primary sector, almost all agricultural activities are well-oriented. With the planting of new, high-yield plant varieties, cocoa production rose by 12.9%, to 634,558.5 tons at June 30, 2013. Aided by a government subsidy of 7 billion dirhams, cotton volume grew by 31.2%, to 268,055.2 tons. Palm oil grew by 4.8%, to 243,874.2 tons.

Annual GDP growth (%)



Source: IMF

In the secondary sector, the 17.7% decline in construction and public works at June 30, 2013, was partially compensated by unexpectedly strong industrial activity, mainly in extractive industries (excluding oil). The outlook for construction and public works remains promising, with investments earmarked for road infrastructures.

The tertiary sector continued its positive trend in the first half of 2013, in parallel with economic recovery and renewed demand. The turnover index for retail trade rose by 14.8% in nominal terms, at June 30, 2013.

In addition, the general insecurity index has improved significantly, from 3.8 in January 2012 to 1.6 in May 2013. This reflects improved security conditions.

Inflation at 2.9% in 2013E, up from 1.3% in 2012

According to the IMF, inflation in 2013 was 2.9%, an increase of 1.6 points year on year and in line with the rise in food prices.

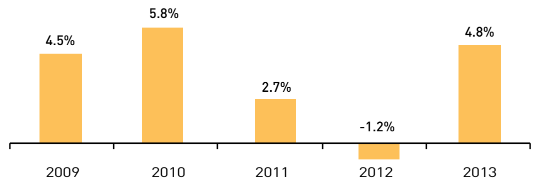
For the first half of 2013, the harmonized index of consumer prices stood at 2.9% year on year.

Mali

Mali to resume growth in 2013E, estimated at 4.8%

After a gradual return to normal of sociopolitical conditions in Mali, and following resumption of cooperation with the country's financial partners, the Malian economy began to recover in 2013. The IMF forecasts 2013 GDP growth of 4.8%, compared with 1.2% in 2012. The agricultural and gold-mining sectors, as well as aid from the international community, are boosting the country's recovery.

Annual GDP growth (%)



Source: IMF

In order to reinforce the measures designed to maintain macroeconomic stability and to promote recovery of the Malian economy after the recession in 2012, the IMF granted Mali an emergency loan of $15 million in June 2013, in addition to a loan of $18 million in January 2013. Similarly, in May 2013, the African Development Bank (AfDB) granted a loan of 30.2 billion CFA francs (€46 million) in contribution to the Emergency Program for Economic Recovery (Programme d'urgence d'appui à la reprise économique, or PUARE).

Inflation down to 0.1% in 2013E from 5.3% in 2012

On an annual basis, Mali's inflation rate fell to 0.1% in 2013, from 5.3% in 2012. Lower cereal prices, caused by excess supply after a good harvest, underlie this deflationary trend.

Burkina Faso

Economic growth estimated at 6.5% in 2013E, compared with 9.0% in 2012

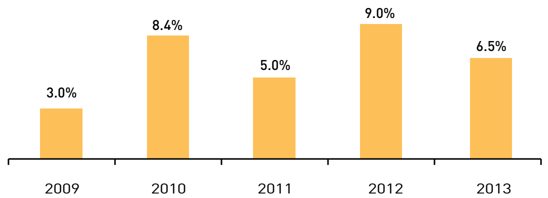
The IMF expects economic activity in Burkina Faso to remain vigorous in 2013, with growth of 6.5% in 2013E, compared with 9.0% in 2012.

This recovery has been under way since 2012 and is attributable mainly to the mining sector and to good cotton harvests.

According to Burkina Faso's Ministry of Economy and Finance, GDP should grow by 7.0% in 2013, driven principally by the tertiary sector's contribution of 3.9 points, but also by the primary and secondary sectors' contributions of 1.4 and 1.7 points respectively.

Gold production in the first half of 2013 amounted to 16.0 tons, 8.6% more than the 14.7 tons a year earlier.

Annual GDP growth (%)



Source: IMF

The World Bank forecasts cotton production of 730,000 tons in 2013, compared with 620,000 tons in 2012.

In the first quarter of 2013, the harmonized index of industrial production recorded a rise of 7.3% from the previous year.

Inflation of 2.0% in 2013[E], compared with 3.8% in 2012

The average inflation rate continued its slow decline begun in February 2013, and should reach 2.0% in 2013, compared with 3.8% in 2012.

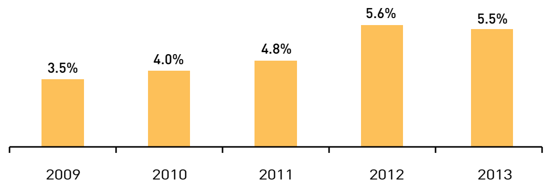
In the first seven months of 2013, the average consumer price index stood at 107.6, up 1.9% from the same period a year earlier.

Togo

Economic growth estimated at 5.5% in 2013, compared with 5.6% in 2012

In 2012, economic growth accelerated in Togo, to 5.6% from 4.8% in 2011. This trend reflects momentum in the agriculture, construction, and mining sectors, and is expected to continue in 2013 at the same pace. Public investment programs, in addition to the revived phosphate and cotton sectors, should contribute to growth of 5.5%.

Annual GDP growth (%)



Source: IMF

Legislative elections in Togo, initially scheduled for 2012, were another highlight of 2013.

In addition, at September 30, 2013, the World Bank project portfolio for Togo amounted to $300 million earmarked for the following areas: agriculture, environment, education, infrastructure, private-sector development, telecommunications, decentralization, social protection, and budgetary support. New operations ware also being prepared in the areas of heath care and energy.

Inflation up by 0.6 points in 2013[E], to 3.2%

Togo's inflation in 2013 is expected to amount to 3.2%, up from 2.6% in 2012. This rise of 0.6 points is due to higher natural-gas and food prices.

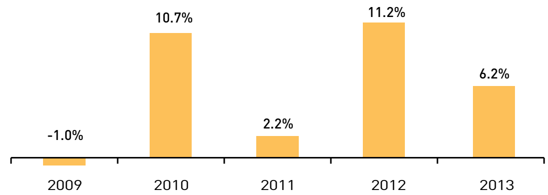
Niger

Economic growth estimated at 6.2% in 2013, compared with 11.2% in 2012

Niger's economy took a leap forward in 2012, related to a good harvest and vigorous secondary sector boosted by the implementation of a new oil project. This trend should continue in 2013, albeit at a slower pace. The IMF forecasts GDP growth of 6.2% in 2013[E], down from 11.2% in 2012. The slowdown can be explained by floods caused by torrential rainfall and the overflowing of the Niger.

Furthermore, at September 30, 2013, the industrial production index contracted by 22.1% year on year, a result of a slowdown in uranium and energy production because of security concerns.

Annual GDP growth (%)

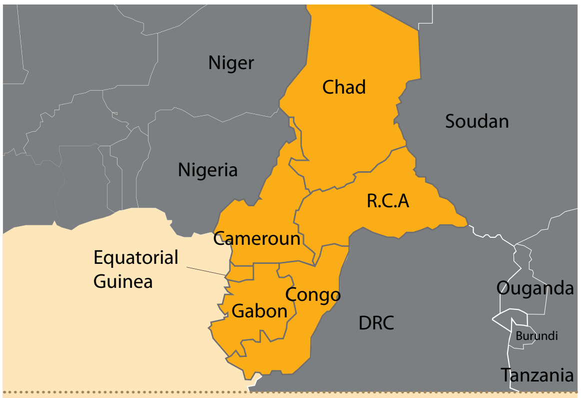


Source: IMF

Inflation up 1.1% in 2013

On an annual basis, the harmonized consumer price index in Niger spring at 1.1% at December 31, 2013. This change was due mainly to a hike in food prices and to higher rents.

CEMAC



Surface area: 3 million Km²

Population growth rate: 2.8%

Population : 44.2 million

- Cameroon: 22.0 million
- Gabon: 1.6 million
- Congo : 4.2 million
- CAR: 4.6 million
- Chad: 11.0 million
- Equatorial Guinea: 0.8 million

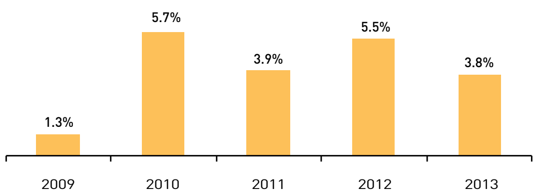
Currency: CFA franc

Annual GDP growth estimated at 3.8% in 2013[E], a decline of 1.7 points

The Central Africa Economic and Monetary Community (CAEMC) is expected to show slower real growth in 2013 because of decreased public investment, a slowdown in construction and public works, a downturn in oil production, and political upheaval in the Central African Republic. The main growth drivers continue to lie outside the oil sector (e.g., a robust service sector and ongoing large energy projects).

The IMF forecasts GDP growth of 3.8% in 2013, compared with 5.5% in 2012.

Annual GDP growth (%)



Source: IMF

In October 2013, faced with a regional business slowdown, the Bank of Central African States (BCAS) cut its refinancing rate by 25 basis points for the second time, from 3.50% to 3.25%. The refinancing rate had already been lowered by 50 basis points, in July 2013.

Inflation rate expected to reach 2.5% in 2013, compared with 3.9% in 2012

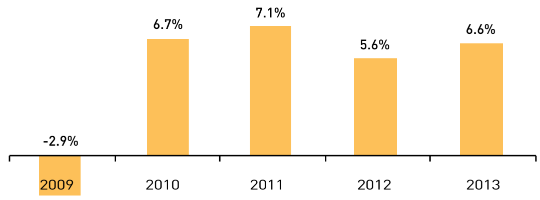
As foodstuff prices come down, inflationary pressure should ease to 2.5% in 2013.

Cameroon

Growth estimated at 4.6% in 2013^{E}

According to the IMF's latest forecasts, GDP growth in Cameroon will continue at the same pace as in 2012, reaching 4.6% in 2013. This positive business trend should benefit increasingly from recovery in the oil sector and from strong domestic demand related to the launch of large-scale infrastructure projects.

Annual GDP growth (%)



Source: IMF

The Central African Economic and Monetary Community (CAEMC) forecasts growth of 6.1% in 2013, compared with 5.1% in 2012. Driving this change is a vibrant secondary sector (+8.7%), underpinned by growth in the oil and mining industries after the reopening of a number of wells. New sites coming on stream and a rise in the recovery rates of mature oil fields also contribute to growth. The tertiary sector is likely to grow in 2013 (+5.9%).

Inflation rate contained at 2.5% in 2013^{E}

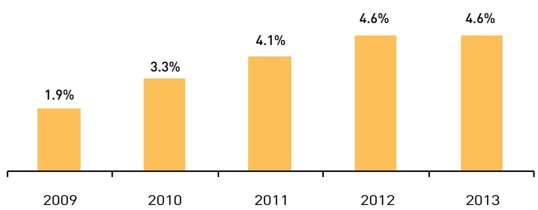
Inflation is likely to remain moderate (2.5%) in 2013 despite pressure on public finances caused by the freeze on fuel prices at the pump and by the subsidy to the National Refining Society (SONARA).

Gabon

Growth of 6.6% in 2013^{E}, compared with 5.6% in 2012

Growth of Gabon's economy in 2013 is estimated at 6.6%, compared with 5.6% in 2012. This performance is attributable to non-oil sectors (+10.1%) in an environment of ongoing structural reforms, and to recovery in the mining sector.

Annual GDP growth (%)



Source: IMF

Despite the expected slowdown in petroleum production (–0.5%), Gabon remains highly dependent on oil. Over the past five years, the oil sector has accounted for an average of 80% of exports, 45% of GDP, and 60% of government revenue.

Inflation down to –1.5% in 2013^{E}, from 2.7% in 2012

After inflation of 2.7% in 2012, deflation of –1.5% is expected in 2013, this situation applies by a governmental measure that aims to lower prices of basic foodstuffs (taxes on imports have been suspended).

Republic of the Congo

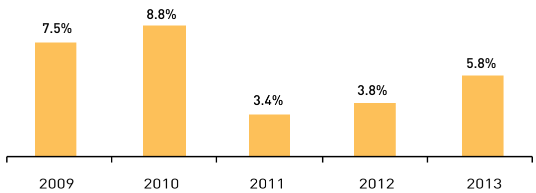
Economic growth of 5.8% in 2013^{E}, compared with 3.8% in 2012

Despite a slowdown in oil production, real GDP growth is expected to reach 5.8% in 2013^{E}, compared with 3.8% a year earlier.

The CAEMC forecasts 7.5% of economic growth in the Republic of the Congo, an outlook based on secondary and tertiary sectors expected to grow by 12.6% and 9.3% respectively. In addition, final consumption expenditure is estimated to rise by 15.8%, supported mainly by household final consumption expenditure growth of 17.5%.

Although the Republic of the Congo enjoys large mining, forest, and natural-gas resources, its economy remains undiversified. It is also highly dependent on oil, which accounts for 60% of GDP, 75% of government revenues, and 90% of export income.

Annual GDP growth (%)



Source: IMF

The lackluster global economy has resulted in a decline in external demand, dragging down the Republic of the Congo's economy and underscoring the need for diversification via development of the non-oil private sector. More substantial growth would come from the modernization of infrastructure-particularly the roadway and railway along the Pointe-Noire–Brazzaville key axis-to open up access to the most rural areas and to the Central African Republic and the Democratic Republic of Congo.

Inflation at 5.3% in 2013^{E}, up from 5.0% in 2012

Inflation remains higher than the CAEMC average of 3.0% and amounted to 5.3% in 2013^{E}, compared with 5.0% in 2012.

MOROCCO: domestic economic performance positive overall in 2013E

In a global environment of fragile recovery, the latest economic performance indicators forecast favorable overall conditions for the Moroccan economy, aided by the robustness of primary and tertiary activities.

According to the latest estimates of the Ministry of Economy and Finance, the Moroccan economy should grow by 4.8% in 2013, compared with 2.7% in 2012.

In the primary sector, domestic economic performance was boosted by a good harvest in 2012–2013, the second largest since the introduction of the Plan Maroc Vert in 2008. Agricultural value-added rose by 16.7% in 2013, the result of improved cereal production. The cereal harvest totaled 97.7 million quintals in 2013, compared with 50.7 million quintals in 2012.

Meanwhile GDP growth of nonagricultural activities came to 3.1% in 2013, down from 4.5% in 2012. The slowdown in growth was due largely to a decline in the business sectors of construction and public works, industries, and energy. The gradual recovery of foreign demand in Morocco should revive a number of business activities.

Economic growth in secondary-sector activities is estimated at 1.8% in 2013, compared with 1.3% in 2012, as the following developments attest:

- cement sales declined by 6.3% in 2013, to 14.9 million tons at December 31, 2013;
- export turnover of OCP declined by 23.3% in 2013, to MAD 37.1 billion at December 31, 2013;
- electricity sales were essentially unchanged, rising by 0.6% to 27,729 GWh at December 31, 2013.

The tertiary sector, however, grew by 3.8% in 2013, driven by tourism, telecommunications, and solid performance in the transport sector.

The Moroccan economy's positive trend is attributable also to the continued strength of domestic demand, and to investment projects under way in various sectors.

Domestic demand is still the chief driving force of national economic growth and provided approximately 3.1 points of GDP growth. Much of this growth comes from final consumption expenditure, especially household spending (+2.9 points), and to a lesser degree from gross investment (+0.2 points).

Investment levels maintained in 2013 and benefited from:

- a 25.2% rise in direct foreign investment, which stood at MAD 40.2 billion at the end of 2013;
- an 8.2% rise in imports by businesses of capital goods, amounting to more than MAD 79 billion at December 31, 2013;
- a 1.8% improvement in outstanding investment loans, to MAD 140.5 billion at December 31, 2013.

Moreover, in addition to implementation of the National Industrial Growth Pact 2009–2015 (Pacte National d'Emergence Industrielle, or PNEI), a number of revitalized activities such as automotive and aeronautics also contributed to growth.

Foreign trade continued to perform well over the entire 2013 year. Data at the end of December 2013 shows that the trade deficit narrowed by 1.7% (MAD 2.1 billion), to MAD 125.6 billion (balance of goods and services). This change was due to a decline in imports (MAD –7.4 billion), mitigated by a decline in exports (MAD –5.3 billion).

Quarterly Moroccan GDP growth (year on year)

Volume	Q1-12	Q2-12	Q3-12	Q4-12	2012	Q1-13	Q2-13	Q3-13	Q4-13
GDP (MAD millions) (%)	167.3 2.8%	170.1 2.7%	172.6 2.9%	174.6 2.3%	2.7%	173.9 4.0%	178.4 4.8%	179.5 4.0%	182.4 4.5%
Agricultural value-added (MAD millions) (%)	23.9 -8.3%	24.1 -9.5%	24.5 -8.5%	25.1 -9.1%	-8.9%(**)	28.2 17.8%	29.0 20.1%	29.0 18.2%	29.7 18.5%
Nonagricultural value-added (MAD millions) (%)	121.8 4.4%	123.6 4.5%	126.4 4.7%	128.2 4.0%	4.5%	124.4 2.1%	126.9 2.7%	128.7 1.8%	131.4 2.4%

Source: BAM

Quarterly GDP growth remained positive during the first nine months, mainly due to a strong performance from the primary and tertiary sectors.

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

	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13	Q4-13
Primary sector	-1.2	-1.1	-1.1	-1.2	2.5	2.6	2.4	2.3
Secondary sector	0.6	0.3	0.5	-0.2	-0.4	-0.1	-0.1	0.5
Tertiary sector	2.7	2.9	3.0	3.1	1.8	2.1	1.4	1.4

Source : BAM

The 2014 finance low forcast domestic economic growth of 4.8%, with agricultural GDP of 15.3% and nonagricultural GDP of 3.4%.

Morocco taps international markets for second time in six months

After raising $1.5 billion on international markets in December 2012, Morocco issued a new sovereign bond in May 2013 for a total of $750 million in two tranches. The first tranche is for $500 million, maturing in 10 years at 4.21%. The second tranche is for $250 million, maturing in 30 years at 5.56%.

This new round of fundraising from international investors eased pressure on liquidity, reduced the need for sovereign issues on the domestic market, and consolidated Morocco's external position.

Slowdown in 2013[E] in construction and public works

Cement sales, the main barometer of the construction and public works sector, closed out 2013 with a 6.3% decline, to 14,864 thousand tons. According to the Office for Financial Studies and Forecasts (Direction des Etudes et des Prévisions Financières, or DEPF), the trend is due chiefly to a net decline in real-estate activities and to bad weather conditions.

By geographic areas, greater Casablanca, traditionally among the top regions in terms of consumption (13.2%, or 1,969 thousand tons), suffered an 8.9% decline. Similarly, Tangier-Tetouan (11.1%, or 1,645 thousand tons) declined by 8.8% and Marrakech-Tensift-Haouz (10.7%, or 1,584 thousand tons) by 6.9%.

During the first half of 2013, however, housing production rose 58.5%, from 66,195 units (including 57,614 social-housing units) to 104,929 units (including 90,338 social-housing units). The number of social-housing units, meanwhile, rose 56.8%, whereas the number of housing starts dropped 28.9%, to 150,911. Among these were 135,368 low-cost social-housing units, down 29.8% from first-half 2012.

In terms of financing, outstanding mortgage loans amounted to MAD 230.2 billion at December 31, 2013, up 4.4% year on year.

At the end of 2013, the FOGARIM guarantee fund had disbursed MAD 2.2 billion in loans to 13,378 households, whereas the FOGALOGE guarantee fund had disbursed MAD 1.3 billion in loans to 4,449 households.

In third-quarter 2013, interest rates charged by banks for mortgage loans declined by 11 basis points, to 6.04% year on year. Foreign direct investment in real estate amounted to MAD 1.84 billion (–12.9%) for first-quarter 2013, in comparison with MAD 2.11 billion for the same period in 2012.

Morocco continues to consolidate its gains in social housing and the struggle against unhealthful living conditions. From the launch in 2010 of the program for social housing at MAD 250,000 to the end of September 2013, 695 agreements were signed for the construction of 1,310,579 housing units. The goal is to halve the housing deficit to 400,000 units by 2016. Moreover, according to the data in the draft budget bill for 2014, of the 85 cities first designated at the end of September 2013, 48 cities have been officially declared "Cities without Shantytowns" ("Villes sans bidonvilles," or VSB), bringing the program to 78% completion.

To spur domestic demand and foster balanced territorial development, public authorities are continuing to increase public investments in the following sectors:

Roads and highways: continued work on the Berrechid-Beni Mellal highway (172 km at MAD 6.1 billion) as well as the Rabat beltway (41 km at MAD 2.8 billion) and launch of construction of a highway to link El Jadida and Safi (140 km at MAD 4.2 billion).

Railways: continued construction on the Casablanca–Tangier high-speed railway (TGV); construction of a third railway between Casablanca and Kenitra; retrofit of the Fez-Oujda and Settat-Marrakech railways.

Automotive industry: inauguration in October 2013 of a second assembly line at the Renault-Nissan plant in Tangier is expected to double production capacity as from 2014, to 340,000 vehicles per year. The new line requires an investment of €400 million and will create 1,400 jobs.

Ports: launch of construction of the new port of Safi (MAD 3.9 billion), slated for operational debut in 2017, and continued work on phase 1 of Tangier's Med II port, at a cost of MAD 8.9 billion.

Airports: completion of the extension and refurbishment of terminal 1 at the Casablanca airport, and continued construction of new terminals at the Fez and Marrakech airports.

Tourism: as part of "Vision 2020," several regional program contracts were signed in 2013, notably in Souss-Massa-Drâa, Tangier-Tetouan, Chaouia-Ouardigha, Gharb-Chrarda Béni Hssen, and Oued Ed-Dahab–Lagouira.

Energy: official launch of construction of the first plant, called "NOOR," of the integrated solar-energy complex of Ouarzazate, requiring an investment of MAD 7 billion; launch of the solar-pumping program, which aims to set up 3,000 photovoltaic systems (MAD 400 million).

Agriculture: 112 projects in the framework of the Plan Maroc Vert were planned by the Ministry of Economy and Finance for launch over the course of 2013, requiring a budget of MAD 1.62 billion and benefiting some 30,000 people in rural areas.

Housing: inauguration, as part of the "Cities without Shantytowns" program, of the first tranche of the new city of Zenata, comprising the construction of 4,079 housing units (2,569 social-housing units) for shantytown inhabitants. The total cost was MAD 1.4 billion. Launch of construction of 315 social-housing units, for MAD 250,000, for new urban area "Sidi Abid" (in Al-Hoceima), representing a total investment of MAD 77 million.

Mining: start of operations for the pipeline between Khouribga and Jorf Lasfar, slated for the end of 2013.

Mixed results in the energy sector

After flagging in the first and second quarters of 2013, the energy sector recovered to finish out the year with moderate gains.

At the end of December 2013, crude-oil run to stills at refineries amounted to 7.2 million tons, in comparison with 7.6 million tons the previous year, a decline of 5.3%.

Production of refined petroleum products was down 5.0%, to 6.6 million tons. This trend is attributable to a decrease in the production of diesel fuel (–9.7%), fuel oils (–7.4%), super (–9.1%), butane (–20.5%), and propane (–3.4%). However, the production of Jet A-1 was up 20.8%.

Accounting for 27.0% of total imports at the end of December 2013, energy imports fell 3.9%, to MAD 102.5 billion, in comparison with MAD 106.6 billion the previous year. The change results from a decrease in imports of diesel and fuel oil (–2.6%) to MAD 36.0 billion; of coals, cokes, and similar combustible solids (–17.1%) to MAD 4.9 billion; and of petroleum gas and other hydrocarbons (–4.4%) to MAD 19.3 billion.

The average price of imported crude oil declined 7.0%, from MAD 6,635.8 per ton at December 31, 2012, to MAD 6,170.2 per ton at December 31, 2013.

In 2013, electricity generation rose 2.7%, to 31,884.7 GWh. The change is due chiefly to the 64.7% rise (to 2,990.4 GWh) in hydraulic energy generation associated with the 5.6% decline (to 22,483.3 GWh) in thermal energy generation. Electricity trade with Algeria and Spain was also up, posting a growth rate of 11.5%.

Net local generation rose by 1.6% (to 26,626 GWh), while electricity consumption rose by 0.6% (to 27,728.6 GWh) at December 2013. This change takes into account the 0.6% decline (to 21,295.3 GWh) in consumption among customers for high- and medium-tension electricity and the 4.9% rise (to 6,433.3 GWh) in consumption among customers for low-tension electricity.

Morocco is consolidating its power generation from renewable energy sources. For the medium term (2013–2016), projects are underway to develop clean coal as the primary source for basic production, with supplemental development of solar and wind power. New generation capacity is slated to come on line by 2016, as the plan for renewable-energy development gains momentum.

Renewable energies: Morocco helps launch the « Renewables Club »

Morocco has been invited to join a ministerial platform, the "Renewables Club," as a founding member, alongside nine other countries: China, Denmark, France, Germany, India, South Africa, Tonga, the United Arab Emirates, and the United Kingdom. The alliance, a high-level gathering of representatives from countries that have pioneered the development of renewable energies, aims to promote renewable-energies use in all countries.

A center for the promotion of renewable energies in Morocco

An agreement has been signed between Morocco and UNESCO to create a regional center for renewable energies and energy efficiency. Its purpose will be to spur an increase in national, regional, and international generation capacity for renewable energies.

Mining: a slowdown in activity

Morocco's mining sector has continued the decline first observed in early 2011, due notably to a flagging of international demand.

The soft global market for phosphates is affecting OCP Group's business, hence the 23.3% drop (to MAD 37.1 billion) in exports of phosphates and derivatives in 2013.

The phosphate sector's contribution to Moroccan exports nevertheless remains considerable, amounting to 20.2% in 2013 (16.4% in 2000).

Phosphate prices, meanwhile, have continued the downward trend begun in 2012, reaching $101.0 per ton in December 2013, in comparison with $185.0 per ton the previous year.

Rock-phosphate production stood at 26.4 million tons at the end of December 2013, down 2.3% year on year, whereas phosphate processing saw a 4.7% rise in the production of phosphoric acid, to 4.5 million tons. The production of phosphate fertilizers, however, declined 1.1%, to 4.8 million tons.

To develop its industrial infrastructure and consolidate its leadership position on the global market for phosphates and derivatives, OCP Group has undertaken a broad investment program for an overall total of MAD 144 billion by 2020. The program covers the following large-scale projects:

- development of phosphate processing through substantial investments at the Jorf Lasfar and Safi sites;
- a 20-million–ton expansion of extraction capacity, to 50 million tons, by 2020 as well as development of phosphate-processing capacity with the construction of four washeries;
- expansion of logistical and transport infrastructures to meet the needs of production and export capacity for phosphates and derivatives;
- development of human-resources capacity with the creation of new training centers for industrial skills.

Primary sector: favorable outlook for 2013

The primary sector closed out 2013 with a favorable outlook for aggregates, thanks to a good economic conditions and vigorous domestic demand. Agricultural value-added stood at 16.7%, despite having declined by 8.9% in 2012.

According to the latest data from the National Interprofessional Office for Cereals and Legumes (Office National Interprofessionnel des Céréales et des Légumineuses, or ONICL), cereal harvest for 2013–2014 amounted at the end of October 2013 to 20.4 million quintals, of which 98.8% was soft wheat.

Cereal stocks held in port silos by ONICL-recognized cooperatives amounted to 19.7 million quintals at the end of October 2013.

At December 31, 2013, food imports were down 14.7%, to MAD 35.7 billion, because of declines in imports of wheat (to MAD 8.2 billion, −31.9%), corn (to MAD 4.1 billion, −25.5%), sugar (to MAD 3.7 billion, −27.2%), and barley (to MAD 0.4 billion, −69.7%).

Agricultural and agri-food exports, meanwhile, rose 4.7%, to MAD 34.2 billion, buoyed by solid sales in the food industry (+6.9%, to MAD 19.9 billion)

Other agricultural production, livestock, and marine fisheries enjoyed strong performance, thanks to ambitious public investment programs, especially the Plan Maroc Vert and the Halieutis maritime plan.

Fisheries: strong potential for development

The inshore- and traditional-fishery sector posted solid performance in 2013.

According to the latest data published by the National Fisheries Office (Office National des Pêches), inshore- and traditional-fishery landings were up 4.6% at the end of December 2013, to 1,172,973 tons.

The change was due essentially to the 5.1% rise, to 1,030,108 tons, in pelagic-fish volumes, which reflected good volumes for sardines (+4.2%, to 698,569 tons) and mackerel (+30.3%, to 150,230 tons).

These landings rose 6.0% in value, to MAD 5.4 billion, thanks to the rise in the value of pelagic-fish landings (+22.5%, to MAD 2.4 billion), especially sardines (+20.1%) and mackerel (+55.3%). The value of cephalopod landings, by contrast, declined 11.6%, to MAD 1.4 billion.

Catches dispatched for freezing and preserves amounted to 37.3% and 13.0% respectively of total catches, up 37.6% and 3.0% from volumes in 2012. Nonetheless, Volumes dispatched for consumption and industry, however, amounted to 33.3% and 15.5%, down 10.6% and 12.2% compared with the end of December 2012.

Exports of fishery products in 2013, meanwhile, declined by 5.4%, to MAD 3.2 billion.

A new fishery agreement for the modernization of halieutic production was signed in November 2013 between Morocco and the European Union (EU). The agreement will permit 126 European vessels to enter the Kingdom's waters. The annual financial return is estimated at €40 million, of which €14 million will further the implementation of the Halieutis Plan.

Tourism: good performances in 2013

Despite the challenging global economic conditions, performance indicators for Morocco's tourism sector remain positive. In 2013, tourist arrivals increased by 7.2%, to 10.0 million, of which 4.7 million were registered as Moroccans living abroad (+8.3%). The number of foreign tourists increased 6.2%, to 5.3 million.

The two main source markets, France and Spain, each posted a 4% increase. Numbers of tourists from Germany, the United Kingdom, and Italy rose by 13%, 12%, and 15% respectively. Overnight stays in classified tourism lodgings continued to rise, increasing 9.3% (to 19.1 million overnight stays) in 2013. This was in line with the 11.0% rise (to 13.9 million overnight stays) registered by nonresidents and, to a lesser degree, with the 5.0% rise (to 5.2 million overnight stays) registered by resident tourists.

With the exceptions of Oujda-Saidia and Tetouan, which posted declines of 1% and 6% respectively in overnight stays, there were gains overall in the Kingdom's cities, such as Marrakech (+595,656, or +10%), Agadir (+457,565, or +10%), Casablanca (+166,906, or +10%), Fez (+126,427, or +20%), Essaouira-Mogador (+18%), Tangier (+7%), and El-Jadida-Mazagan (+17%).

Foreign trade: reduced trade deficit

Foreign trade improved in 2013, as the increase in exports in goods and services exceeded the increase in imports. The result is a slight improvement of 1.7% (to MAD 125.6 billion) in the foreign trade deficit for goods and services.

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

À In 2013, exports of goods fell by 0.8%, to MAD 183.5 billion. The decline primarily affected the phosphates and derivatives sector and the textiles and leather sector, whose sales were down 23.3% (to MAD 37.1 billion) and 3.9% (to MAD 31.7 billion) respectively. Agriculture and agribusiness, by contrast, rose by 4.7% (to MAD 34.2 billion), thanks to progress of 6.9% (to MAD 19.9 billion) in the food industry.

Morocco's global industries (métiers mondiaux du Maroc, or MMM) were particularly dynamic, accounting for 25.6% of total Moroccan exports.

The emergence of these growth-engine segments was supported by the National Pact for Industrial Emergence (Pacte National pour l'Emergence Industrielle), which went into effect in February 2009 and is concerned mainly with the development of Morocco's global industries on the world stage and with the competitive advantages they provide.

Exports for the automotive sector rose 23.2%, to MAD 31.0 billion, led mostly by the 68.4% rise (to MAD 12.3 billion) in exports in the manufacturing segment. The automotive industry should continue to grow, especially with production gains at the Renault-Tangier plant after the opening of the plant's second tranche in October 2013.

The aeronautics sector posted gains of 20.0%, reaching MAD 8.1 billion.

Electronics sales were also up (+11.6%, to MAD 7.9 billion), despite the 3.7% decline (to MAD 4.2 billion) in exports of electronic components.

Service exports (including travel) amounted to MAD 109.7 billion, down 3.4% from the previous year.

Imports: continued strong performance in imports of capital goods and semi-finished products

In 2013, imports of goods amounted to MAD 355.2 billion, in comparison with MAD 357.9 billion a year earlier. This 0.8% decline is attributable mainly to the 14.7% drop, to MAD 35.7 billion, in food imports; to the 22.0% fall, to MAD 17.9 billion, in raw-materials purchases; and to the 3.9% decline, to MAD 102.5 billion, in billings for energy-related products. Meanwhile, imports of capital goods and semi-finished products posted respective gains of 8.3% (to MAD 79.2 billion) and 3.5% (to MAD 79.8 billion), attesting to the robustness of overall economic activity.

Imports of services declined by 6.9%, to MAD 63.6 billion, in 2013.

Consequently the trade deficit for goods and services declined by MAD 2.1 billion (–1.7%), to MAD 125.6 billion. The resulting ratio of imports to exports was 70.0% at the end of December 2013.

Revenue from travel and remittances from Moroccans living abroad

According to the latest estimates of the Exchange Bureau (Office des Changes), revenue from travel stood at about MAD 57.5 billion at the end of 2013.

Remittances from Moroccans living abroad, on the other hand, declined 0.8%, to MAD 58.3 billion.

Foreign investments and private loans

Amid slowing worldwide growth, foreign direct investments continued their upward trend. In 2013, revenue from foreign investments and private loans rose by 25.2%, to MAD 40.2 billion, while foreign investment and private loans increased by 30.7%, to MAD 11.2 billion.

As a result, FDI amounted to MAD 29.0 billion, in comparison with MAD 23.5 billion a year earlier, an increase of 23.2%.

According to the latest World Bank report, entitled "Middle East and North Africa—Economic Developments and Prospects: Investing in Turbulent Times," Morocco ranks third among recipients of foreign investment in the MENA region, behind Saudi Arabia and the United Arab Emirates. The report argues that Morocco's attractions for FDI stem from its political stability, infrastructure, and skilled labor force.

Public finances

At December 31, 2013, the funding gap for the budget stood at MAD 17.9 billion, a rise of 17.4% year on year.

The budget deficit amounted to MAD 52.5 billion in 2013, in comparison with MAD 56.5 billion in 2012. At December 31, 2013, amid efforts to curb expenditures, attract donations, and lower gasoline and fuel-oil subsidies, the deficit was forecast for 5.9% of GNP, in comparison with 7.1% in 2012.

To prevent further widening of the deficit—exacerbated mainly by gasoline and fuel-oil subsidies—public authorities have set up an indexing system, in force as from September 16, 2013, for gasoline and fuel-oil.

Revenue

Treasury revenue and expenditure figures at December 31, 2013, showed a 1.1% decline in ordinary revenue, to MAD 199.4 billion. This under-performance is attributable to the combined effect of the 1.6% decline, to MAD 173.2 billion, in tax revenue and the 4.2% increase, to MAD 23.2 billion, in nontax revenue.

Tax revenue

The fall in tax revenue resulted chiefly from a decline of 2.6% (to MAD 53.4 billion) in customs revenue related to (i) a decline of 14.7%, to MAD 7.7 billion, in customs duties and (ii) a decline of 1.0%, to MAD 32.4 billion, in the VAT on imports. In addition, the domestic consumption tax (taxe intérieure de consommation, or TIC) on energy-related products rose by 1.6%, to MAD 13.3 billion.

Domestic tax revenue declined by 1.2% (to MAD 110.2 billion) after a 5.6% decline (to MAD 40.8 billion) in corporate tax revenue, attributable to the diminution of payments by large taxpayers such as OCP. Moreover, income tax declined 0.5%, to MAD 33.2 billion, while registration fees and stamp duties rose by 3.0%, to MAD 13.5 billion.

Nontax revenue

Nontax revenue in 2013 amounted to MAD 23.2 billion, up 4.2%. The rise was due chiefly to an increase of 14.9%, to MAD 13.2 billion, in monopoly revenue and shareholdings, most of which came from OCP (MAD 5 billion), the National Agency for Land Preservation (Agence Nationale de la Conservation Foncière, MAD 2.7 billion), IAM (MAD 1.8 billion), Bank Al-Maghrib (MAD 887 million), and CDG (MAD 276 million). In contrast with 2012, there was no revenue in 2013 from privatization.

Expenditure

Ordinary expenditure was flat, amounting to approximately MAD 217.3 billion at December 31, 2013. This figure accounts for a rise of 3.0% (to MAD 145.9 billion) in expenditure for goods and services and a rise of 14.0% (to MAD 21.9 billion) in interest charges on debt. Treasury issues for subsidies fell by 11.6%, to MAD 49.5 billion, in comparison with MAD 56.0 billion in 2012.

Public investment, meanwhile, amounted to MAD 45.3 billion, 9.6% less than in 2012.

Financing the economy: enhanced money supply in 2013

Monetary aggregates

At the end of December 2013, the M3 money supply increased by 2.8%, to MAD 1,020.4 billion, largely as a result of rises in net claims on the public sector, claims on the private sector, and international reserves. At the end of December 2013, net claims on the public sector had risen by 18.9%, to MAD 149.1 billion, and net claims on the private sector had increased by 3.1%, to MAD 855.7 billion. Bank loans were 3.5% higher than in 2012, with outstandings of MAD 744.2 billion.

By category of loan, the increased growth rate in lending was attributable to a rise of 4.7%, to MAD 230.4 billion, in mortgage loans and a rise of 1.8%, to MAD 140.5 billion, in investment loans. Outstanding consumer loans increased 2.1%, to MAD 40.4 billion. The receivable accounts and treasury loans, meanwhile, declined 6.1%, to MAD 174.4 billion. Nonperforming loans rose by 25.3% year on year, to MAD 44.2 billion.

Net international reserves rose by 3.8% in 2013, to MAD 150.3 billion. At the end of December, this evolution includes the deposit in May 2013 of MAD 6.5 billion ($750 million), corresponding to a Treasury bond loan on the international financial market.

The M3 components, fiduciary in circulation rose by 4.9%, to MAD 171.6 billion; scriptural currency rose by 1.2%, to MAD 454.1 billion; sight deposits increased by 8.4%, to MAD 120.7 billion; and other monetary assets rose by 2.0% rise, to MAD 274.1 billion.

Liquid assets

At December 31, 2013, liquid assets amounted to MAD 387.5 billion. This rise of 1.8% year on year was due notably to an increase of 2.3%, to MAD 241.4 billion, in tradable Treasury securities and a rise of 4.5%, to MAD 114.9 billion, in mutual funds invested in bonds.

In an economic environment characterized by the downward trend of the Casablanca stock market, mutual funds invested in equities and diversified mutual funds remained flat, at MAD 26.2 billion.

Inflation controlled in 2013

Despite an unfavorable global economy, Morocco managed to keep inflation moderate, thereby encouraging domestic demand.

At December 31, 2013, the consumer price index (CPI) stood at 112.9 points. The 1.9% year-on-year rise was a combined effect of a 2.4% increase (to 121.3 points) in food prices and a 1.5% rise (to 107.0 points) in nonfood prices. Education costs posted the steepest rise (+5.5%), linked to the back-to-school period, followed by transport prices, which rose 3.2% taking in account the introduction of a new price-indexing system for certain gasoline and fuel-oil products.

Analysis by geographic zone of the change in the consumer price index reveals rises in all cities, most importantly in Tangier and Oujda (+2.7%), Fez (+2.4%), Safi (+2.2%), Meknes (+2.1%), and Rabat and Guelmim (+1.9%).

Banking and financial environment

Banking Sector

Morocco: developments and main trends

Despite a largely unfavorable global economic environment, the outlook for the banking sector remains positive, with continued network growth and increasing access to banking facilities.

At June 30, 2013, Morocco's banking sector comprised 84 financial institutions, including 19 banks, 35 finance companies, six offshore banks, 13 microcredit associations, nine money-transfer companies, the Caisse Centrale de Garantie, and the Caisse de Dépôt et de Gestion.

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

The Moroccan banking system is characterized by the diversity of shareholders. At December 31, 2012, seven banks and nine finance companies were majority controlled by foreign investors, mainly French. At the same time, the public continues to hold majority shares in five banks and four finance companies.

The banking sector comprises 14 listed credit institutions, including six banks, and at December 31, 2013, was still the largest sector of the Casablanca Stock Exchange in terms of market capitalization (34.6%).

Growth in banking facilities and branch networks

Moroccan banks continue to develop their branch networks. Two hundred and ninety-one new branches were opened between June 2012 and June 2013, bringing the total number of branches to 5,554 (+5.5%). There were 5,476 ATMs (+452 new units year on year) in Morocco at December 31, 2013.

However, bank branches, are largely concentrated in the country's main cities, at the expense of rural areas.

At the end of June 2013, the development of the banking network took the banking rate to 58%.

At September 30, 2013, the number of Moroccan bank cards in circulation totaled 9.5 million, a 3.1% increase from December 30, 2012.

E-commerce transactions rose by 55.9% year on year, from 856 thousand to 1.3 million operations at September 30, 2013.

Sector rules and regulations

Prudential requirements reinforced

As part of its proactive prudential oversight, Bank Al–Maghrib (BAM) continued to strengthen regulatory requirements for credit institutions, in line with the advanced processes of Basel II and in preparation for the new framework of Basel III.

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

Bank Al–Maghrib resolved to raise capital requirements by imposing minimum Tier 1 capital of 9% and by raising the minimum solvency ratio from 10% to 12%, effective June 30, 2013.

Bank Al-Maghrib issued a new circular, effective April 2013, concerning the ratio for short-term liquidity. The ratio, which will be implemented gradually to replace the current minimum liquidity ratio, requires that high-quality liquid assets be held and readily available to cover needs for short-term liquidity in the event of a crisis. The minimum is 60% as from January 1, 2015, rising gradually 10% per year until it reaches 100% on January 1, 2019.

In addition, the transition to the advanced foundation internal ratings-based approach (IRBF) for companies is scheduled for 2014, while the transition to internal ratings-based approach (IRBA) for retail customers is scheduled for 2015.

As an extension of its actions designed to align accounting and prudential regulations with international standards, BAM has implemented two new accounting-reporting procedures under IFRS and prudential standards, called FINREP and COREP respectively.

Results of banking-sector activity in 2013

Despite a challenging global economic environment, banking activity recorded a satisfactory trend in 2013.

Customer deposits rose by 3.2%, to MAD 680,140 million at December 31, 2013, compared with MAD 658,928 million a year earlier.

A breakdown of bank deposits reveals the predominance of non-interest-bearing deposits, comprising 62.3% of total deposits at December 31, 2013. The share of interest-bearing deposits rose by 0.2 points year on year, to 37.7%.

Deposits of Moroccans living abroad rose by 5.0%, from MAD 140,899 million in 2012 to MAD 147,925 million in 2013. These deposits accounted for 21.7% of total bank deposits.

Loan outstandings rose by 3.1% in 2013, to MAD 731,163 million, compared with MAD 709,281 million in 2012.

The increase was due to a 4.4% rise in mortgage loans, to MAD 230,166 million; a 1.7% increase in investment loans, to MAD 145,826 million; and 2.4% growth in consumer loans, to MAD 45,316 million. Performing loans accounted for 94.0% of the total.

The loan-to-deposit ratio stood at 107.5% at the end of 2013, a level nearly identical to that (107.6%) a year earlier.

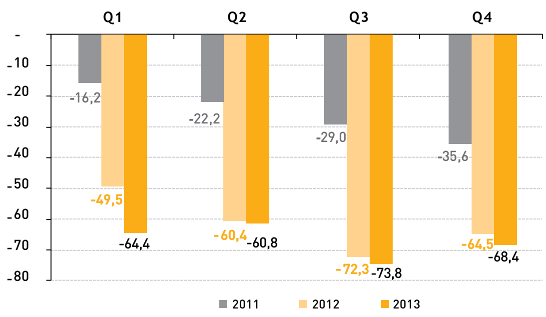
Commitments by signature rose by 4.4%, to MAD 192,129 million, of which 60.9% was for commitment guarantees.

In terms of credit risk, nonperforming loans rose by 24.6% year on year, to MAD 44,110 million at December 31, 2012. Provisions and special bank charges increased by 15.7%, to MAD 27,870 million, resulting in an nonperforming-loan ratio of 6.03% and a coverage rate of 63.18%.

Money market:

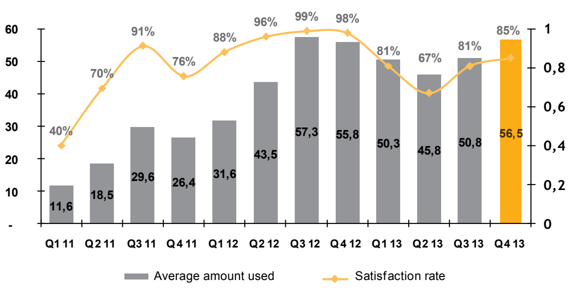
The tighter banking treasury that began in 2007 continued in 2013, particularly in the second half of the year. The liquidity shortfall deteriorated significantly, to MAD 68.4 billion at the end of 2013, from MAD 64.5 billion a year earlier. This was due to a combination of three factors: (i) a rise in notes and coins in circulation; (ii) transactions involving foreign-exchange reserves; and (iii) Treasury operations, particularly through primary-market issuance by the Treasury.

Liquidity shortfall in 2013



In order to address the liquidity shortfall in the banking system and to maintain interbank rates at levels close to that of the prime rate, the Central Bank intervened more frequently, mainly though seven-day advances at an average volume of MAD 50.6 billion, compared with MAD 47 billion in 2012. BAM also acted through advances and three-month guaranteed loans that totaled MAD 20 billion, and to a lesser degree through overnight advances intended to provide market stability.

Bank Al Maghrib intervention in 2013



Bond market:

With a debt ratio of more than 60% and a budget deficit estimated at 5.9% for 2013, the State has made considerable efforts to lower spending, both in subsidies and in operations and investments.

To achieve this reduction, the State has implemented a partially indexed system designed to stabilize the budget allocated to subsidize energy-related products, which account for more than 80% of total subsidies.

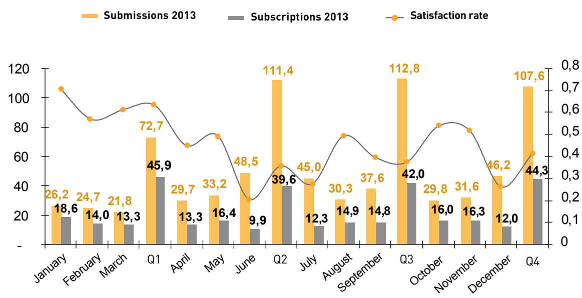
Because of liquidity pressure on the banking system, the Treasury was forced to turn to the domestic market for its financing needs.

At December 31, 2013, gross issuance by the Treasury totaled MAD 175.2 billion for the year, 45.6% more than gross issuance of MAD 120.3 billion in 2012. As a result of this record level of issuance, the auction market became the Treasury's main source of financing. In the area of term structure, short-term maturities accounted for 47.9% of the Treasury's issues (+12.9 points). Such issues cover the State's temporary liquidity shortfalls. Medium-term maturities accounted for 38.0% of total issuance, while the share of long-term maturities declined by 3.6 points, to 14.1%.

Total redemptions rose by 49.6% year on year, to MAD 116.4 billion. Net issuance by the Treasury totaled MAD 58.8 billion (+38.4%), compared with MAD 42.5 billion in 2012.

Total Treasury securities auctioned in 2013 amounted to MAD 415.6 billion, an annual increase of 16.5%, comprising long-term maturities (48.5%), medium-term securities (43.1%), and short-term securities (8.4%).

Breakdown of demand for and issuance of treasury securities in 2013



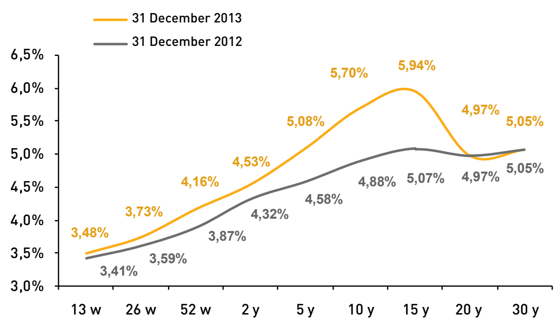
Because of the State's continual need for substantial funds and the increased volume in gross issuance, bond yields trended upward in 2013.

In 2013, average yields for Treasury securities rose between 34 basis points and 110 basis points year on year.

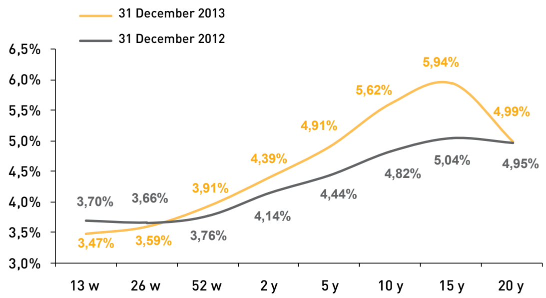
However, in the last two months of 2013 the yield curve trended downward because of significant inflow of nontax revenues.

In 2013, the State raised more than MAD 6.5 billion ($750 million) from international investors.

Primary Market Yield Curve for treasury securities 2013



BAM secondary Market Yield Curve 2013



Interest rates:

Against a backdrop of liquidity shortfall and numerous interventions by the BAM, the Central Bank's Board of Governors maintained the prime rate at 3.0% throughout 2013.

The weighted average interbank overnight rate was between 3.0% and 3.2%, with an annual average 3.06%, 13 basis points lower than a year earlier. The average volume of interbank transactions declined by 15.8%, to MAD 2.8 billion.

Between the third quarter and October 2013, the weighted average rate for six-month and 12-month deposits declined by two basis points, to 3.71%, because of a three basis point decline in 12-month deposits and a two-point rise in six-month deposits.

The weighted average interest rate for bank loans in third-quarter 2013 rose by 21 basis points quarter on quarter, to 6.30%. This change was due to a rise of 26 basis points in the interest rate for overdraft facilities, to 6.28%, and to an increase of 13 basis points in the interest rate for investment loans, to 6.12%. Mortgage and consumer-loan interest rates declined by 11 basis points (to 6.04%) and 5 basis points (to 7.37%) respectively.

Stock market:

The stock market experienced its third consecutive year of decline, with the MASI losing 2.62% in 2013, compared with declines of 15.13% in 2012 and 12.86% in 2011.

Average daily trading volume on the central market declined by 8.84%, from MAD 118.46 million in 2012 to MAD 107.99 million in 2013. Block markets, on the other hand, saw a sharp rise of 79.59% in average daily volume, to MAD 89.22 million.

The three most actively traded stocks on the central market are included in the MSCI Frontiers index: Attijariwafa bank, with trading volume of MAD 6.27 billion; Maroc Telecom, with trading volume of MAD 3.46 billion; and Addoha, with trading volume of MAD 2.63 billion. This large-capitalization stocks accounted for 47.10% of total trading volume.

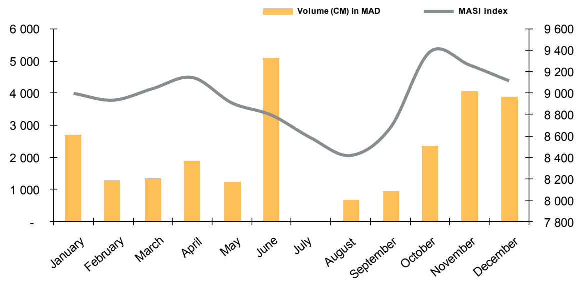
The following sectors experienced the largest change in 2013:

- The mining sector's decline (–14.35%) was the largest sector loss, attributable mainly to Managem, which declined by 23.00% in 2013, and to SMI, which lost 0.81%.

Prices of metals fell sharply in 2013, with gold, silver, and copper declining by 28.04%, 35.84%, and 6.72% respectively.

- The telecommunications sector lost 9.43% of its value, the second-largest sector decline in 2013. Maroc Telecom's share price ended the year at MAD 96.00, compared with 106.00 at the end of 2012.
- The tourism sector outperformed, rising by 69.64% as a result of the performance of the sector's one listed company, Risma.

Monthly performance of MASI VS volume in 2013



The performance in 2013 of the Moroccan equity market can be analyzed in four main phases.

Phase 1: January–April

Over the period January–April 2013, the MASI index declined by 2.28%. Disappointing annual results for 2012, whose overall earnings fell by 10% from a year earlier, were the cause of this underperformance.

Phase 2: May–August

In this phase, the MASI index continued its downward trend, losing 8.0% over the period. This decline can be attributed to investors' selling ahead of expected weak earnings of listed companies in H1 2013. Investor outlook was influenced by the decline of key performance indicators.

Phase 3: September–October

The third phase saw recovery of the MASI index, which erased its accumulated losses to bring annual performance to a positive 0.3%. Quarterly earnings in 2013 turned out to be better than expected, with earnings growth of 2.1% since the beginning of the year. On the basis of these results, investors revised upwards their full-year expectations.

Phase 4: November–December

Over the last two months 2013, the MASI index turned negative and ended the year with a loss of 2.6%, a performance exacerbated by profit taking. In addition to the usual year-end portfolio trading, trading volume was boosted by the JLEC IPO and even more by the reclassification of Morocco from MSCI Emerging Markets to MSCI Frontiers Markets.

Analysis of business activity and results of attijariwafa bank

Business activity in morocco

Customer deposits

Attijariwafa bank's customer deposits rose by 1.3% in 2013, to MAD 173.3 billion. This trend was due to a 3.0% rise in non-interest-bearing deposits, to MAD 112.5 billion, offsetting the 1.7% decline in interest-bearing deposits, at MAD 60.8 billion. The bank's share of the customer-deposit market was 25.5% at December 31, 2013.

Attijariwafa bank's customer deposits are primarily non-interest bearing. Such deposits accounted for 64.9% of total deposits at the end of 2013, an annual rise of 1.1 points, and include a 1.0% rise (to MAD 77.3 billion) in checking accounts and 6.5% growth (to MAD 27.4 billion) in current accounts in credit. The bank's non-interest-bearing deposits accounted for market share of 26.5%, unchanged from 2012.

Interest-bearing deposits accounted for 35.1% of total customer deposits, compared with 36.1% in 2012. The change was the result of a 6.5% decline (to MAD 37.3 billion) in short-term deposits, despite a 6.9% improvement (to MAD 23.5 billion) in passbook savings accounts. The bank's market share of interest-bearing deposits stood at 23.7% at the end of 2013.

Disbursed loans

Attijariwafa bank's customer loans rose by 2.5%, to MAD 192.3 billion at December 31, 2013. This growth was due mainly to a 3.3% rise in mortgage loans (to MAD 56.1 billion) and to a 4.3% increase in investment loans (to MAD 54.7 billion). Consumer-loan growth of 4.0% (to MAD 10.1 billion) also contributed to growth in total disbursed loans.

Attijariwafa bank continues to grow its share of the lending market, with 26.3% in 2013.

Nonperforming loans increased by 44.9% in 2013, to MAD 8.5 billion, in an economic context of rising risk for the banking sector. Provisions for nonperforming loans rose by 19.3%, to MAD 5.9 billion, bringing the coverage rate to 69.1%. The nonperforming-loan ratio was 4.4%, and the cost of risk amounted to 0.59%.

Performing loans amounted to MAD 184.0 billion, up 1.2% from a year earlier. The bank's market share in performing loans was 26.8% in 2013.

Commitments by signature

Commitments by signature declined by 1.1% in 2013, to MAD 48.6 billion. The bank's market share stood at 25.3% at December 31, 2013.

Parent-company results at december 31, 2013:

Net banking income

In 2013, net banking income rose by MAD 470.1 million (+4.9%), to MAD 10.1 billion, compared with MAD 9.7 billion a year earlier. This increase was due mainly to a 28.6% rise in market activities (to MAD 1.9 billion) and to an increase of 1.1% in interest margin (to MAD 6.5 billion).

Net banking income breaks down as follows:

In MAD millions	2013	Share of NBI	2012	Share of NBI	Change	
					MAD millions	%
Net interest margin	**6,487**	**64.0%**	**6,415**	**66.4%**	**72.7**	**1.1%**
Income from lease financing and similar agreements	59.8	0.6%	49.9	0.5%	9.9	19.8%
Fee income	1,265	12.5%	1,252	13.0%	12.7	1.0%
Income from market activities	1,851	18.3%	1,440	14.9%	412	28.6%
(+) Other banking income	1,324	13.1%	1,285	13.3%	39	3.0%
(-) Other banking expenses	852	8.4%	776	8.0%	76	9.8%
Net banking income (NBI)	**10,135**	**100.0%**	**9,665**	**100.0%**	**470**	**4.9%**

Interest margin

Net interest margin rose by 1.1%, to MAD 6.5 billion, and represent 64.0% of net banking income. Net interest margin breaks down as follows:

- Interest and similar income rose by 4.5%, to MAD 11.2 billion, after a rise of 118.6%, to MAD 568,5 million in interest and income from debt securities. Interest and similar income from customer activities increased by 1.2% (MAD 114.6 million), to MAD 9.5 billion, while interest and similar income from credit institutions rose by 5.8% (MAD 59.7 million), to MAD 1.1 billion.
- Interest and similar expenses rose by 9.5%, to MAD 4.7 billion, because of a 14.1% (MAD 373.9 million) rise in interest and similar expenses on customer activities, to MAD 3.0 billion. Interest and similar expenses from credit institutions rose more modestly, by 3.0% (MAD 38.0 million), to MAD 1.3 billion.

Income from lease financing and similar agreements

Income from lease financing and similar agreements showed growth of 19.8%, rising from MAD 49.9 million at December 31, 2012, to MAD 59.8 million at December 31, 2013.

Fee income

Fee income at December 31, 2013, totaled MAD 1.3 billion, up 1.0% (MAD 12.7 million) from a year earlier.

Income from market activities

Income from market activities rose by MAD 1.9 billion (28.6%) year on year, the result of a 43.6% increase in trading activities, to MAD 1.5 billion. This offset the 84.3% decline, to MAD 24.9 million, in income from derivatives trading.

Other banking income

Other banking income rose by 3.0%, to MAD 1.3 billion. This change was attributable mainly to a 4.0% rise, to MAD 1,306 million, in dividends received by Group subsidiaries.

Other banking expenses

Other banking expenses increased by 9.8%, to MAD 852.0 million, because of higher management and finder's fees paid to Wafa Immobilier, Wafasalaf, Wafacash, and Wafabail.

General operating expenses

General operating expenses in 2013 totaled MAD 3.7 billion, a rise of 4.9% year on year due mainly to higher staff costs (+4.5%, to MAD 1.7 billion) and to an increase in operating expenses (+4.8%, to MAD 1.5 billion). These two items accounted for 45.0% and 40.6% respectively of general operating costs. The cost-to-income ratio was 36.9% in 2013.

(in MAD millions)

	December 2013	December 2012	Change	
			MAD millions	%
General expenses	**3,197**	**3,055**	**141**	**4.6%**
Staff costs	1,683	1,611	73	4.5%
Operating expenses	1,513	1,445	69	4.8%
Real estate lease payments	132	95	37	38.6%
Amortisation charges*	407	412	-4	-1.1%
Expenses brought forward from previous years	0.95	-		
General operating expenses	**3,736**	**3,562**	**175**	**4.9%**

(*) proprety, plant, equipment and intangible assets

Gross operating income

Gross operating income rose by 3.8%, from MAD 6.2 billion in 2012 to MAD 6.4 billion in 2013. This improvement is attributable mainly to a 4.9% increase in net banking income, to MAD 10.1 billion, despite a 4.9% rise (to MAD 3.7 billion) in general operating expenses.

Income from ordinary activities

Income from ordinary activities totaled MAD 4.8 billion at December 31, 2013, a decline of 3.6% from MAD 5.0 billion a year earlier.

Net provisions increased by 45.4%, to MAD 1.7 billion, because of:

- gross provisions in 2013 of MAD 2.3 billion, compared with MAD 1.7 billion in 2012;
- gross-provision write-backs of MAD 607.2 million in 2013, compared with MAD 574.5 million in 2012.

The coverage rate for nonperforming loans was 69.1% in 2013.

Net income

Net income was virtually unchanged in 2013, totaling MAD 3.3 billion.

Shareholders' equity

Shareholders' equity excluding net income rose by 10.0% in 2013, to MAD 24.1 billion, compared with MAD 21.9 billion in 2012.

Total assets

At December 31, 2013, total assets stood at MAD 292.3 billion, 5.9% more than the MAD 276.2 at the end of 2012.

Net income allocation

Net income for the year	**3 289 486 677,21**
To the legal reserve	10 531 266,00
To the investment reserve	-
Retained earnings from prior years	5 131 078,83
Distributable income	3 284 086 490,04
Allocation	
Statutory dividend 6%	122 116 335,60
Amount required to bring the dividend per share to MAD 9.5	1 811 392 311,40
Thus a total distribution of	**1 933 508 647,00**
To extraordinary reserves	**1 344 068 134,00**
Retained earnings	**6 509 709,04**

Business activity and results for main subsidiaries

Banking-related subsidiaries

Wafasalaf

Under strongly unfavorable economic conditions, the consumer-credit sector showed its first signs of decline in second-quarter 2013. At the end of December 2013, loans outstanding from consumer-credit lenders were down 1.5%, to MAD 43.4 billion, as a result of declines in automobile financing (–1.0% in net production), a slight increase in personal loans (+1.3%), and a rise—due in large part to activity by major retailers.

At December 31, 2013, Wafasalaf stabilized overall production at MAD 10.4 billion. This trend resulted from 6.1% growth, to MAD 6.7 billion, in managed production combined with a 9.2% decline, to MAD 3.6 billion, in in-house production. Total outstandings rose by 5.7%, to MAD 23.8 billion. This followed on the 14.7% rise, to MAD 12.4 billion, in managed outstandings, which offset the 2.7% decline, to MAD 11.4 billion, in in-house outstandings.

In a highly competitive, mature market, Wafasalaf consolidated its leadership position with market share in net production of 26.7% and of 29.2% in outstandings at December 30, 2013.

The Wafasalaf network comprised 44 agencies at December 31, 2013.

Net banking income declined by 3.8%, to MAD 1,012.8 million. Gross operating income declined by 2.6%, to MAD 707.1 billion. The cost-to-income ratio amounted to 30.2% in 2013, compared with 31.0% the previous year.

Net income amounted to MAD 330.3 million, a decline of 5.7%.

Wafabail

Despite a decline of 5.5% (to MAD 12.9 billion) in the leasing sector's overall production, Wafabail posted a rise in production of 1.7% (to MAD 3.8 billion) at December 31, 2013. Wafabail thereby consolidated its leadership position in the leasing market, with a 2013 capture rate of 29.5% for finance leases.

Similarly, Wafabail took a leadership position in financial outstandings in 2013, with a 26.7% market share (MAD 11.5 billion) in outstandings.

This performance is attributable notably to substantial gains in the large-enterprises market, where Wafabail saw production rise 23%, and to a dynamic market for very small enterprises, which grew 14% year on year.

In terms of profitability, net banking income rose by 1.3%, to MAD 300.0 million, compared with MAD 296.1 million the previous year. The cost-to-income ratio rose from 23.6% in 2012 to 23.8% in 2013.

Net income amounted to MAD 103.9 million.

Fiscal-year 2013 also saw the inauguration of Wafabail's new headquarters.

Wafa Immobilier

real-estate sector. According to the latest data published by Bank Al Maghrib, the Moroccan real-estate market suffered a 1.9% decline in the third quarter (quarter on quarter), though on an annual basis the real-estate market rose by 0.4%.

Thanks to synergies with Attijariwafa bank Group, Wafa Immobilier posted notable performances in production and outstandings in 2013.

Home-buyer outstandings rose by 9%, from MAD 36.9 billion in 2012 to MAD 40.2 billion in 2013. Real-estate-development outstandings increased by 6%, to MAD 6.8 billion at December 31, 2013, compared with MAD 6.4 billion a year earlier.

Wafa Immobilier handled 136,553 loan applications in 2013, compared with 124,129 applications in 2012, an increase of 12,424.

Wafa Immobilier thereby consolidated its leadership position on the real-estate market, with a 24.77% market share.

Wafa Immobilier's net banking income amounted to MAD 259 million at December 31, 2013, an increase of 10.1%. Net income amounted to MAD 83.5 million, compared with MAD 70.1 million in 2012, a rise of 19.2%.

Wafa Immobilier strives to instill a commitment to quality among its employees, suppliers, and the local community. For its efforts to achieve quality and excellence, Wafa Immobilier was awarded the 2013 Gold International Arch of Europe Award at the 26th International Arch of Europe Convention.

Wafacash

Wafacash posted favorable performance in 2013, despite difficult economic conditions marked by slowed growth in the euro zone, one of Morocco's chief trading partners.

Total flow volume in Wafacash's global business activity in 2013 rose by 18%, to MAD 42.8 billion. The number of transactions amounted to 16.6 million, up 23% from 2012.

Key events in 2013 for Wafacash included the introductions of:

- Sigue international money transfers;
- the Binga-Pay Cash service;
- the Wafacash website.

In addition, the money-transfer subsidiary continued to expand its network, opening 176 new agencies in 2013, for a total of 1,129 sales points.

In terms of financial aggregates, net banking income amounted to MAD 266.2 million, up 21.3% from 2012. Thanks to this increase and to managed growth in general expenses, net income rose by 32.0% in 2013, to MAD 91.5 million.

Attijari Factoring Maroc

With an estimated 10% growth in the factoring market in 2013, Attijari Factoring Maroc, as in the previous three years, enjoyed a considerable increase in business activity, excluding nonrecurring transactions. The 29% growth in 2013 was generated mainly by:

- excellent domestic business activity, which increased from MAD 5,399 million to MAD 7,252 million (this rise of more than 34% was due to sector diversification and to a wide range of services covering SMEs, very small enterprises, and corporate clients);
- strong growth in the confirming business, which rose 22%, to MAD 2,242 million;
- strong recovery in import factoring (+34%, to MAD 189 million), thanks to a growing number of contracts from Factors Chain International (the world's top factoring network);
- moderate growth in export production (+5%, to MAD 747 million), despite a significant decline in demand from key international customers (adversely affected by the worldwide crisis) and a steep increase in risk for foreign buyers.

Despite the arrival of new competitors on the market, Attijari Factoring Maroc maintained its leadership position, with a market share of more than 42%.

Net banking income rose by 7.5% (to MAD 75.2 million) and net income grew by 11.8% (to MAD 33.8 million).

Wafa LLD

After four consecutive months of growth, automobile sales began to decline in April, affected by Morocco's slowing economic environment.

According to the latest statistics from Morocco's Association of Vehicle Importers, new-vehicle sales amounted to 120,766 units at December 31, 2013, compared with 130,316 units in 2012, a decrease of 7.3%.

Wafa LLD managed a fleet of 4,388 vehicles at December 31, 2013, after the addition of 1,469 new vehicles and the disposal of 1,445. Wafa LLD's market share is estimated at more than 18%.

Wafa LLD's revenues totaled MAD 177.7 million (+2.5%) at December 31, 2013, while net income increased by 145%, to MAD 30 million.

Wafa LLD enhanced its management team by expanding staff from 53 employees in 2012 to 56 in 2013.

Wafa Courtage

Subsidiary Wafa Courtage is among the top insurance brokerages in the market. It offers competitive, top-line products, negotiates the best terms for coverage and premiums, and handles every aspect of claims filing.

In 2013, the subsidiary was classified as a specialized finance company. Thanks to optimized synergies with the Group, and particularly with Group subsidiaries, Wafa Courtage now enjoys a win-win relationship with its principal insurer, Wafa Assurance.

Wafa Courtage posted a 34% rise in policies managed in 2013, generating a 13% increase in premiums for Wafa Assurance and an increase of more than 23% in commissions. Results such as these demonstrate the firm's embrace of the Group's development strategy for the insurance market.

Restructuring and Private Equity: Attijari Invest

The bulk of Attijari Invest's business activity is in fund structuring, fund raising, and fund management.

The company is organized around three business lines: real estate, private equity, and infrastructure.

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

In addition to financing solutions, the funds managed by Attijari Invest provide assistance to companies for the implementation of transparent and effective organizational schemes. The funds' diversity of size and investment strategy allows Attijari Invest to meet the financing needs of a large number of companies in search of growth catalysts.

Attijari Invest's achievements in 2013 reveal dynamism in a market characterized by economic malaise. Chief among these achievements were:

- three investments carried out in agro-industry, and electronics and mechatronics;
- a divestment operation in the agri-food industry;
- diversification of product offerings through the creation of new investment structures largely focused on Africa.

In 2013, the management team organized a roadshow for domestic and foreign investors, designed to highlight new investment opportunities in selected countries.

Investment-banking subsidiaries

Corporate Finance: Attijari Finances Corp

In 2013, Attijari Finances Corp. investment bank maintained its leadership position in M&A advisory, thanks in part to its role in the following successful strategic operations:

- advisor to Attijariwafa bank for its acquisition of a 55% stake in BIA Togo from the Togo government;
- advisor and consultant for a consortium comprising Aksal Group and Marjane Holding, which was responding to a call for expressions of interest from the Company for the Development of the Port of Tangier (Société d'Aménagement du Port de Tanger, or SAPT) for the development and management of the commerce component of the renovation of Tangier's port.

Despite a difficult market environment attributable to deteriorating liquidity, the investment bank maintained its presence on the equity- and debt-capital markets, largely because of its success with the following operations:

- advisor to a consortium comprising Oléosud (Sofiprotéol Group), CIMR, CMR, MAMDA-MCMA, and Wafa Assurance for its compulsory takeover bid for Lesieur Cristal;
- advisor to the Gervais Danone Company for its compulsory takeover bid for Centrale Laitière;
- advisor to Tanger Med Port Authority (TMPA) for the issuance of a State-backed bond for MAD 1.0 billion;
- advisor to Attijariwafa bank for the issuance of a subordinated bond for MAD 1.25 billion;
- advisor to Attijariwafa bank for a capital increase through the optional conversion of dividends for the year 2012 into new shares;
- advisor to Jorf Lasfar Energy Company (JLEC) for its initial public offering through a capital increase of MAD 1.0 billion.

Revenues for Attijari Finances Corp. amounted to MAD 41.0 million at December 31, 2013, compared with MAD 47.6 million in 2012.

In 2013, general operating expenses amounted to MAD 39.9 million, down 21% year on year.

At December 31, 2013, income from ordinary activities amounted to MAD 31.7 million, up 2.6% year on year. Net income at December 31, 2013, stood at MAD 31.0 million (+2.4%), compared with MAD 30.3 million in 2012.

Securities brokerage: Attijari Intermédiation

In a climate marked by the initial public offering of JLEC and by the reclassification of Morocco from the MSCI Emerging Markets index to the MSCI Frontier Markets index, the stock market mitigated the decline that began in 2011, ending the year with a 2.6% loss, compared with the decline of 15.1% in 2012.

Accounting for 54.5% of the central market, total annual volume in equities trading amounted to MAD 48.6 billion, up 15.1% from 2012 but down 5.3% from 2011. Retail trades accounted for 6.4% of central market volume, compared with 6.9% the previous year. Online trades were flat from 2012, accounting for less than 4% of central-market volume.

In 2013, Attijari Intermédiation generated total trading volume of MAD 30.3 billion, of which MAD 21.8 billion represented stocks (central markets and blocks), a slight rise of 0.4% from 2012. Despite lower volumes in the central market, Attijari Intermédiation achieved market share of 29.7% for stocks, down 1.9 points from December 2012.

In 2013, Attijari Intermédiation's revenues amounted to MAD 34.8 million, an increase of 24.3% from 2012.

Net income amounted to MAD 17.4 million in 2013, compared with MAD 5.1 million the previous year.

Research and analysis

Taking into account the difficult economy and the new positioning of the Casablanca Stock Exchange, the department of research and analysis worked throughout 2013 to raise the profile of Morocco's financial market among foreign and Moroccan investors. Publications focused not only on assets such as stocks, bonds, currencies, and commodities, but also on economic and financial news.

Securities brokerage: Wafa Bourse

In 2013, Wafa Bourse pursued its strategy to expand and improve service by adjusting its pricing to meet client needs and demands, and by expanding the range of services available online at Wafabourse.com.

Customers now enjoy a dedicated "E-mail" ("Messagerie") space for the reception of messages relating to account operation and savings management. A "Surveys" ("Sondages") module has also been introduced on the website to collect customer opinions for use to adapt investments and services to specific client needs. Wafa Bourse has also expanded its range of mutual funds with the Attijari Gold fund, the first mutual fund in Morocco designed to track the price of gold.

With the initial public offering of JLEC, Wafa Bourse consolidated its leadership in the retail segment, positioning itself as the leading brokerage firm for tranche-II issues reserved for subscriptions of less than MAD 250,000.

In 2013, Wafa Bourse captured 33% of total online market volume, for revenues of MAD 3.9 million.

Asset management: Wafa Gestion

With MAD 66.3 billion in assets under management at the end of 2013, Wafa Gestion consolidated its rank as Morocco's number-one asset-management firm, with market share of 27.0%.

At December 31, 2013, Wafa Gestion's average assets under management stood at MAD 66.95 billion.

Wafa Gestion's highlights in 2013 were:

- the attribution of the "AAAmmf (mar)" rating by Fitch Ratings to money-market funds "Attijari Monétaire Jour" and "CDM Securite Plus," both managed by Wafa Gestion. This rating, the highest assigned by Fitch Ratings, indicates the mutual fund's extremely strong capacity to preserve principal and provide shareholder liquidity through limiting credit, market, and liquidity risk on the Moroccan market.
- the affirmation by Fitch Ratings of Wafa Gestion's "Highest Standards (mar)" rating for domestic asset managers. This rating acknowledges Wafa Gestion's long years of experience, its leadership position on the Moroccan market in terms of assets under management, its product offerings, the high

qualifications and stability of its staff, the continual improvement of its operational environment, and the rigor of its management processes. "Highest Standards" is the highest possible rating on the Fitch Ratings scale.

- the ranking of Wafa Gestion by World Finance as Morocco's Best Investment Management Company for 2013.

As a result of these achievements, Wafa Gestion's revenues in 2013 amounted to MAD 220.5 million, with operating income of MAD 64.6 million and net income of MAD 59.2 million.

Wafa Assurance

Insurance sector

The insurance sector underwent several regulatory developments in 2013:

- the publication of a new decree lowering the tax that finances the workplace-accidents fund, from 12% to 8% for "workplace accidents" premiums paid as from January 1, 2013;
- the creation of the Insurance and Social Welfare Authority (Autorité de Contrôle des Assurances et de la Prévoyance Sociale), a financially autonomous legal entity;
- the finalization of a legislative bill (enacted in January 2014) pertaining to unemployment benefits.

In addition, a motor-insurance intercompany agreement pertaining to compensation for bodily injury went into effect on January 1, 2013. The agreement stipulates that claims involving traffic accidents with bodily injury be handled henceforth by the direct insurer if said injury does not exceed a total physical incapacitation of 10%.

The budget of 2014 includes a three-year renewal of the social-solidarity contribution calculated on the basis of a company's net income. Henceforth, companies with net income of less than MAD 50 million shall be subject to this contribution, whereas those with net income of more than MAD 100 million shall contribute 2% of said earnings instead of 2.5%. The budget of 2014 has further expanded the application of the contribution to include salaries and related income.

Business activity

At December 31, 2013, Wafa Assurance's network comprised 223 direct agents and sales offices. The number of brokers remained unchanged, at 172.

In 2013, Wafa Assurance continued its recruitment plan in order to sustain business growth. Twenty new posts were filled, bringing total company headcount to 508. The company also continued to invest in staff training. Almost 100% of the staff took part in at least one training activity in 2013.

Concerning international development in 2013, Attijari Assurance launched its business in Tunisia, with an estimated market share in life insurance of 6% to 7%.

In 2013, Wafa assurance has entered into a settlement agreement with the tax authorities related to a tax inspection of the insurance company regarding:

- corporate tax result of 2003,2004 and 2007 to 2010
- value-added tax and income tax result of 2007 to 2010

The impact of the settlement of the tax inspection amounted 175 million dirhams.

Results

Revenues in 2013 rose by 0.2%, to MAD 5,738 million.

P&C posted a rise of 7.8%, to MAD 2,919 million. This growth was due to solid performance in the enterprise and motor lines.

Life declined by 6.7% year on year, to MAD 2,819 million, because of flat business activity in savings products, the result of limited liquidity. Savings-product revenues were nevertheless solid at MAD 2,070 million, with a strong contribution from instalment premiums.

P&C underwriting results rose by 8.0%, to MAD 796 million, because of increases in financial income and operating margins. Underwriting results for life insurance increased by 9.4%, to MAD 303 million.

Net income amounted to MAD 780 million for 2013, compared with MAD 733 million the previous year, an increase of 6.5%.

At December 31, 2013, shareholders' equity had risen by MAD 500 million year on year, to MAD 4,413 million, resulting in ROE of 21.5%.

Subsidiaries in Africa

Attijariwafa bank has become a true pan-African bank, with a strong presence in in North Africa and in two African economic unions: the West African Economic and Monetary Union (Union Économique et Monétaire Ouest-Africaine), or WAEMU, and the Central African Economic and Monetary Community (Communauté Économique et Monétaire de l'Afrique Centrale), or CAEMC.

In pursuance of its international strategy, Attijariwafa bank Group continues to expand its African presence. In accordance with the agreement signed on May 7, 2013, between Attijariwafa bank and the government of Togo, Attijariwafa bank's acquisition of a 55% stake in BIA-Togo was finalized on September 24, 2013, consolidating the bank's status as a leading regional actor and bolstering south-south cooperation.

The international retail-banking subsidiaries had favorable results in 2013.

North Africa

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

Attijari bank deposits amounted to MAD 20.1 billion in 2013, compared with MAD 17.8 billion the previous year, an increase of 12.7%. Loan outstandings rose by 5.3%, from MAD 17.6 billion in 2012 to MAD 18.5 billion in 2013.

The Tunisian subsidiary achieved net banking income of MAD 1.3 billion, up 15.5% from 2012. Net income rose 48.6%, to MAD 429.4 million.

Continuing to expand its network, the Tunisian subsidiary opened three new branches in 2013, raising the total to 188.

Attijari bank Mauritanie's deposits declined 8.4%, from MAD 796.1 million at December 31, 2012, to MAD 729.6 million at the end of 2013. This performance is attributable to a decline of 10.9% (to MAD 658.3 million) in non-interest-bearing deposits. ABM disbursed almost MAD 521.7 million in loans in 2013, compared with MAD 411.5 million in 2012, an increase of 26.8%. Net banking income was up 23.6% (to MAD 88.3 million) and net income rose by 36.1% (to MAD 40.7 million).

WAEMU zone

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

CBAO deposits were up 3.3%, to MAD 9.0 billion, at December 31, 2013. Loans rose by 11.0%, to MAD 8.0 billion. CBAO ended 2013 with net banking income of MAD 944.3 million, up 15.5% year on year. Net income amounted to MAD 190.9 million, a rise of 31.7%.

CDS deposits increased by 0.7%, to MAD 1.9 billion, in 2013. Loans rose by 3.9%, to MAD 1.8 billion. Net banking income amounted to MAD 165.9 million, up 9.0% year on year, while net income declined by 10.5%, to MAD 44.6 million.

At December 31, 2013, SIB deposits had risen 20.4% since the beginning of the year, to MAD 6.5 billion, and loans were up 28.4%, to MAD 5.6 billion. Net banking income and net income amounted to MAD 588.8 million and MAD 179.0 million respectively, up 8.0% and 21.5% year on year.

BIM deposits amounted to MAD 4.5 billion in 2013, up 29.2%. Loans increased by 9.5%, to MAD 2.9 billion. Net banking income grew by 17.9%, to MAD 274.3 million, and net income more than doubled, from MAD 36.3 million to MAD 75.0 million in 2013.

BIAT collected MAD 932.1 million in deposits in 2013, compared with MAD 995.4 million the previous year, a decline of 6.4%. Banque Togolaise disbursed MAD 1.0 billion in loans, 8.0% less than in 2012. Net banking income and net income declined by 21.7% and 75.0% respectively, to MAD 83.2 million and MAD 10.0 million.

CAEMC zone

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

At December 31, 2013, SCB's deposits had risen 12.5% year on year, to MAD 6.0 billion. Loans were also up by 11.6% year on year, from MAD 3.8 billion in 2012 to MAD 4.3 billion in 2013. Net banking income increased 15.9%, to MAD 573.3 million, and net income increased 40.3%, to MAD 144.4 million.

UGB deposits and loans rose by 24.0% and 34.0% respectively, amounting to MAD 4.7 billion and MAD 3.9 billion. Banque Gabonaise achieved net banking income of MAD 484.3 million and net income of MAD 129.0 million.

In 2013, CDC achieved an 11.4% increase in deposits, to MAD 4.6 billion, and a 14.0% increase in loans, to MAD 1.4 billion. Net banking income and net income amounted to MAD 324.5 million and MAD 116.8 million respectively, up by 11.9% and 17.2%.

Consolidated results

Attijariwafa bank Group has reported its consolidated results under IFRS since June 30, 2007.

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

In 2010, the Group's scope of consolidation was unchanged from 2009. The four new subsidiaries were consolidated on a full-year basis, whereas in 2009 they had been consolidated only in the second half.

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

In fourth-quarter 2013, Attijariwafa bank consolidated Banque Internationale pour l'Afrique (Togo) after acquiring a 55% stake.

Analysis of consolidated business activity

Total assets

At December 31, 2013, Attijariwafa bank Group's assets totaled MAD 385.6 billion, up 4.7% year on year.

Broken down by geographic area,79% of total assets were in Morocco, with the balance in Tunisia, sub-Saharan Africa, and Europe.

Total assets comprised loans and advances to customers (65.0%), financial assets at fair value through profit or loss (10.6%), and available-for-sale financial assets (7.6%). These three items accounted for 83.2% of total assets.

The MAD 17.3 billion (+4.7%) rise in assets was due mainly to:

- recognition of MAD 10.2 billion under held-to-maturity investments;
- a 30.5% rise, to MAD 18.3 billion, in loans and advances to credit institutions and similar establishments;
- a 1.3% increase, to MAD 250.7 billion, in loans and advances to customers.

The rise in liabilities was due mainly to:

- a 4.7% increse to MAD 237.6 billion in customer deposits
- a 18.9% rise to MAD 53.6 billion in amounts owing to credit institutions and similar establishments.

Deposits

At December 31, 2013, customer deposits accounted for 61.6% of total liabilities, at MAD 237.6 billion, a 4.7% rise from MAD 227.0 billion a year earlier. This trend was attributable to:

- a 1.9% rise in deposits from banking in Morocco, Europe, and offshore, to MAD 176.2 billion;
- a 2.3% rise in specialized finance companies, to MAD 2.2 billion;
- a 14.1% rise in international retail-banking deposits, totaling MAD 59.2 billion.

Loans

Loans and advances to customers, which account for 65.0% of total assets, totaled MAD 250.7 billion (+1.3%) at December 31, 2013. This performance was due largely to the 11.0% rise in international retail-banking loans, totaling MAD 46.2 billion.

The conversion rate was 105.5%.

Consolidated shareholders' equity

Consolidated shareholders' equity rose by 7.2% year on year, to MAD 37.9 billion.

Group solvency

Attijariwafa bank Group ended the first half of 2013 with a Tier 1 ratio of 9.94% and a capital-adequacy ratio of 12.72%, higher than the minimum regulatory requirements of 9% and 12% respectively and effective since June 30, 2013.

Consolidated results of Attijariwafa bank Group

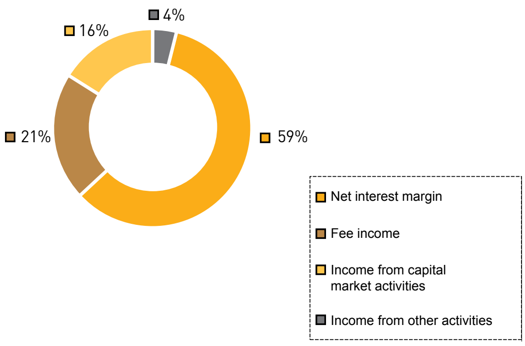
Consolidated net banking income

In 2013, consolidated net banking income increased by 4.9%, to MAD 17.9 billion. This change was due to :

- a 5.4% rise in interest margin, to MAD 10.6 billion;
- a 4.7% increase in fee income, to MAD 3.7 billion;
- an 8.5% improvement in income from market activities, to MAD 2.9 billion.

At December 31, 2013, net banking income broke down as follows:

Breakdown of Net banking income
at 31 December 2013



This result is attributable to strong performances by all bank divisions and to a significant contribution from various subsidiaries in 2013.

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

- net banking income from banking activities in Morocco, Europe, and offshore rose by 3.9%, to MAD 9.8 billion;
- net banking income from specialized finance companies increased by 1.3%, to MAD 2.1 billion;
- net banking income from insurance activities grew by 17.2%, to MAD 1.6 billion;
- net banking income from international retail banking rose by 11.1%, to MAD 4.8 billion.

Gross operating income

Gross operating income improved by 6.0% in 2013, totaling MAD 9.9 billion. After depreciation and amortization, general operating expenses rose by 3.4%, to MAD 7.9 billion. The cost-to-income ratio was 44.5%, up 0.6 points from the previous year.

Cost of risk

The cost of risk rose by 52.8%, to MAD 1.9 billion. As a share of total loan outstandings, the cost of risk increased by 0.24 points, to 0.71%. Nonperforming loans totaled MAD 16.3 billion, against total loan outstandings of MAD 261.2 billion. The nonperforming-loan ratio rose by 1.2 points, to 6.3%.

Consolidated net income

Group consolidated net income declined by 4.6% in 2013, to MAD 5.1 billion.

Net income (Group share)

Net income group share was MAD 4.1 billion down 8.0% (-3.7% excluding non-recurring items). Financial profitability remained in line with the best international standards with RoE at 15.4% and RoA at 1.3%.

Contributors to net income (Group share)
at December 31, 2013

Banking in Morocco, Europe, and offshore	-16.5%
Specialized finance companies	+1.9%
Insurance	-20.5% (+3.5%)[2]
International retail banking	+32.7%

(1) The settlement of a tax inspection of Wafa Assurance and the IFRS impact of the employees' stock ownership plan over a period of 12 months in 2013 (vs. 8 months only in 2012).

(2) No impact on the settlement of a tax inspection of Wafa Assurance

GLOBAL RISK MANAGEMENT

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 three main categories of risk:

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

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

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

1. Upstream

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

2. Downstream

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

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

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

In late 2008, GRM established a new risk management systems unit to ensure that the bank's own systems comply with industry best practice, particularly Basel II. This unit has three main roles:

1. Develop internal ratings models complying with Basel II recommendations;
2. Establish standards and methods governing GRM operations;
3. Supervise risk management-related projects, particularly Basel II.

General measures

1- Governance and organisation

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

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

These entities include:

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

Board of Directors' role :

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

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

General Management's role :

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

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

Role of Committees :

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

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

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

Group Credit Risk Committee:

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

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

Market Risks Committee:

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

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

Global Risk Management's role:

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

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

2- Risk Management Process

The risk management process comprises four main stages:

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

- Risk identification:

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

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

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

- Risk measurement:

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

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

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

- Risk Monitoring:

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

- Risk Control:

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

I - CREDIT RISK

A- Credit policy

I- General principles

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. Counterparty risk

General principles underlying risk-taking

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

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

These strategies are also adapted as a function of:

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

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

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

II.1 Customer selection

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

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

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

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

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

II.2 Loan transaction structure:

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

- Purpose: the transaction must be clearly justified in economic terms;
- Structure: transactions must be clearly explained and understood and their monitoring must be ensured;
- Maturity: a credit commitment's maturity must be consistent with its purpose e.g. the maturity on a capital investment loan must be 7 years with the exception of home loans;
- Transparency: the credit approval process must comply with rules of professional conduct;

- **Security**: a counterparty's ability to repay must be analysed and confirmed;
- **Guarantees or collateral**: loans must be backed by guarantees. The economic value of such guarantees must be validated by an independent expert and regularly updated. Similarly, details of a guarantor's total assets must be provided and updated;
- **Notification**: customers must be formally notified of the terms and conditions of the loan to safeguard the interests of all parties.

III. Measures governing credit activity

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

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

III.1 Prudential rules

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

Before:

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

During:

This phase is governed by the following regulatory provisions:

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

After:

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

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

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

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

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

III.2 Concentration risk

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

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

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

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

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

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

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

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

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

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

III.2.1 - Diversification by counterparty:

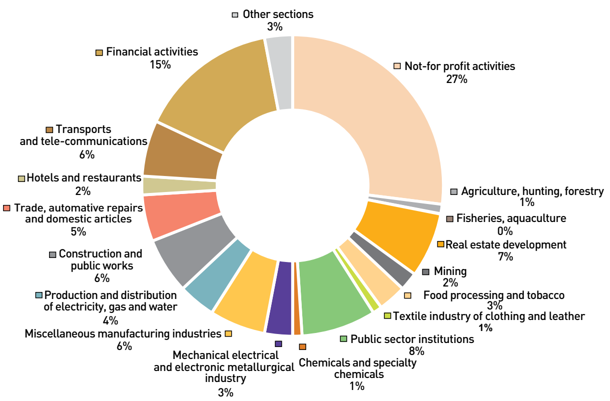
Diversification is an essential component of the bank's risk management policy and is measured by taking into consideration the total exposure to any one customer. The scope and diversity of the Group's activities play a role in this process. Any situation in which there is concentration is examined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

III.2.2 - Diversification by sector:

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

A breakdown of the bank's loan commitments by industry sector as a percentage of total loan commitments at 31 December 2013 was as follows:

- Financial institutions and insurance companies accounted for 16%. Commitments to this sector carry a very low level of risk (96% of commitments to specialised financial institutions are to bank subsidiaries).
- Construction and public works together with building materials accounted for 7%, and real estate development accounted for 7%, down from 2012.



III.2.3 - Geographical distribution:

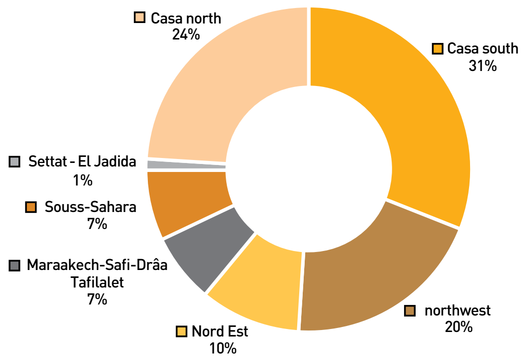
The geographical distribution of the Group's commitments reveals a very high exposure to Morocco, accounting for 80% of total loans, followed by Tunisia .The remaining balance accounted for by sub-Sahara African countries.

In Morocco, the Greater Casablanca region accounted for +75% of the bank's commitments followed by Rabat (10%). Meknes-Fes, Souss-Sahara and Rif-Oriental regions accounted for 3% each.

This concentration can be explained by:

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

Breakdown of the bank's commitments by region at 31 December 2013



B- Procedures

I- Decision-making:

I.1 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.

I.2 Processes:

Applications and proposals:

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

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

Analysis and decision-making:

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

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

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

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

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

Notification of the decision:

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

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

Revision:

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

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

Related legal entities:

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

I.3 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.

I.4 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.

II- Monitoring:

Within Attijariwafa bank's new organisational structure, the Monitoring and Credit Risk Control unit is primarily responsible for monitoring and detecting loans in difficulty.

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

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

This unit is responsible for:

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

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

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

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

III- Provisioning:

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

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

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

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

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

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

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

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

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

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

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

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

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

IV- Corrective portfolio measures:

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

Reporting to the GRM's risk and loan recovery units, these units have the following responsibilities:

- Monitor the consistency and quality of the Bank's total loan commitments on a regular basis;
- Correct any shortcomings by initially following up with the branch network or directly with the customer concerned;

• Adopt a proactive approach aimed at avoiding deterioration in loan quality.

C- Internal ratings model

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

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

The new internal ratings model

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

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

Attijariwafa bank classification	Description
A	Very good
B	Good
C	Quite good
D	Average
E	Poor
F	Bad
G	Very bad
H	Default

The ratings system has the following features:

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

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

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

• The financial rating is based on several financial factors related to the company's size, growth rate, level of debt, profitability and financial structure;

• The qualitative rating is based on information regarding the market, the environment, the company's shareholder structure and management. This information is provided by the branch network.

• The behavioural rating is based on the specific character of the account.

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

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

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

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

• Healthy counterparties: classes A to D;

• Sensitive counterparties: E to G;

• Counterparties in default: class H (doubtful, impaired, consolidation, recovery, provisions).

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

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

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

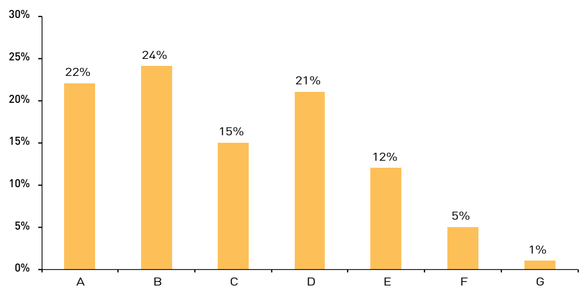
• Test the predictive powers of the ratings model;

• Ensure that the probabilities of default are correctly calibrated.

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

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

Breakdown of the bank's corporate commitments by risk class at 31 December 2013*



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

Improvements in Basel II compliance in 2013

• A new corporate ratings model, currently under review and intended to improve Group compliance with Basel II. Once validated in 2014, it will be deployed gradually.

• A ratings system for real-estate development, designed around two main axes (customers and projects) and defined by qualitative and quantitative variables assessed by independent experts. The variables have been validated by the various parties concerned, and detailed specifications have been drawn up. The system is currently under review for projects in various regions, in keeping with Central Bank guidance. The focus in 2014 will be on the transition to the new system and its stabilization.

- The retail-banking segment of Attijariwafa bank made considerable progress in 2013. All category subsegments (very small enterprises, professionals, retail customers) were subject to specific ratings/scoring models, with seasoned support from an international firm. Thanks to the considerable resources that the Group devoted to the project, the rating system's operational deployment was complete by the end of 2013. This investment confirms the Bank's commitment to its retail customers.
- The default database was brought into compliance with Basel II provisions over the course of 2011. Measures are being taken to eliminate data-entry constraints on the database, which is intended for the backtesting/maintenance of internal ratings models, model oversight, and risk management.
- Provisions for data-warehouse risk, which entails the archiving of data, were finalized in 2013. A data-analysis tool will be implemented in 2014.
- The most recent meeting of the steering committee reviewed a charter for the operating implementation of ratings systems. The charter aims to introduce a rating system at the operating level, particularly for the pricing structure.
- Ratings systems for international subsidiaries are currently being deployed. A ratings system was in place at the ATB site (Tunisia) at the end of 2013. We plan to finalize in 2014 the ratings system for CBAO (Senegal), whose implementation began during a preliminary mission in 2013. The framework for a ratings system at SIB (Ivory Coast) is also under development

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

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 risk

I- 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;
- Currency lending and borrowing;
- 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 20.393 billion at 31 December 2013, the breakdown of which was as follows:

MAD millions	< 3 months	3-6 months	> 6 months
Hedging	12,620	1,397	6,376

At 31 December 2013, the bank's foreign exchange options position amounted to MAD 20.920 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.

II- 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:

- Capital Markets' Control and Methods unit;
- GRM's Risks unit;
- Internal Control.

The Control and Methods 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

Control and Methods:

The Control and Methods unit 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 the Control and Methods 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.

III- Management of limits

Limits are set by the Market Risk Committee for each type of exposure for a one-year 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 Control and Methods 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:

- The Control and Methods unit;
- GRM.

The Control and Methods 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.

It will immediately signal any limit overrun and will propose measures to regularise the situation.

Counterparty limits are revised:

- Annually, at the renewal date by Global Risk Management;
- On an ad hoc basis, as a function of changes to business activity and counterparty risk.

In the case of an annual adjustment, the Control and Methods unit examines predefined limits and compares them with what actually occurred during the previous year. It will propose adjustments for the following year in conjunction with Capital Markets and other commercial units.

In the case of an ad hoc adjustment, those involved in setting limits may request an adjustment to limits granted to counterparties due to changes in circumstances. The limit may be revised up or down or cancelled.

Applications to adjust limits are centralised with the Control and Methods unit which studies their impact on dealing room operations prior to submitting them to Global Risk Management.

IV- System for managing market risks

To satisfy regulatory reporting requirements, Attijariwafa bank has installed an IT application known as Fermat which meets internal and regulatory requirements for calculating capital adequacy in respect of market risks. The application calculates solvency ratios and measures market risks.

In 2007, the Bank adopted Basel II's standardised method due to the Fermat system.

In addition to the Fermat system, the Bank has developed in-house applications for measuring and quantifying market risks for different dealing room products.

B – Methodology for measuring market risks (internal model)

I- Value at Risk measurement

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

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

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

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

Activity (in MAD)	Position (MAD)	VaR (1 day)	Regulatory VaR (10 days)
Foreign exchange	1,412,096,794	397,723	1,257,712
Equities	113,270,000	6,127,612	19,377,211
Fixed income (excluding mutual funds)	32,798,242,591	30,585,000	96,718,262

II- 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.

III- Stress-testing

Regulatory stress tests are conducted on a half-yearly basis in accordance with Bank Al Maghrib's technical notice No.01/DSB/2012.

III– Country Risk

Country Risk:

In 2013, the Risk Steering and Reporting unit reinforced risk monitoring and surveillance at both parent and subsidiary levels as well as enhancing its country risk management policy.

A– Counterparty risk monitoring and surveillance at Group level:

Monitoring and surveillance of the bank's overall situation and that of its subsidiaries have been reinforced by more frequent risk reporting, enabling GRM to appraise:

a- Growth in the bank's activities in order to that business development remains healthy, profitable and risk-free in terms of the concentration of the loan portfolio.

b- Performance indicators for each unit, mainly in relation to profitability and loss experience;

c- Regulatory compliance with prudential standards in each country in which the bank has operations.

The reporting procedure takes the form of a quarterly review of banking and finance subsidiaries. It provides an excellent overview of on these units given that its primary concern is to identify well in advance areas of risk and make recommendations to mitigate risk.

B- Country risk management policy:

The bank has drawn up a country risk management policy in accordance with provisions outlined in Bank Al Maghrib's Directive No. 1/G/2008 as a result of its international growth, which has seen it's the international business component assume an ever rising share of the Group's overall exposure.

This policy is based on the following:

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

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

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 audit and accounts committee in its role as deliberating body.

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

b1: Cash advances and loans by signature to non-residents;

b2: 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;

b3: Foreign asset transactions:

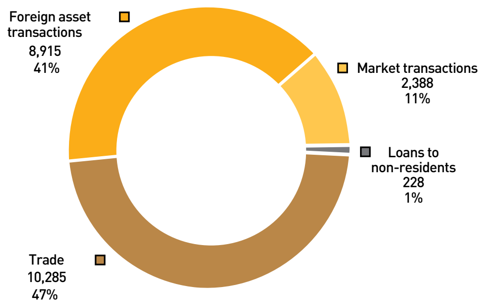
- Foreign financial holdings;
- Counter-guarantees issued by Attijariwafa bank on behalf of subsidiaries to support their business development;
- New foreign branch openings;
- ALM portfolio.

b4: Market transactions generating counterparty risk e.g. spot and forward foreign exchange, foreign exchange swaps, structured products, commodities and foreign currency deposits.

A breakdown of country risk exposure by activity at 31 December 2013 reveals the predominance of trade finance, accounting for 47% of the bank's total international risk exposure.

This was followed by foreign assets transaction with a 41% share, reflecting the bank's international growth in line with the opening up of Morocco's economy in global terms.

International risk as of December 2013

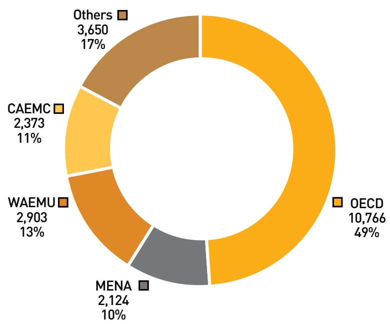


c- Methodology for calculating and restating country risk exposure based on the risk transfer principle which highlights regions and countries to which exposure is high (in value terms and as a share of the bank's shareholders' equity) as well as mapping corresponding risks.

At 31 December 2013, 40.7% of the bank's international risk exposure was concentrated in countries with a risk assessment ranging from A1 (very low risk) to A4 (average risk, Morocco's risk assessment). The remaining countries are mainly those in which the bank has made strategic investments such as the acquisition of African banking subsidiaries

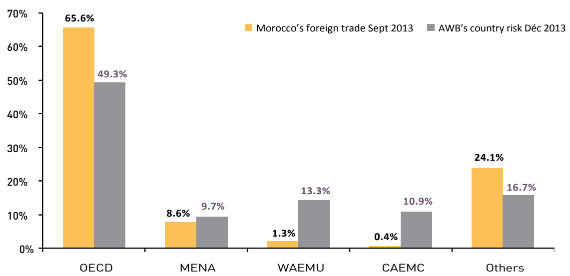
International loans to OECD countries account for more than half of the bank's total exposure which is consistent with these countries' share of Morocco's foreign trade.

Concentration of country exposure by region at 31 December 2013



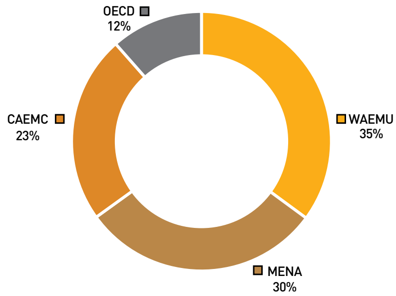
The bank's exposure to the MENA, WAEMU and CAEMC regions is explained by the acquisition of banking subsidiaries as important growth drivers for the bank's strategic development.

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



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

Country risk distribution in a consolidated basis December 2013

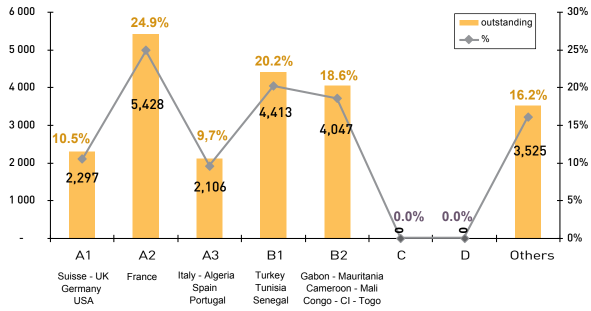


e- Development of an internal country scoring system reflecting a country's vulnerability. The overall grade is based on a multi-criteria assessment approach combining:

1. An economic risk sub-score based on macroeconomic indicators such as the public budget balance, external debt, foreign exchange reserves and GDP, providing an overview of a country's economic solidity;
2. A financial risk sub-score based on macroeconomic indicators such as external debt, debt service obligations, foreign exchange reserves and current account balance, providing an overview of a country's liquidity situation;
3. A market risk sub-score based primarily on credit default swaps as protection against issuer default and therefore as an indicator of a country's default probability;
4. A political risk sub-score reflecting a country's vulnerability to political instability; this indicator is based on a multi-criteria assessment approach combining the integrity of the judicial system, administration and bureaucracy, the redistribution of wealth by analysing the poverty rate, the democracy index and ease of doing business index.

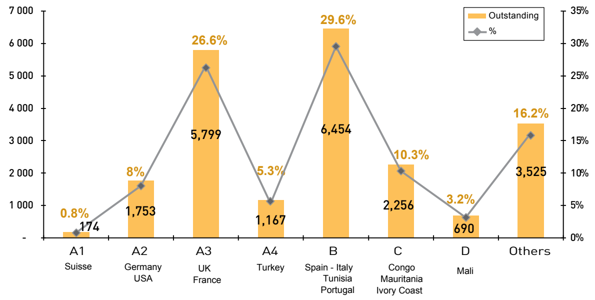
The resulting internal country score is the algebraic sum of the above sub-scores and is graded on a scale of 1 to 5, 1 representing an excellent risk profile and 5 representing a highly vulnerable risk profile.

Breakdown of country risk exposure using the internal rating as of December 2013



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

Breakdown of country risk exposure using the Coface scale



e- 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;

f- 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.;

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

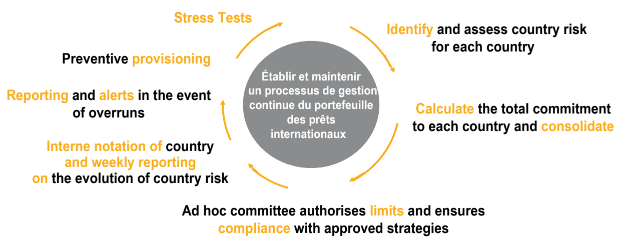
h- Provisioning for country risk as a function of deterioration in any country to which the bank has exposure including the actual occurrence of risk incidents, debt rescheduling, default, recourse to debt relief measures etc.;

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

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

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

Country Risk Charter



IV- Operational risk and Business Continuity Plan (BCP)

A- Operational risks

Background and methodology

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

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

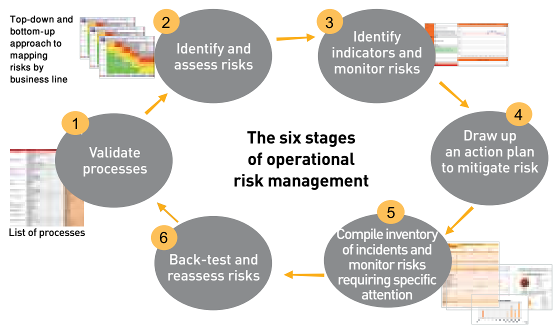
Operational risk management policy is steered by the Operational, Legal, Information Systems and Human Risks unit.

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

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

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

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

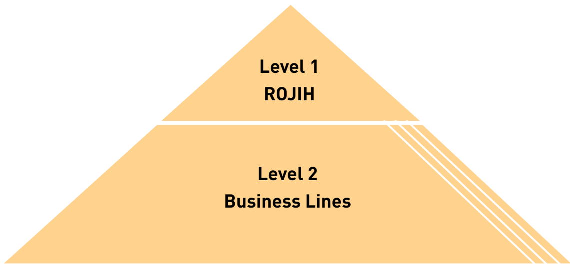


Reminder of how operational risk management is organised

Organisational process

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

Operational risk management is conducted at two distinct levels:



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

- **Level 2 (Business lines):** responsible for identifying and compiling an inventory of incidents and implementing measures to hedge against risk.

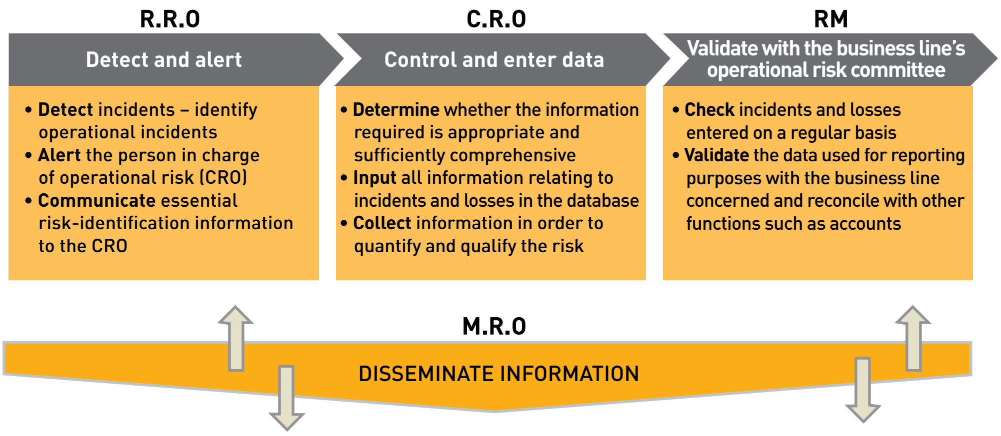
- Within each business line, the main officers responsible for implementing the bank's operational risk management policy are known by the following acronyms:

RRO: Operational risk coordinators (business line)

CRO: Operational risk correspondents (business line)

RM: Business line head

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



Main committees

A number of committees are involved in operational risk management:

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

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

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

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

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

- To review past achievements and future action.

2013 Achievements

Risk mapping « bank's perimeter »

In 2013, the risk map was updated in accordance with the operational risk management charter on the basis of incidents collected during 2012, the updated catalogue of bank products and services and discussions with business line specialists.

The risk mapping process resulted in **660 risks** being identified (versus 674 risks the previous year) including **166 risks requiring specific attention** (versus 180 risks requiring specific attention the previous year) and **27 « unacceptable or critical »risks**.

As a result of this review, **34 new risks were identified and 48 cancelled**

The following factors are important in updating risk maps:

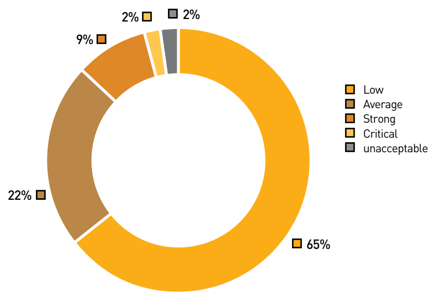
- Process modification (new products, process optimisation, IT implementation etc.)
- Incident reporting by business lines:
  - Reconcile the impact and frequency of risks with reported incidents
  - "Orphan" incidents – identify new risks for any incident unrelated to a previously identified risk on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

Risk mapping « bank's perimeter »

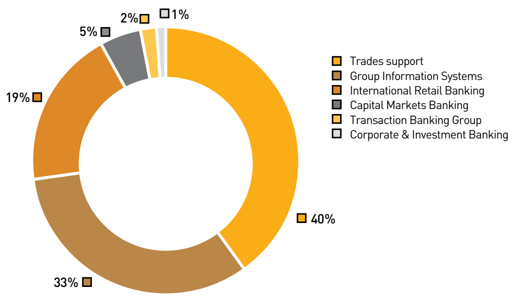
Average impact / Frequency

Average impact	Extremely rare	Rare	Uncommon	Frequent	Very frequent	Permanent
Critical More than MAD 100 m	3		2			
Major From MAD 10 m to MAD 100 m	3	2	4	5	1	
Strong From MAD 1 m to MAD 10 m	7	3	12	4	2	2
Average From MAD 100k to MAD 1 m	10	15	29	12	3	4
Moderate From MAD 10k to MAD 100 k	15	13	52	16	11	24
Low Less than MAD 10k	16	43	171	89	47	54

Breakdown of the bank's risk scores

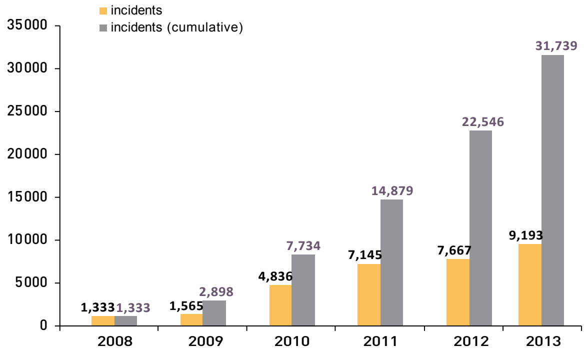


Breakdown of the bank's risk business line



Incident collection at parent level (Attijariwafa bank)

Implementation of the bank's operational risk management policy resulted in **9,193 incidents** being collected in 2013, taking the total to more than **31,500 incidents** since the policy was first implemented.



Communications and change management

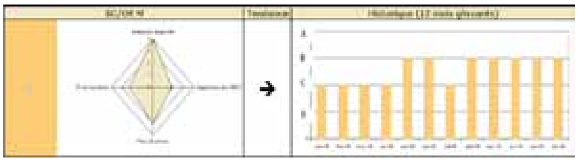
The ROJIH unit employs a variety of media to raise awareness among the bank's operational risk management staff and to help manage change including:

Operational risk management charter

The ROJIH unit updated and released a new version of its operational risk management charter (version 2013).

Application for assessing business lines' compliance with operational risk management charter.

The ROJIH unit has developed and implemented an application to assess the extent to which individual business lines are complying with the bank's operational risk policy and the charter. This application is aimed at helping units implement operational risk management policy.



Intranet Portal

The ROJIH unit has developed an intranet portal in collaboration with Group Communications. This portal aims to raise awareness of operational risk among all Group employees.

http://ribatkoum/ROJIH/index.html

Distribution of circulars at main divisions

The ROJIH unit has focused on two main divisions, retail banking (retail, professional, and corporate market) and back office (group services and processing), which account for more than 50% of the bank's operational risks.

Internal circulars have been drawn up to formalize GRO (operational-risk administrator) deployment within those divisions, to identify personnel involved in operational risks, and to define staff duties in the event of operational incidents. The circulars aim to provide nontechnical accounts of the concepts of operational-risk management and to instill a greater cooperative spirit among staff by increasing employee participation.

Preparations for advanced methods

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

B- Business Continuity Plan (BCP)

Background:

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

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

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

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

The BCP is a regulatory requirement:

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

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

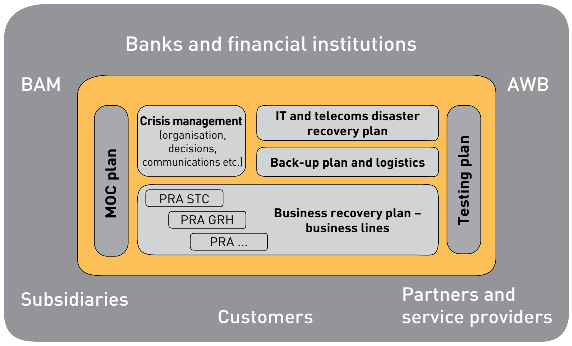
- A crisis or major operational disruption affecting a large urban or geographical area;
- A disruption affecting physical infrastructure;
- A natural catastrophe;
- An external attack;
- A major information systems failure;
- Dysfunction resulting from a high level of absenteeism e.g. a pandemic;
-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

Why has Attijariwafa bank established a BCP ?

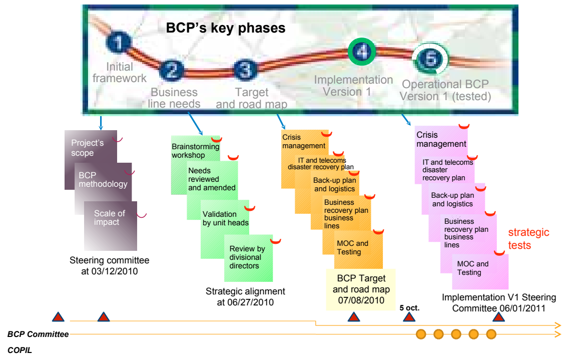
The BCP must ensure that Attijariwafa bank withstands major risks

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

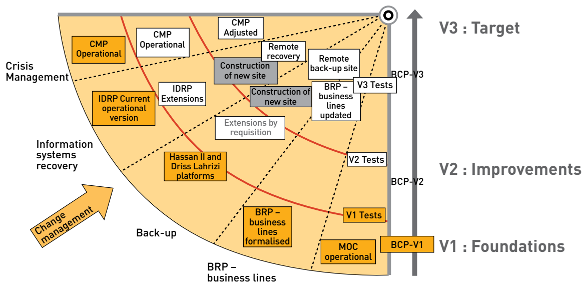
The 6 components of the Business Continuity Plan:



Reminder of the BCP's key phases:



Reminder of the BCP roadmap:



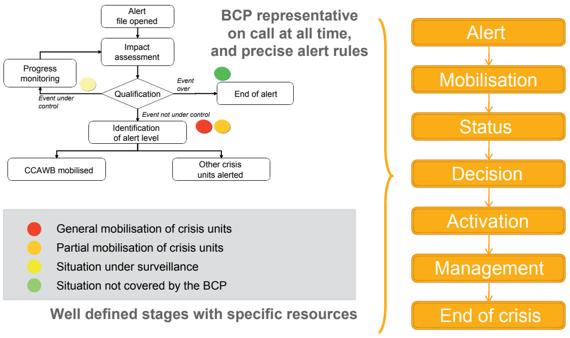
Main achievements of the BCP V1 project:

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

Crisis management procedures and tools

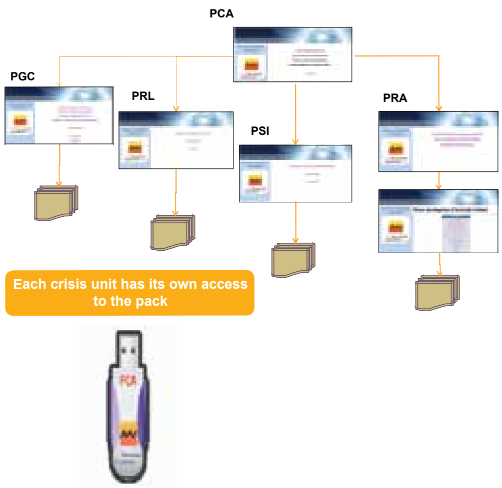
- Alert and mobilisation procedure;
- Crisis unit implementation procedures (from mobilisation to the end of the crisis);
- Crisis packs;
- Information systems disaster recovery, Back-up plan and logistics;
- HR policies and crisis communication measures.

Crisis management procedures:



Crisis packs:

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



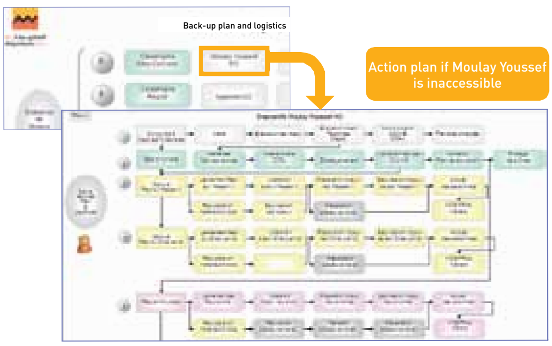
A recovery strategy has been established for each risk scenario.

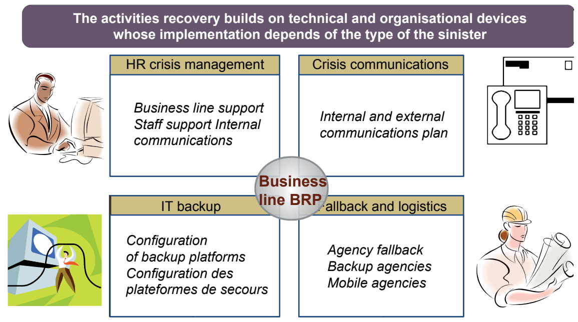
Each BCP measure is detailed with a schedule of tasks to be carried out.

Business Recovery Plan (BRP) for the bank's 26 business lines

Business recovery plans – business lines:

A recovery strategy has been established for each risk scenario. Each BCP measure is detailed with a schedule of tasks to be carried out.

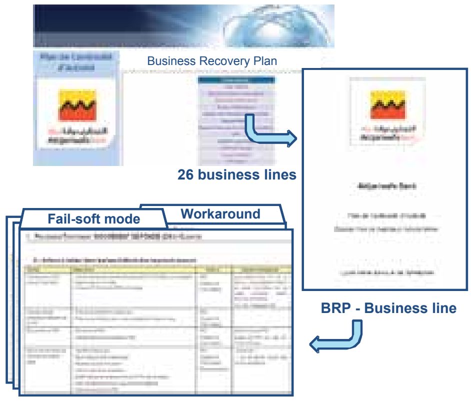




Business Recovery Plan (BRP) for the bank's 26 business lines

Attijariwafa bank staff continued to implement the very latest technical procedures of the BCP version 1 during 2013/2014.

Each business has established:



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

Key figures of BCP implementation:

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

Key achievements in 2013

BCP/Lotus document-management application:

- In-house development (BCP+ information-systems team) BCP/Lotus management application:

1- documentary search engine

2- remote maintenance with traceability

3- priority communication among BCP members via a BCP-dedicated interface

- Deployment for end users (109)
- Year-round training for BCP users
- BCP workgroup to monitor and ensure deployment of BCP application
- Creation of user guide and integration of user guide into BCP application.

MOC for the BCP

- Creation of an annual MOC schedule for the BCP.
- Creation of a BCP workgroup : raise awareness for BCP members of the importance of MOC
- Business lines covered in 2012 : all bank business lines (23/23)
- Business lines covered in 2013 : priority business lines: trading floor, procurement logistics, information systems, back offices & customer services, retail banking.

Training modules

- training on the BCP-management application
- crisis-management training
- change-management training
- MOC training
- gradual updating of business-line BRPs
- BCP questionnaire

Crisis packs

- Collects all information necessary for crisis management (approximately 400 docs / 23 business lines + 5 crisis units)
- Two types of pack:
  - type A crisis-management pack (complete)
  - type B business-line pack
- Pack elaboration and security (50/109)
- Pack-management protocol
- Pack contents
- Distribution of 109 packs (under way)
- crisis-management pack (50 packs)
- members of the Attijariwafa bank crisis unit (16 persons)
- packs for specialized units (HR, communications, information systems, backup, and logistics) (34 packs)
- business-line packs (53 packs)
- network pack (6 packs): 1 pack per region.

Fitting out of backup sites

- Pursuant to the decisions of the most recent steering-committee pre-closure meeting for the BCP project (June 2011), user backup sites were to be completed and ready for BCP V1 tests.

1. Progress on the fitting out of the Hassan II backup site
   - 6th floor annex: 50 stations
   - 7th floor annex: 100 stations

This is the first backup structure for business lines that need to restart their priority activities the first day or first week after an incident.

2. Progress on the fitting out and equipping of the Driss Lahrizi backup site
   - 1se floor: 50 stations
     - trading floor
   - 2nd floor: 50 stations
     - business-line-user backup, excluding trading floor.

BCP/information-systems synergies

- Throughout 2013, the BCP initiative has supported information systems in the implementation of the BCP/IT and telecoms disaster-recovery plan.

Objectives

- review of IT and telecoms disaster-recovery plan
- drafting (by Solucom) of IT and telecom procedures
- implementation of charter regulating access to the white room
- implementation of a new data center at the Moulay Youssef site
- implementation of new governance for the IT and telecoms disaster-recovery plan
- outfitting of backup sites with IT equipment and network systems (trading floor)
- configuration of BCP/business-line stations at backup sites
- performance of initial tests for the IT and telecoms disaster-recovery plan in first-half 2014.

BCP/procurement-logistics synergies

- Functioning user backup sites constitute a precondition for BCP V1 tests. In order to get them up and running, a BCP/procurement-logistics team was mobilized throughout 2013.

Objectives

- updating of all user backup provisions
  - BRP for logistics and procurement
  - BRP for Group security
  - BRP for Economat
- training and awareness raising for members of business-line crisis units
  - organization and attribution of roles in the event that fail-soft mode and logistical backup are triggered
  - preparation of test frameworks and scenarios for 2014
  - BCP seminar for BCP members in procurement logistics.

BCP/information-processing synergies

- In 2012, all plans and systems for information-processing business lines were brought up to date.
- In 2013, by way of BCP V1 tests for back offices and customer services, several working meetings were held with the head of ways and means and the CPC members involved in back offices and customer services.

Objectives

- Review of all BRPs for back offices and customer services:
  - CTN dirhams
  - CTN foreign currencies
  - CTN commitments
  - CTN securities
  - CTN markets
  - CTN e-banking
- preparation of individual information-processing tests in 2014.

BCP/investment-bank synergies

- In 2013, the trading floor was a key priority for business-continuity management.
  - diversity and complexity of investing-banking business lines.

Objectives

- Updating of all trading-floor provisions.

BRP and investment-banking annexes

- Validation of fitting out of backup site (Driss Lahrizi)
- Validation of profiles/stations (backup site)
- Validation of staff assigned to fail-soft mode
- Awareness raising among members of investment-banking business-line crisis units
  - organization and attribution of roles in the event that fail-soft mode is triggered, and transfer of logistical backup from the Hassan II site to the Driss Lahrizi site
  - preparation of investment-banking test frameworks and scenarios for 2014.

Next steps for the BCP

- Completion of refurbishment of the MY data center
- Finalization of the IT and telecoms disaster-recovery plan (PSI)
- Launch of the test plan whose guidelines have already been established:
  - documentation organization and guidelines
  - three test typologies:
    - **table** tests (model)
    - **combined tests** (model combined with tests implementing the IT and telecoms disaster-recovery plan)
    - gradual ramping up of tests for the **most critical business lines.**
- Finalization of the **subsidiaries package**.

V. ASSET-LIABILITY MANAGEMENT

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

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

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

A- ALM conventions and models:

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

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

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

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

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

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

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

B- Interest rate risk:

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

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

I. Interest rate risk management:

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

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

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

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

II. Stress-testing and interest rates:

Cumulative interest rate gaps
at 31 December 2013 (MAD billions)

1 months	6 months	1 year	2 years	5 years
-27,6	-2,8	+0,6	+13,3	+19,0

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

At 31 December 2013, the impact of a 200 basis point interest rate shock on net banking income would have been -1.37% while the impact on the economic value of shareholders' equity capital would have been 5.0%.

C- Liquidity risk

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

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

I. Liquidity risk management

Liquidity risk management involves:

- Measuring risk by analysing the contractual or modelled term structure of loans and deposits, highlighting liabilities or liquidity gaps at different maturities;
- A conversion policy consistent with the quality of deposits taken and loans financed;
- Establishing a liquidity reserve consisting of assets that the bank is able to convert into liquidities on a very short-term basis. This liquidity may result from disposing of the asset in question on the open market, using the security as collateral in the repo market or mobilising the security with Bank Al Maghrib. At 31 December 2013, the bank's total liquidity reserves were valued at MAD 55.0 billion.

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

II. Liquidity stress tests:

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

Attijariwafa bank has defined three crisis scenarii:

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

III. Exposure:

Cumulative liquidity gaps at 31 December 2013
(MAD billions)

1 month	6 months	1 year	2 years	5 years
- 28,6	+ 10,3	+ 4,3	+ 13,7	+ 12,6

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

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

D- Foreign exchange risk

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

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

- **Structural foreign exchange risk**: resulting from long-term investment in foreign currency-denominated assets. These primarily concern the bank's foreign investments, totalling about MAD 7 billion at 31 December 2013.
- **Operational foreign exchange risk**: mainly concerns the bank's day-to-day deposit and lending activities denominated in foreign currencies as well as customers' long-term hedging requirements through the use of currency forward contracts.
- **Transactional foreign exchange risk**: concerns foreign currency-denominated transactions originated and managed by the bank's traders for its proprietary account.

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

The bank's ALM governance:

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

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

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

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

Pillar III : Quantitative and Qualitative Information

The publication of financial information regarding regulatory capital and risk-weighted assets is conducted on consolidated basis in compliance with article 2 of circular 44/G/2007. Other information are published on individual basis for the parent company's perimeter and the significant subsidiaries in compliance with article 8 of the same circular.

The third pillar of the Basel agreement has the aim of promoting market discipline via the publication of a series of data completing the financial communication. The purpose of this communication is to allow market players to assess the items of essential information on regulatory capital, exposure to each risk category, risk assessment approaches and therefore, the capital adequacy of the bank.

1. Equity Risk Management and Capital Adequacy

1-1 Breakdown of regulatory capital

At 31 December 2013, the Attijariwafa bank Group regulatory capital consisted of Tier 1 capital and Tier 2 capital.

Core capital (Tier 1) is determined on the basis of the Group's book capital less 50 % of the investment holdings not included within the scope of consolidation and held in the capital of credit institutions and similar in Morocco and overseas and entities carrying out banking-related activities in Morocco and overseas as well as prudential filters.

Tier 2 capital consists primarily of subordinated debt and is also adjusted by deducting 50 % of the investment holdings not included within the scope of consolidation and held in the capital of credit institutions and similar in Morocco and overseas and entities carrying out banking-related activities in Morocco and overseas. A discount is also applied to subordinated debt with a maturity of less than 5 years. The sum of subordinated debt is restricted to the equivalent of 50 % of core capital.

(in thousand MAD)

	12/31/2012	12/31/2013
Core capital	26 388 020	28 822 866
Items to be included in core capital	33 708 178	36 339 519
Items to be deducted from core capital	- 7 320 157	- 7 516 653
Regulatory Deduction	- 219 068	- 222 509
Core capital after deduction (Tier 1)	26 168 952	28 600 357
Supplementary capital	8 440 260	8 238 180
Including :		
Underlying value added resulting from the holding of investment securities (AFS)	255 010	208 737
Subordinated debt which initial term above or equal to five years (*)	8 020 000	7 893 480
Regulatory Deduction	**-219 068**	**-222 509**
Supplementary capital after deduction (Tier 2)	**8 221 191**	**8 015 671**
Total of regulatory capital after deduction of investments in credit institutions and finance companies	**34 390 143**	**36 616 028**

(*) Within the limit of 50 % of tier 1 prior to deduction of investments in credit institutions and finance companies.

At the end of December 2013, the Tier 1 of the Group amounted to 28 600 357 thousand MAD. The supplementary capital (Tier 2), amounted to 8 015 671 thousand MAD. The total of regulatory capital amounted to 36 616 028 thousand MAD, i.e. up by 6.47% vs. December 2012.

1-2 Capital adequacy (ICAAP)[1]

In the framework of Pillar III, Attijariwafa bank has set up a forecasting process for the monitoring and the evaluation of the adequacy of capital so as to make sure that own funds permanently cover risk exposure in compliance with the rules put forth by the regulator.

1-3 Capital requirement

At 31 December 2013, the capital requirement in the framework of Basel II for Attijariwafa bank Group amounted to 23 023 944 thousand MAD. This is calculated by the standardised approach for credit, counterparty and market risks and basic indicator approach for operational risks.

(in thousand MAD)

	12/31/2012	12/31/2013
Credit and Counterparty Risk	**19 907 598**	**20 115 156**
Credit Risk (*)	19 776 939	20 011 651
Counterparty Risk	130 659	103 505
Market Risk	**917 485**	**559 913**
Operational Risk	**2 219 156**	**2 348 875**
Total	**23 044 239**	**23 023 944**

(*) including credit risk for other assets (fixed tangible assets, various other assets and equity shares).

	Pillar II	
	Risk Covered	Measurement methodologies
Credit and Counterparty Risk	√	Standardised Approach
Market Risk	√	Standardised Approach
Operational Risk	√	BIA (Basic Indicator Approach)

1-4 Capital Adequacy Ratio

At 31 December 2013, the Group's core capital amounted to 9.94 % and the Group's capital adequacy ratio stood at 12.72 %.

(in thousand MAD)

	12/31/2012	12/31/2013
Core Capital	26 168 952	28 600 357
Total Regulatory Capital	34 390 143	36 616 028
Risk-weighted assets	288 051 122	287 799 304
Tier 1 Ratio	**9.08 %**	**9.94 %**
Capital Adequacy Ratio	**11.94 %**	**12.72 %**

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

2-1 Method for assessment of items in the negotiation portfolio

The shares, currency securities, raw materials on the organized market, raw materials on the over-the counter market are assessed at the market price.

The foreign exchange options are assessed using the Garman-Kohlhagen[2] model.

2-2 Net credit risk on derivative instruments

The counterparty credit risk on derivative instruments at 31 December 2013 amounted to 1 031 215 thousand MAD. The breakdown of this exposure per segment is as follows :

(in thousand MAD)

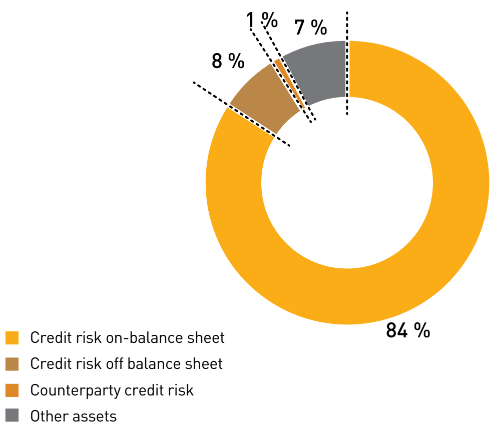
Exposure category	Counterparty Credit Risk
Institutions	11 731
Credit Institutions and equivalent	371 285
Customers	648 199
Total	**1 031 215**

2-3 Impact of degradation of external credit quality ratings on the amount of real securities to be provided

In compliance with circular 26/G/2006, Attijariwafa bank opted to risk weight all corporate claims at 100 % without regard to external ratings.

2-4 Level of exposure pursuant to counterparty risk

The counterparty risk represents 1 % of the total counterparty credit/risk. It concerns repos, reverse repos and OTC derivatives in the banking and transactions in the trading book.



2- Black & Scholes derivative model for application to foreign exchange options

2-5 Counterparty credit risk: exposures covered by collateral

The total amount of eligible collateral on counterparty credit risk is 1 032 643 thousand MAD.

The cash collateral mainly impacts the repos and reverse repos.

(in thousand MAD)

Exposition at default	Collateral
41 717 443	**1 032 643**

2-6 Guarantees

(in thousand MAD)

	Guarantees
Sovereign	970 683
Institutions	19 166 313
Customers	76 169
Credit institutions and equivalent in Morocco and abroad	679 042
Total	**20 892 207**

2-7 Credit Concentration Risk per Mitigants

(in thousand MAD)

	Exposition At Default	Eligible Guarantee	Eligible Collateral
Sovereign	72 826 121	970 683	220 195
Institutions	34 709 065	19 166 313	189
Credit institutions and similar establishments	28 302 284	679 042	1 299 227
Large Enterprises	166 007 178	76 052	227 121
Small and Medium sized enterprises	35 230 258	117	157 513
Very small Enterprises	1 284 394	-	43 962
Retail customers	79 170 752	-	89 891
Total	**417 530 051**	**20 892 207**	**2 038 098**

3. Information in individual basis for significant subsidiaries

The information concerning the Capital adequancy ratio of the main subsidiaries of the Group are presented as follows:

Attijariwafa bank

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank	Bank Al Maghrib	12%	22 736 984	185 951 431	12.23 %

Attijariwafa bank Europe

(in Euros)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank Europe	CBF	10%	46 234 066	248 524 350	18.60 %

CBF: Commission Bancaire Française

Attijari bank Tunisie

(in thousand Tunisian dinars)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	9%	330 162	3 020 576	10,93%

BCT : Banque Centrale de Tunisie

Wafasalaf

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafasalaf	Bank Al Maghrib	12%	1 296 141	10 795 010	12.01%

Wafabail

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafabail	Bank Al Maghrib	12%	944 624	7 843 595	12.04%

Wafa Immobilier

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	12%	52 581	271 475	19.37%

Attijari Factoring

(in thousand MAD)	Régulateur	Minimum requis	Fonds propres	créances pondérées	Ratio
Attijari Factoring	Bank Al Maghrib	12%	131 293	1 073 445	12.23%

Wafa Assurance

(in thousand MAD)	Supervisor	Margin	Minimum of Solvency Margin	Ratio
Wafa Assurance	DAPS	4 935 953	1 461 789	337.67%

DAPS : Direction des Assurances et de la Prévoyance Sociale

CBAO

(in million FCFA)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
CBAO	BCEAO	8 %	57 461	396 504	14.49 %

BCEAO: Banque Centrale des États de l'Afrique de L'Ouest

4. Enterprise Governance

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

Bord of Directors

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

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

4-1 General Management Committee

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

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

Member office	Function	Date of taking
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer	2007
Mr. Boubker JAI	Managing Director	2003
Mr. Omar BOUNJOU	Managing Director	2003
Mr. Ismail DOUIRI	Managing Director	2008

4-2 General Management and Coordination Committee

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

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

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

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

4-3 Other Committees emanating from the Board of Directors

• Strategic Committee :

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

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

• Major Risk Committe :

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

Members	Function
Mr. Mohamed EL KETTANI	Chairman and Chief Executive Officer
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director
Guest Members	
Mr. Ismail DOUIRI	Co-CEO, Finance, Technology and Operations Division
Mr. Talal EL BELLAJ	Deputy Managing Director –Global Risk Management

• Audit and Accounts Committee :

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

Members	Function
Mr. Abed YACOUBI-SOUSSANE	Chairman
Mr. Hassan OURIAGLI	Director
Mr. José REIG	Director
Guest Members	
Mr. Talal EL BELLAJ	Deputy Managing Director - Global Risk Management Group
Mr. Ismail EL FILALI	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance

• Appointment and Remuneration Committee :

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

Members	Function
Mr. Mounir EL MAJIDI	Director, Representing SIGER
Mr. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director

Ordinary General Meeting
of May 30, 2014

Draft notice of annual meeting of shareholders

• 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, 2013, expressly approves the summary financial statements for financial year 2013, as presented, as well as the transactions reflected in those financial statements or summarized in those reports, which show earnings of MAD **3,289,486,677.21**.

• Second resolution

The General Meeting, having been informed of the special report of the Statutory Auditors on the agreements falling within the scope of Articles 56 et seq. of Act 17/95 pertaining to limited liability companies, as amended and supplemented by Act 20/05, approves the conclusions of said report and the agreements detailed therein.

• Third resolution

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

Net income for the year	3,289,486,677.21
Allocation to the legal reserve	10,531,266.00
Allocation to the investment reserve	-
Earnings brought forward	5,131,078.83
DISTRIBUTABLE EARNINGS	**3,284,086,490.04**
ALLOCATION	
Statutory dividend (6%)	122,116,335.60
Amount necessary to raise the dividend per share to **MAD 9.5**	1,811,392,311.40
TOTAL DISTRIBUTION	**1,933,508,647.00**
Allocation to extraordinary reserves	1,344,068,134.00
Retained earnings	6,509,709.04

Accordingly, the Ordinary General Meeting resolves to allocate to each share constituting the Company's share capital an annual dividend of MAD 9.5, payable as from July 1, 2014, 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 2014.

The Board of Directors shall divide this sum among its members in whatever manner it sees fit.

• Sixth resolution

The General Meeting, having acknowledged that the director's mandate of Mohamed El Kettani and Santusa Holding will expire at the close of this General Meeting, resolves to renew said mandate for a term of six years, expiring on the day of the General Meeting convened to deliberate on the financial statements for financial year 2019.

• Seventh resolution

The General Meeting hereby acknowledges the resignation of Mr. Javier Hidalgo Blazquez from his mandate as director and confers upon him final discharge, without reservations, of management duties. The General Meeting thanks Mr. Blazquez for his contributions to the work of the Board of Directors.

• Eighth resolution

The General Meeting, pursuant to the Board of Director's proposal of March 21, 2014, resolves to appoint Mr. Aldo Olcese Santonja as a new director, for the statutory term of six years, expiring on the day of the General Meeting convened to deliberate on the financial statements for financial year 2019.

• Ninth resolution (pending approval by Bank Al-Maghrib)

The General Meeting, having acknowledged the expiration of the term of the Statutory Auditors, hereby resolves to appoint, for the financial years ending December 31, 2014, 2015, and 2016, Ernst & Young, represented by Mr. Bachir Tazi, and Fidaroc Grant Thornton, represented by Mr. Fayçal Mekouar.

• Tenth resolution

The General Meeting, having been informed and having considered the report of the Board of Directors, hereby resolves to authorize the issue of bonds amounting to a total of MAD 7 billion (7,000,000,000) and confers on the Board of Directors all powers to carry out one or more such issues and to determine the issuance procedures as well as the features of the bonds.

In the event of multiple issues, each issue shall be considered a debt issue within the meaning of Article 298 of Act 17/95 on limited liability companies. The amount of each issue may be limited to the amount actually subscribed as at the end of the subscription period.

The authorization granted to the Board of Directors, with option to delegate, covers all powers necessary for the issue of bonds, notably the power to:

- set bond-issue dates;
- establish the terms, conditions, and procedures for the bond issue;
- limit the amount issued to the amount actually subscribed;
- set the entitlement date for the securities to be issued;
- set the coupon rates and the terms for interest payment;
- set the par value and terms for bond redemption;
- set the terms for the protection of bondholder rights, in compliance with statutory and regulatory provisions, and in particular designate a temporary proxy to represent bondholders;
- generally, take any useful measure or make any agreement for the proper functioning of the planned bond issues.

This authorization shall be valid for a period of five (5) years as from the date of this General Meeting.

Authorizations for bond issues previously conferred by any General Meeting and not yet used by the Board of Directors on the date of this General Meeting shall be null and void.

• Eleventh resolution

The General Meeting, having heard the report of the Board of Directors on the capital increase that was resolved by the Extraordinary General Meeting of April 2, 2013, and acknowledged by the Board of Directors on June 25, 2013, for par value of MAD 22,841,400 and paid-in capital of MAD 662,400,600, hereby acknowledges the contents of said report and confers on the members of the Board of Directors final discharge, without reservations, of said transaction.

• Twelfth resolution

The General Meeting confers all powers on the holder of an original or copy of this document to perform disclosure and other formalities prescribed by law.

CONSOLIDATED FINANCIAL STATEMENTS

Audit report on consolidated financial statements

Year ended December 31st, 2013

Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

Attijariwafa bank Group
AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2013

We have audited the consolidated financial statements attached of Attijariwafa bank which include the balance sheet as at December 31st, 2013, the income statement, the comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended and the notes including a summary of the main accounting policies and other explanatory notes. These financial statements show total consolidated equity of KMAD 37,935,183 and consolidated net income of KMAD 5,066,237.

Management's Responsibility
Management is responsible for the preparation and fair presentation of the financial statements, in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment the risk that the financial statements contain material misstatements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements
In our opinion, the consolidated financial statements mentioned in the first paragraph above give, in all their material aspects, a fair view of the financial position of the Attijariwafa bank Group as of December 31st, 2013, as well as of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Casablanca, March 31, 2014

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

CONSOLIDATED FINANCIAL STATEMENTS

1- Ifrs accounting standards and principles applied by the Attijariwafa bank Group

1.1 Background

The application of IFRS standards has been mandatory since the reporting period ended 12/31/2008.

The primary goal of regulatory authorities is to establish an accounting and financial reporting framework for banks that complies with the international standards in terms of financial transparency and the quality of disclosures.

The Attijariwafa bank Group acted ahead of plans to adopt the International Financial Reporting Standards for the consolidated financial statements in the first half of 2007 with 2006 for comparative purposes.

The key changes in terms of impact notably on system organization are as follows:

- new financial asset categories based on intent and market parameters: available-for-sale financial assets, held-to maturity investments, financial assets at fair value through profit or loss, loans and receivables;
- new measurement methodologies introduced for financial instruments based on intent and market parameters;
- various attributes to be managed: rediscounting permitted or not, economic agent, initial maturity, etc;
- the use of fair value to measure all assets and liabilities with impairment testing whenever there is evidence of impairment;
- the application of the principle of economic substance over legal form. Accordingly, assets acquired under finance leases are recognised as assets;
- the elimination of the off-balance sheet concept;
- the elimination of the general contingency reserve to the extent that the provisions recognised must be justified and measured;
- the expansion of the scope of consolidation to encompass special purpose entities and UCITS;
- the enhancing of the notes to provide investors with reliable and comprehensive information.

The Attijariwafa bank Group applied the new standards, amendments and interpretations approved by the International Accounting Standards Board (IASB) for its financial statements at 31 December 2013.

1.2 Accounting standards applied

1.2.1 Consolidation:

The scope of consolidation encompasses all entities, foreign and domestic, over which the Group exercises exclusive or joint control or where it enjoys significant influence.

The entities over which the bank has significant influence, and which must be consolidated, include the special purpose entities regardless of their legal form or the country in which they operate.

A special purpose entity must be consolidated where in substance it is controlled by the relevant bank even in the absence of a shareholder relationship.

A special purpose entity is a separate legal entity that is specifically established for a clearly-defined limited purpose (for example, leasing or securitisation of financial assets).

An entity is excluded from the scope of consolidation when:

- it is only controlled temporarily ; that is to say it is acquired and held solely with a view to its subsequent disposal within 12 months ;
- it represents held for trading assets that are recognised at fair value, with changes in fair value being recognised in profit or loss (recognition pursuant to IAS 39).

The nature of the control determines the consolidation method, namely full consolidation for wholly controlled entities, in accordance with IFRS 10, Consolidated Financial Statements; and the equity method for associates and joint ventures, in accordance with IAS 28, Investments in Associates and Joint Ventures...

Furthermore, entities under joint control (joint ventures) are either proportionally consolidated or accounted for under the equity method.

Options taken by Attijariwafa bank:

Definition of scope:

To define the companies to be integrated within the scope of consolidation, the following criteria must be respected:

- Attijariwafa bank must directly or indirectly own at least 20% of the existing and potential voting rights;
- One of the following thresholds is reached:
  - The subsidiary's total balance sheet exceeds 0.5% of the total consolidated balance sheet,
  - The subsidiary's net assets exceed 0.5% of the consolidated net assets,
  - The subsidiary's revenue or banking income exceeds 0.5% of consolidated banking income.

Long-term investments over which the Group does not enjoy any form of control are not included within the scope of consolidation even where their contribution satisfies the above criteria.

Exception:

An entity making a non-material contribution must be included within the scope of consolidation when it holds an interest in subsidiaries that satisfy any of the above criteria.

Consolidation of special purpose entities:

Dedicated mutual funds are consolidated in accordance with IFRS 10, which explains the consolidation of special purpose entities and more specifically the exclusively controlled funds.

Entities excluded from the scope of consolidation:

An entity controlled by the Group or over which it has significant influence is excluded from the scope of consolidation where from acquisition this entity's securities are purely held for subsequent resale within a short period of time.

These securities are recognised under held-for-sale assets, and measured at fair value through profit or loss.

Equity interests (excluding majority interests) held in venture capital entities are also excluded from the scope of consolidation to the extent that they are designated at fair value through profit or loss at inception.

Consolidation methods:

Consolidation methods are respectively covered by 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 does not require the separate recognition of components with a gross amount of under MAD 1,000 thousand.

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

This recommended component breakdown represents the minimum requirement.

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

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

The above components inevitably apply to the headquarters.

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

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

Architectural fees should be capitalised.

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

Identification of components:

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

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

This acquisition cost should not be retrospectively adjusted on the basis of the expensing/capitalisation split of ancillary acquisition costs. However, for acquisitions made after January 1, 2006, costs are monitored under both local GAAP and IFRS.

To this end, acquisition costs not yet amortised in the form of deferred expenses at 01/01/06 must be restated through equity.

Residual value:

The residual value of components other than land is deemed to be zero. In fact, the residual value is retained within the permanent component of the asset, which is obviously the land that by its very nature is not depreciated.

1.2.3 Investment property:

Investment property is property (land or building or part of a building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both,

rather than for:

- use in the production or supply of goods or services or for administrative purposes;
- sale in the ordinary course of business.

Distinction between an investment property and an owneroccupied property: investment property generates cash flows that are largely independent from other assets held by the entity, which is not true of the production or supply of goods or services that is the main purpose underpinning the use of an owneroccupied property.

When an entity holds a property that is leased to, and occupied by its parent company or another subsidiary, for the purposes of the consolidated financial statements the property does not satisfy the investment property criteria since from the perspective of the Group as a whole, the property is owneroccupied.

An entity can choose between:

- Fair value model:

When an entity opts for this accounting treatment, it must be applied to all investment property. It should be noted that the use of this model is encouraged by the independent appraisers.

- Cost model:

In both cases, an estimate of the fair value of investment property is mandatory, for recognition on the balance sheet or disclosure in the notes.

Switching from one model to the other is only allowed when the change results in a more appropriate presentation. It is only possible to switch from the cost model to the fair value model.

Options taken by Attijariwafa bank:

Identification

Investment property consists of all non-operating property apart from property set aside for staff and property that is to be sold within a year.

Property, together with the associated furniture, equipment and other items of property, plant and equipment, occupied by staff members is not considered investment property.

Properties held for sale are generally properties that are received as payments in kind and there is no assurance that these properties will be sold within a year given the nature of such transactions. As a result, the classification of investment property as non-current assets held for sale should be formally documented on the basis of reliable indicators that show that a sale is highly likely within 12 months.

Other non-operating property, plant and equipment connected with investment property should be treated in the same manner.

All operating properties leased to non-Group companies.

Operating properties that are not directly used for administrative purposes are treated as investment property.

Special case of Group transactions

Properties leased by Group subsidiaries do not satisfy the investment property criteria since from the perspective of the Group they are owner-occupied.

Valuation:

The option chosen is to value investment property at adjusted historical cost using the component approach.

Information on the fair value should be disclosed in the notes, and the fair value appraisal should be carried out by means of an internal appraisal.

Certain properties have a portion that is held to earn rentals or for capital appreciation and another portion that is used in the production or supply of goods or services or for administrative purposes. If the two portions can be sold or leased separately the entity recognises them separately. If the two portions cannot be sold separately, the property is only classified as investment property when the portion held for use in the production or supply of goods or services or for administrative purposes is not material.

The fair value appraisal of these separate portions classified as operating property must be done in a reliable manner.

1.2.4 Intangible assets:

An intangible asset is an identifiable non-monetary asset without physical substance.

Its attributes are:

- Identifiability: in order to distinguish it from goodwill;
- Control: when the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

Two measurement methodologies are allowed:

Cost model:

The intangible asset is recognised at cost less cumulative amortisation and impairment.

Revaluation model:

The intangible asset must be recognised at its revalued amount, namely its fair value on the date of revaluation less cumulative subsequent amortisation and impairment. This accounting treatment applies when the market is active.

The amortisation of an intangible asset depends on its useful life. Intangible assets with indefinite useful lives are not amortised and are tested for impairment at least annually at the end of each reporting period. On the other hand, intangible assets with definite useful lives are amortised over this period.

The residual value, the useful live and the amortisation methods are reviewed at the end of each reporting period (IAS 8, change in accounting estimate).

To assess whether an internally-generated intangible asset meets the criteria for recognition, the creation of the asset must be classified in either the:

- Research phase: intangible assets generated by research may not be recognised. Research expenses must be expensed as incurred;
- Development phase: intangible assets generated by development must be recognised when they satisfy the following conditions:
  - It is technically feasible to complete the asset for sale or use;
  - It intends to complete the intangible asset and use or sell it;
  - It is able to sell or use the asset produced;
  - The asset will generate future economic benefits;
  - Existence of sufficient resources to successfully complete the project;
  - Its ability to reliably measure project-related costs.

Options taken by Attijariwafa bank:

Amortization:

The Group's policy is not to have multiple amortization schedules and to have the same amortization schedule in the consolidated and IAS/IFRS financial statements.

To this end, acquisition costs not yet amortized in the form of deferred expenses at 01/01/06 must be restated through equity.

Leasehold rights:

Leasehold rights recognised in the parent company financial statements are not amortized. In the consolidated financial statements, they are amortization schedule over their useful life.

Goodwill:

Goodwill must be formally reviewed at the end of each reporting period. When it is not possible to review goodwill, it must be derecognised.

Software:

The useful lives used for software differ depending on whether the software is operating software or desktop software. The IT Department is responsible for defining these useful lives.

The amortization periods used by Group subsidiaries are permitted to differ by up to 2 years from the amortization periods used by the Group.

Measurement of in-house software:

The IT Department must be able to measure in-house software in the development phase. When the valuation is not reliable, no intangible asset is recognised.

Transfer duty, professional fees, commission and legal fees:

Transfer duty, professional fees, commission and legal fees are, depending on the amount thereof, either expensed or included in the cost of acquisition whereas under IFRS these Expenses must be capitalized.

Divergences between the parent-company financial statements and the IFRS financial statements must be reviewed when they exceed MAD 1,000 thousand.

1.2.5 Inventories:

Definition:

Inventories are assets:

- held for sale in the ordinary course of business;
- In the production process for future sale;
- Materials and supplies that are consumed in the production process or in the supply of services.

Measurement:

Inventories must be measured at the most reliable of cost and net realisable value.

The net realizable value is the estimated selling price in the ordinary course of business, less :

- Estimated costs to completion;
- selling costs.

The cost of inventory for non-fungible items must be determined by specifically identifying the individual costs.

On the other hand, the cost of inventory for fungible items can be determined using one of two methods:

- the FIFO (First In, First Out) method ;
- the weighted average cost method.

The same costing method must be used for all inventory with the same characteristics and similar uses.

Options taken by Attijariwafa bank

Inventories are measured using the weighted average cost method.

1.2.6 Leases:

A lease is an agreement by which the lessor grants the lessee the right to use an asset for a particular period of time in consideration for a payment or a series of payments.

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incident to ownership of an asset.

An operating lease is a lease other than a finance lease.

The finance lease must be recognised, as determined at the inception of the lease, on the asset and liability sides of the lessee's balance sheet for amounts equal to:

- The fair value of the leased asset;
- Or, if lower, the present value of the minimum lease payments.

The lessor must, on the other hand, recognize on its balance sheet the assets held under a finance lease and present them as receivables for an amount equal to the net investment in the lease. (IAS 17)

The finance income should be recognised based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease. (IAS 17)

Definition of implicit interest rate (IIR):

The IIR is the discount rate that equates:

- The present value of the minimum payments receivable by the lessor plus the unguaranteed residual value,
- And the historical value of the asset (= initial fair value plus initial direct costs).

Change in the residual value of a finance lease:

Under IAS 17, unguaranteed residual values must be regularly reviewed. A reduction in the unguaranteed estimated residual value must result in a change in the income allocation over the full lease term (calculation of a new amortization schedule).

The portion of the change relating to prior periods is immediately expensed and the portion of the change for future periods is recognised by means of a change in the implicit interest rate.

Under IAS, the impairment is staggered over the full lease term.

Options taken by Attijariwafa bank:

Operating leases entered into by Attijariwafa bank:

Operating leases with fixed terms that are tacitly renewable. No adjustment required.

Leases with indefinite terms:

Property leased for 3, 6 or 9 years. The tacit renewal of the lease term means that the lease has an indefinite term. It was classified as a finance lease.

The lease term used is 50 years.

These assets must be recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial amount of financing.

Leasing agreements:

Leasing agreements are finance leases. Attijariwafa bank is the lessor. The bank only recognizes its portion of the lease in its financial statements.

These assets are recognised on the lessor's balance sheet as receivables for an amount equal to the net investment in the lease.

At the inception of the lease, the lease payments are discounted at the effective interest rate (EIR). The sum thereof represents the initial mount of financing.

1.2.7 Financial assets and liabilities: (loans, borrowings & deposits)

Loans and receivables:

The amortized cost of a financial asset or liability represents the amount at which this instrument was measured upon initial recognition:

- less principal repayments;
- plus or minus cumulative amortization calculated using the effective interest rate method, any difference between this initial amount and the amount due at maturity;

- minus any reductions for impairment or any uncollectible amount.

The calculation must account for all commissions and other amounts paid or directly received that are related to loans, transaction costs, and any discount or premium.

The effective interest rate (EIR) is the rate that exactly discounts future cash outflows or inflows over the expected life of the financial instrument or, as the case may be, over a shorter period to the net carrying amount of the financial asset or liability.

<u>Subsequent measurement of financial assets:</u>

Following their initial recognition, an entity must measure financial assets, including derivatives comprising these assets, at fair value, without any deduction for transaction costs that may be incurred upon sale or other form of disposal, except as regards the following assets:

- loans and receivables, which must be measured at amortized cost using the effective interest rate method;
- held-to-maturity investments, which must be measured at amortized cost using the effective interest rate method;
- and, investments in equity instruments that are not quoted on an active market, the fair value of which cannot be reliably measured, as well as derivatives connected with these unquoted (unlisted) equity instruments that are to be settled by delivering such instruments, which must be measured at cost.

Deposits and borrowings:

When initially recognised, a deposit or borrowing classified under IFRS in "Other financial liabilities" must be initially measured in the balance sheet at fair value plus or minus:

- transaction costs (these are external acquisition costs directly attributable to the transaction);
- fees received constituting professional fees that represent an integral part of the effective rate of return on the deposit or borrowing.

Deposits and borrowings classified under IFRS as "Other financial liabilities" are subsequently measured at the end of the reporting period at amortized cost using the effective interest rate method (actuarial rate).

Deposits classified under IFRS as "Liabilities held for trading" are subsequently measured at fair value at the end of the reporting period. The fair value of the deposit is calculated excluding accrued interest.

A deposit or borrowing may be the host contract for an embedded derivative. In certain circumstances, the embedded derivative must be separated from the host contract and recognised in accordance with the principles applicable to derivatives. This analysis must be done at the inception of the contract on the basis of the contractual provisions.

Options taken by Attijariwafa bank

Loans and receivables

The Group standard consists of applying the amortised cost to all Loans due in over one year on the basis of their materiality. Loans due in under a year are kept at historical cost.

Provisions for the impairment of loans and receivables:

The criteria established by Bank Al-Maghrib's circular 19/G/2002 uphold the basis for impairment of specific loans and receivables.

The basis for collective impairment of loans and receivables was determined for performing loans with regard to the activity of each Group entity.

<u>Individual provisions:</u>

Attijariwafa bank Group has developed statistical models for each entity. Specific provisions are calculated on the basis of:

- records of collection of nonperforming loans;
- information available to collection entities for nonperforming loans of relatively large amounts.
- guarantees and securities held.

<u>Collective provisions:</u>

Attijariwafa bank Group has developed statistical models for each entity. Collective provisions are calculated on the basis of past occurrences of performing loans being transformed into nonperforming loans.

Borrowings

The Borrowings and deposits are broken down by nature into a number of categories : "Financial liabilities" / "Trading liabilities" / "Liabilities designated at fair value through profit or loss at inception".

Deposits

For demand deposits

For demand deposits, the Attijariwafa bank Group applies IAS 39 §49.

- The fair value of demand deposits may not be lower than the amount payable upon demand.
- It is discounted from the first date on which the payment of these amounts may be demanded.

For interest-bearing deposits

Deposits bearing interest at market rates

For deposits bearing interest at market rates, the fair value will be the nominal value, so long as the marginal transaction costs are not material.

When there are correlative and directly attributable costs, they should be included in the fair value.

- Marginal transaction costs and directly attributable nongroup fees, such as for example business introduction fees.
- Transaction costs and directly attributable inter-company fees should also be reviewed (identify non-neutral intercompany transactions impacting profit or loss).

Rates must be logged so as to be able to demonstrate that the rates were indeed original market rates.

They must be kept for a period of ten years along the same lines as the period for retaining accounting documentation (see the provisions of the Commercial Code).

Deposits bearing interest at non-market rates

For deposits bearing interest at non-market rates, the fair value will consist of the nominal value and a discount.

For savings products sold at non-market rates, the fair value is not the same as the nominal value, and it is thus necessary to estimate this fair value, i.e. to determine the balance sheet historical value for these transactions.

It is thus necessary to look through savings transactions and assess whether the rate accorded differs markedly from that offered by other market participants (this could be the case for certain term deposits).

For deposits bearing interest at non-market rates, the discount must be factored into subsequent recognition. When the company extends a loan bearing interest at a rate that differs from the market rate and when it earns fees deducted at issuance, the company will recognise the loan at fair value, namely net of the fees it receives. The company will take the discount to profit or loss in accordance with the effective interest rate method.

NB: Advances against interest-bearing deposits are systemically recognized as loans and receivables and treated as such under IFRS.

Passbook accounts:

A single regulated rate applied by most banks is deemed to be a market rate.

Accordingly, no adjustment under IFRS for passbook accounts.

Attijariwafa bank's position:

Savings products must be classified in the "Other liabilities"category.

The Attijariwafa bank Group will not recognise financial liabilities at fair value through profit or loss except when this is exceptionally approved by the (Group) Finance Department.

In fact, in principle, savings activities that constitute part of the banking intermediation business must be recognised in the other liabilities category, meaning that they can be kept at historical cost (subject to certain conditions), and not at fair value.

Except when expressly indicated otherwise, the above options will also apply to any debt securities issued.

1.2.8 Securities:

Under IAS 39, securities must be classified in one of four asset categories:

- financial assets at fair value through profit or loss (trading securities) ;
- available-for-sale financial assets;
- held-to-maturity investments;
- loans and receivables (category open to securities that are not quoted on an active market directly acquired from the issuer).

Securities are classified on the basis of management intent.

Securities must be initially measured at cost, which is the fair value of the consideration given or received to acquire them.

Subsequent measurement of securities depends on the category in which they have been classified.

An assessment was carried out within the Group with respect to security transactions, by nature and by type of portfolio.

By analysing their characteristics, it was possible to define the applicable principles for classifying securities under IAS, the measurement methodology and the relevant method for calculating impairment.

Trading portfolio securities: financial assets at fair value through profit or loss and financial assets designated at fair value through profit or loss at inception

Pursuant to IAS 39.9, financial assets and liabilities at fair value through profit or loss are assets or liabilities acquired or generated by the company primarily with a view to profiting from short-term price fluctuations or an arbitrage margin.

A financial asset will be classified in the financial assets at fair value through profit or loss category when, regardless of why it was acquired, it is included in a portfolio for which there is a recent pattern of short-term profit taking.

N.B: All derivatives are financial assets (or liabilities) at fair value through profit or loss, except when they are designated for hedging purposes.

IAS 39 limits the scope of the fair value through profit or loss option when :

- The category in which the securities are classified still exists and the classification in financial assets at fair value through profit or loss reflects true intent on the part of management - Classification by nature ;
- The "designated at fair value through profit or loss at inception" – designation at inception – category is used for certain financial assets acquired not for trading purposes but when the fair value measurement (with recognition of fair value changes in profit or loss) meets accounting and operating management needs (for example avoiding the separation of embedded derivatives for financial assets that must be recognised separately under IAS 39).

Recognition principles

__Initial measurement:__

Securities classified at fair value through profit or loss must be initially recognised at their acquisition price, excluding transaction costs directly attributable to the acquisition and including accrued coupons.

__Subsequent measurement:__

Securities classified as financial assets at fair value through profit or loss are measured at fair value and changes in fair value are recognised in profit or loss.

This category of securities is not subject to impairment.

Available-for-sale securities portfolio

"Available-for-sale financial assets" comprise those fixed income or variable income securities not belonging to any other category.

Recognition principles

Under IAS 39, the recognition principles for securities classified as "Available-for-sale" are as follows:

Initial measurement:

Available-for-sale securities must initially be recognised at their acquisition price, including transaction costs that are directly attributable to the acquisition (in theory) and accrued coupons (in a related receivables account).

Subsequent measurement:

Changes in the fair value of securities (positive or negative) classified as "available for sale" are recognised outside profit or loss (in equity - may be recycled). The amortisation over time of any premium / discount of fixed-income securities is recognised in profit or loss in accordance with the effective interest rate method (actuarial allocation).

Impairment

When there is objective evidence or permanent material impairment of equity securities, reflected in the occurrence of credit risk in the case of debt securities, the unrealised loss recognised outside profit or loss (in equity) must be written off and taken to profit or loss for the period.

In the event of subsequent improvement, this impairment may be reversed through profit or loss for fixed income instruments but not for equity instruments. In the latter case, any positive change in fair value will be recognised outside profit or loss (in equity - may be recycled) with any negative change being recognised in profit or loss.

Principles regarding classification in profit or loss:

The fair value measurement of securities in this portfolio is split between the following income statement line items:

- "interest income" for the amount corresponding to the amortised cost for the period;
- "net gains (losses) on available-for-sale assets" for the amount corresponding to dividends, permanent impairment on equity securities, gains (losses) on disposal;
- "cost of risk" for permanent impairment and reassessment of fixed-income securities;
- and the "change in fair value of available-for-sale assets" line item outside profit or loss (in equity) for the amount corresponding to the fair value increase.

Held-to-maturity securities portfolio

The "Held-to-maturity securities" category (available to securities with fixed maturities) is open to securities with fixed or determinable income that the bank intends and is able to hold to maturity. (IAS 39.9) Other than:

a) Securities that the company designated as financial assets at fair value through profit or loss at inception;

b) Securities that the company designated as available-for-sale assets; or

c) Securities that meet the definition for loans and receivables. Accordingly, debt securities not quoted on an active market cannot be classified in the held-to-maturities assets category.

Management intent and the "tainting" rule

Classification in this category means that it is essential to comply with the ban on selling securities prior to maturity (on risk of having the whole portfolio reclassified as available for sale assets and being unable to use this category for a period of 2 years).

Nevertheless, exceptions to this "tainting" rule are allowed when:

- The sale is close to maturity (within 3 months);
- The sale takes place after the company has already received substantially all of the principal of the asset (around 90% of the principal of the asset);
- The sale is justified by an external, isolated or unforeseeable event;
- When the entity does not expect to substantially recover its investment as a result of a deterioration in the issuer's position (in which case the asset is classified as available-for-sale) ;
- Sales of securities between Group entities (inter-company sales).

Ability to hold:

Upon acquisition, and at the end of each reporting period, the company must assert its intention and ability to hold the securities to maturity.

Prohibition on interest-rate hedging:

Although interest-rate hedging is not permitted for this portfolio, other types of hedging (counterparty risk, foreign currency risk) are allowed.

Recognition principles:

• Initial measurement:

Held-to-maturity securities must be initially recognised at their acquisition price, including transaction costs directly attributable to the acquisition and including accrued coupons (in a related receivables account).

• Subsequent measurement:

Subsequently, recognition will be at amortised cost with a premium / discount in accordance with the effective interest rate rule (actuarial allocation).

Impairment:

When there is objective evidence of impairment, a provision must be recognised for the difference between the carrying amount and the estimated recoverable amount (ERA).

The estimated recoverable amount is obtained by discounting expected future cash flows at the initial effective interest rate.

In the event of subsequent improvement, the excess provision may be reversed.

Profit or loss allocation principle:

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

Loans and receivables

The «Loans and receivables category » includes unquoted financial assets which are not intended to be sold and which the institution intends to keep for the long term.

Recognition principles:

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

Impairment :

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value.

On subsequent improvement, a write-back may be booked against the provision for impairment.

NB: The consolidated advances related to non consolidated long term investments are valued at their nominal value, whatever their method of remuneration or reimbursement.

Profit or loss allocation principle:

The amortised cost is allocated to "interest income", while impairment and provision reversals on disposal plus losses on disposal are recognised in "cost of risk".

Gains on disposal, in the scenarios provided for in IAS 39, are recognised under "gains (losses) on available-for-sale financial assets".

De-recognition of a financial asset:

An entity must de-recognise a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset expire; or
- When it transfers the contractual rights to receive the cash flows from the financial asset and such a transfer meets the requirements of de-recognition under IAS 39.

An entity must remove a financial liability (or part of a financial liability) from the balance sheet when, and only when, it has been extinguished – that is, when the obligation specified in the Contract is either discharged or cancelled or expires.

Options taken by Attijariwafa bank:

Portfolio classification

Attijariwafa bank and other entities excluding insurance companies			
Portfolio instruments are currently classified in the following categories:			
HFT	**AFS**	**HTM**	**Loans and receivables**
• Tradingroom trading portfolios	• Negotiable treasury bills classified in • the Investment Portfolio Bonds and other negotiable debt Securities • Long-term investments ...	• Treasury bills	• CAM debt • CIH debt

Securities lending/borrowing and repurchase agreements:

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

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

Treasury shares:

The term "treasury shares" refers to shares issued by the consolidating company, Attijariwafa bank. Treasury shares held by the Group are deducted from consolidated shareholders'

equity. Gains and losses arising on such instruments are also eliminated from the consolidated profit and loss account.

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

- As equity instruments, if they are settled by physical delivery of a fixed number of treasury shares for a fixed amount of cash or other financial asset; such derivative instruments are not re-valued;
- As derivatives, if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in the value of such instruments are recognised in the profit and loss account.

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

1.2.9 Derivatives and embedded derivatives:

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

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

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

The Group does not use, however, hedge accounting.

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

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

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

- the hybrid contract is not recognised at fair value (with changes in fair value being taken to profit or loss);
- separated from the host contract, the embedded derivative has the characteristics of a derivative;
- the characteristics of the derivative are not closely linked to those of the host contract.

For example:

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

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

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

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

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

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

Options taken by Attijariwafa bank:

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

1.2.10 Insurance

Insurance contracts:

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

- an option of continuing to recognise these contracts in accordance with current accounting principles, distinguishing between three types of insurance contracts under IFRS 4 :

- pure insurance contracts,
- financial instruments with discretionary participation features,
- and liabilities relating to other financial instruments that fall within the scope of IAS 39, and which are recognised under "Customer deposits" ;

- an obligation to separate and recognise at fair value through profit or loss any embedded derivatives not exempted under IFRS 4;
- a prohibition on funding provisions for possible claims under insurance contracts that are not in existence at the reporting date (such as catastrophic and equalisation provisions);
- an obligation to establish a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets;
- in addition, the insurer is not required but is permitted to change its accounting policies for insurance contracts to eliminate excessive prudence ; however, if an insurer already measures its insurance contracts with sufficient prudence, it should not introduce additional prudence ;
- reinsurance assets are impaired, by recognising the impairment loss in profit and loss, if and only if :

– there is objective evidence, as a result of an event occurring after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract,
– that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer;

- an obligation on an insurer to keep the insurance liabilities on its balance sheet until they are discharged or cancelled, or expire and the prohibition on offsetting insurance liabilities against related reinsurance assets;
- an option of using "shadow accounting" for insurance or investment contracts with participation features, meaning that it is possible to recognise the effects on liabilities of amounts that were not recognised as assets under existing accounting standards, and of recognising them symmetrically (case of unrealised gains on securities classified in the "Available-for-sale assets" category with an offsetting provision for deferred participation recognised outside profit or loss [directly in equity]);
- an obligation to recognise a new insurance liability under IFRS 4 "shadow accounting" called deferred participation, representing the share accruing to insured parties of unrealised gains on assets allocated to the financial instruments, established by IAS 39.

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

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

Options taken by Attijariwafa bank:

Insurance investment:

Classification of the portfolio of investments held by Wafa assurance:

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

Impairment testing depends on the above classification.

Fair value:

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

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

Level 1 inputs

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

Level 2 inputs

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

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

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

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

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

Level 3 inputs

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

The Group derives fair value as follows:

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

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

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

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

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

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

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

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

1.2.11 Goodwill:

Cost of a business combination:

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

The acquirer must measure the acquisition cost as follows:

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

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

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

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

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

Recognition of goodwill:

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

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

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

If initial recognition of a business combination can be determined only provisionally by the end of the reporting period in which the business combination is completed, the acquirer must account for the business combination using provisional values.

The acquirer must recognize adjustments to provisional values relating to the completion of the initial recognition during the recognition period, after which no adjustments may be made.

Options taken by Attijariwafa bank:

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

1.2.12 Provisions:

Provisions for risks:

A provision must be recognised when:

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

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

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

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

Customer provisions:

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

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

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

Individual impairment

In the case of a loan in arrears :

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

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

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

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

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

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

Collective impairment

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

Assessment of objective evidence of impairment:

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

Such objective evidence may include :

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

Collective impairment: calculation of impairment:

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

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

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

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

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

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

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

makes it possible to identify whether any loan within the group has been individually impaired:

If not, no loan is taken out of the group;

If yes, the loan that is identified as being individually impaired will be taken out of the group and individually tested.

Options taken by Attijariwafa bank:

Provisions for risks:

Analysis of contingency and loss provisions of over MAD 1 million, in order to ensure that IFRS conditions are satisfied.

Customer provisions:

For loan loss provisions

It was decided to:

- value collateral at fair value;
- determine provisions for non-material individual loans on the basis of a dedicated statistical model based on average recovery rates weighted by age of receivables to estimate future recovery cash flows ;
- determine recovery cash flows to establish recovery schedules by product and customer profile;
- the loss on default will be determined on the basis of Basel regulations if the Bank doesn't manage to establish a model that will make it possible to measure the fair value of collateral on one hand and discount the estimated future recovery cash flows at the initial contractual rate on the other hand.

1.2.13 Current tax and deferred tax:

Deferred tax assets and liabilities are recognised whenever the recovery or settlement of the carrying amount of an asset or liability will increase or reduce future tax payments compared to what they would have been had such a recovery (settlement) not had a tax impact.

It is probable that the company will post taxable profits against which a deductible temporary difference can be used:

- when there are sufficient taxable temporary differences levied by the same taxation authority on the same taxable entity that are expected to be reversed:

- in the financial year in which the deductible temporary differences are expected to reverse, or
- in financial years in which the tax loss resulting from the deferred tax asset could be carried back or forward ;

• when it is probable that the company will post sufficient taxable profits levied by the same taxation authority on the same taxable entity during the relevant financial years ;

• tax planning enables it to post taxable profits over the relevant financial years.

In the case of a business combination, the cost of acquisition is allocated to acquired identified assets and liabilities on the basis of their fair value without changing their tax basis : deferred tax liabilities stem from taxable temporary differences.

This deferred tax liability impacts goodwill.

In the case of a business combination, when the cost of acquisition allocated to a liability is only tax deductible during the tax year or when the fair value of an asset is lower than its tax basis,

a deductible temporary difference arises that gives rise to a deferred tax asset.

The latter impacts goodwill.

When a deferred tax asset of the acquiree is not recognised by the acquirer as an identifiable asset on the date of a business combination and is subsequently recognised in the acquirer's consolidated financial statements, the resulting deferred tax benefit is recognised in profit or loss. Moreover, the acquirer adjusts the gross carrying amount of goodwill and the cumulative amortisation by the amounts that should have been recognised, also expensing the reduction in the net carrying amount of goodwill.

There should be no change with respect to negative goodwill.

IAS prohibits the discounting of deferred tax.

In the event of changes to tax rates or regulations, the deferred tax impact is recognised on the basis of the symmetry principle: when the deferred tax was initially recognised outside profit or loss (in equity), the adjustment should also be recognised outside profit or loss, with the impact otherwise being recognised in profit or loss.

Options taken by Attijariwafa bank:

Assessment of the probability of recovery of deferred tax assets:

Deferred tax that is uncertain to be recovered is not capitalised. The probability of recovery can be determined by the business plan of the relevant companies.

In addition, under IFRS, the phrase "probable recovery" must be interpreted as meaning that "recovery is more probable than improbable". This could result, in certain cases, by recognising a higher level of deferred tax assets than under generally accepted accounting principles.

Recognition of deferred tax liabilities stemming from temporary differences on intangible assets generated as part of a business combination:

Valuation adjustments relating to intangible assets recognised as part of a business combination that cannot be disposed of separately from the acquiree give rise to a deferred tax liability, even when these assets have indefinite useful lives.

Deferred tax asset stemming from deductible temporary differences on consolidated equity interests:

Mandatory recognition of a deferred tax asset for the deductible temporary differences on consolidated equity interests (differences stemming, for example, from the elimination of internal gains (losses) on consolidated equity interests) so long as these temporary differences are likely to be reduced in the foreseeable future (rare case in the absence of a disposal decision) and that the recovery of the deferred tax asset is probable.

Possibility of adjusting goodwill if deferred tax is identified following the period allowed under IFRS for adjustments:

A deferred tax asset deemed not to be identifiable at the date of acquisition and subsequently realised, is recognised in consolidated profit or loss, and the goodwill is subsequently retrospectively adjusted even after the expiry of the adjustment period, the impact of this correction also being recognised in consolidated profit or loss.

Deferred tax initially recognised outside profit or loss (in equity):

Recognition of the impact of changes in tax rates and/or taxation methods outside profit or loss (in equity).

1.2.14 Employee benefits:

General principle

The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. This standard shall be applied by an employer in accounting for all employee benefits, except those to which IFRS 2, Share-based Payments, applies. The employee benefits to which this standard applies includes those provided:

- under formal plans or other formal agreements between an entity and individual employees, groups of employees, or their representatives;
- under legislative requirements, or through industry arrangements, whereby entities are required to contribute to national, industry, or other multi-employer plans;
- by those informal practices that give rise to a constructive obligation, where the entity has no realistic alternative but to pay employee benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. They comprise the following categories:

Types of employee benefits

<u>Short-term benefits:</u>

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.

<u>Other long-term benefits include:</u>

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.

<u>Termination benefits:</u>

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:

<u>Liabilities can be funded in two ways:</u>

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:

<u>Method:</u>

The measurement of defined benefit plans notably requires the use of actuarial techniques to reliably estimate the amount of benefits accruing to staff in consideration for current and past service.

This requires estimating the benefits, demographic variables such as mortality and staff turnover, financial variables such as discount rates and future salary increases that will affect the cost of benefits.

The recommended method under IAS 19 is the "projected unit credit" method, also the preferred method under French regulations.

This amounts to recognising, on the date of the calculation of the liability, of a liability equal to the probable present value of the estimated termination benefits multiplied by the ratio of

length of service at the date of calculation and at the date of retirement of the employee.

This is the same as saying that the liability is incurred prorata to the length of service of the employee. Accordingly, the calculation of rights is done on the basis of the employee's length of service and the estimated final salary.

Assumptions:

Actuarial assumptions are the entity's best estimates of variables determining the final cost of post-employment benefits. These assumptions include:

Demographic assumptions:

These relate to the future characteristics of former and current employees (and their dependents) qualifying for benefits.

These demographic assumptions involve the following items:

- mortality, during and post-employment;
- staff turnover, disability and early retirement;
- the proportion of plan members and dependents qualifying for benefits; and
- the level of claims under the medical plans.

Expected rate of return on plan assets:

This rate must be established on the basis of market expectations on the reporting date for the period in which the liabilities are to be settled.

It must reflect the make-up of the asset portfolio. The breakdown of plan assets (bonds, equities, real-estate ...) and the expected return used for each asset class should be set out in the actuarial report.

Discount rate / inflation rate:

The applicable rate to discount post-employment benefit liabilities (whether funded or not) must be determined by reference to a market rate at the reporting date based on the top-tier corporate bonds. In countries in which this type of market is not active,the relevant rate (at the end of the reporting period) is the treasury bond rate. The currency and maturity of corporate

bonds or treasury bonds must be consistent with the currency and estimated maturity of postemployment benefit liabilities. The maturity of liabilities must be assessed on the basis of

the schedule of future payments (weighted average only) for all plan participants on the measurement date.

Salaries, employee benefits and medical costs:

Post-employment benefit liabilities must be measured on a basis that reflects:

- estimated future salary increases;
- benefit rights as per the terms and conditions of the plan (or resulting from any constructive obligation going beyond these terms and conditions) at the reporting date; and
- estimated future changes in the level of benefits paid under any mandatory general plan affecting the benefits payable under a defined benefit plan, when, and only when, either :

- these changes have been adopted prior to the reporting date ; or
- past experience or other reliable indicators, show that these benefits paid under a mandatory general plan will change in a foreseeable manner, for example that they will reflect general price inflation or general salary inflation.

The assumptions related to medical costs must factor in the estimated future changes in the cost of medical services stemming both from inflation and changes specific to medical costs.

1.2.14.1 Options taken by Attijariwafa bank:

It was agreed that in Attijariwafa bank's case the pension benefits were defined contribution plans. Accordingly, no IFRS adjustment is required.

In the case of post-employment medical coverage (CMIM), Attijariwafa bank does not have sufficient information to recognize as such this defined benefit multi-employer plan.

1.2.14.2 Share-based payments:

Share-based payments consist of payments based on shares issued by the Group that are either equity or cash-settled with the amount depending on the share performance.

These payments can either be by means of the granting of stock options or employee share subscription offerings.

In the case of employee share subscription offerings, a discount is granted off the average market price over a given period.

This benefit is expensed over the lock-in period.

1.2.15 Statement of cash flows:

The balance of cash and cash equivalent accounts represents the net cash balance with central banks, the Treasury and post office accounts as well as the net amount of demand bank borrowings and loans.

1.2.16 Estimates used to prepare the financial statements:

When preparing the financial statements, the Attijariwafa bank Group was required to make assumptions and use estimates the future occurrence of which could be influenced by a series of factors including in particular:

- domestic and international market activities;
- interest rate and exchange rate fluctuations;
- the economic and political climate in certain business sectors or countries;
- regulatory or statutory changes.

These assumptions primarily involve:

- the use of internal models to value financial instruments for which quoted prices on organised markets are not available ;
- impairment tests on intangible assets;
- the calculation of provisions for the impairment of loans and receivables and contingency and loss provisions;
- estimation of residual values of assets measured at amortised cost and finance and operating leases.

Consolidated IFRS balance sheet at 31 December 2013 **(thousand MAD)**

ASSETS (under IFRS)	Notes	12/31/2013	12/31/2012
Cash and balances with central banks, the Treasury and post office accounts		12 830 730	10 697 230
Financial assets at fair value through income	2.1	40 687 887	47 428 881
Derivative hedging instruments			
Available-for-sale financial assets	2.2	29 175 729	27 191 660
Loans and advances to credit institutions and similar establishments	2.3	18 277 416	14 005 154
Loans and advances to customers	2.4	250 749 882	247 628 093
Interest rate hedging reserve		-	-
Held-to-maturity investments		10 225 201	-
Current tax assets	2.5	35 435	87 099
Deferred tax assets	2.5	669 866	467 125
Other assets	2.6	8 182 804	6 632 060
Participations of insured parties in differed profits	2.2		
Non-current assets held for sale		103 621	27 698
Investments in companies accounted for under the equity method	2.7	112 666	110 396
Investment property	2.8	1 309 214	1 246 494
Property, plant and equipment	2.9	4 947 698	4 953 658
Intangible assets	2.9	1 552 585	1 208 857
Goodwill	2.10	6 718 819	6 620 472
TOTAL ASSETS		**385 579 553**	**368 304 877**

LIABILITIES (under IFRS)	Notes	12/31/2013	12/31/2012
Amounts owing to central banks, the Treasury and post office accounts		179 058	262 444
Financial liabilities at fair value through income	2.11	1 294 521	972 159
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.12	53 613 257	45 084 894
Customer deposits	2.13	237 607 910	227 019 046
Debt securities issued	2.14	12 766 065	17 726 877
Interest rate hedging reserve		-	-
Current tax liabilities	2.5	471 405	227 455
Deferred tax liabilities	2.5	1 469 254	1 496 691
Other liabilities	2.6	8 569 717	9 248 179
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		20 205 854	19 088 075
General provisions	2.15	1 296 878	1 150 289
Subsidies, public funds and special guarantee funds		135 543	164 829
Subordinated debt	2.14	10 034 909	10 469 283
Share capital and related reserves		9 466 523	9 466 523
Consolidated reserves		23 385 449	20 500 262
- Group share		*19 600 550*	*16 726 955*
- Minority interests		*3 784 900*	*3 773 307*
Unrealised deferred capital gains or losses		16 973	118 799
Net income for the financial year		5 066 237	5 309 072
- Group share		*4 141 115*	*4 500 769*
- Minority interests		*925 122*	*808 302*
TOTAL LIABILITIES		**385 579 553**	**368 304 877**

Consolidated income statement under IFRS at 31 December 2013 (thousand MAD)

	Notes	12/31/2013	12/31/2012
Interest and similar income	3.1	17 165 140	16 318 750
Interest and similar expenses	3.1	6 585 060	6 283 180
NET INTEREST MARGIN		**10 580 080**	**10 035 570**
Fees received	3.2	4 078 924	3 926 827
Fees paid	3.2	349 017	363 283
NET FEE INCOME		**3 729 908**	**3 563 544**
Net gains or losses on financial instruments at fair value through income	3.3	2 302 021	2 191 512
Net gains or losses on available-for-sale financial assets	3.4	627 053	508 748
INCOME FROM MARKET ACTIVITIES		**2 929 074**	**2 700 260**
Income from other activities	3.5	5 572 981	5 838 200
Expenses on other activities	3.5	4 934 596	5 088 633
NET BANKING INCOME		**17 877 445**	**17 048 941**
General operating expenses		7 183 144	6 921 521
Depreciation, amortisation and provisions		764 660	762 225
GROSS OPERATING INCOME		**9 929 641**	**9 365 195**
Cost of risk	3.7	-1 866 633	-1 221 748
OPERATING INCOME		**8 063 008**	**8 143 447**
Net income from companies accounted for under the equity method		16 626	14 575
Net gains or losses on other assets	3.8	53 551	15 109
Changes in value of goodwill		-	-
PRE-TAX INCOME		**8 133 184**	**8 173 131**
Income tax		3 066 948	2 864 059
NET INCOME		**5 066 237**	**5 309 072**
Minority interests		925 122	808 302
NET INCOME GROUP SHARE		**4 141 115**	**4 500 769**
Earnings per share (in dirhams)		20,35	22,36
Dividend per share (in dirhams)		20,35	22,36

Statement of net income and gains and losses directly recorded in shareholders equity at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Net income	**5 066 237**	**5 309 072**
Asset and liability variations directly recorded in shareholders equity	**-290 241**	**-561 906**
Translation gains or losses	-153 829	-83 151
Variation in value of financial assets available for sale	-122 056	-463 595
Revaluation of fixed assets	-	-
Variations in differed value of derivative coverage instruments	-	-
Items regarding enterprises by equity method	-14 356	-15 159
Grand total	**4 775 995**	**4 747 166**
Group share	3 940 660	4 081 699
Minority interest share	835 336	665 467

Table of shareholders equity variation at 31 December 2013 **(thousand MAD)**

		Share capital (1)	Reserves (related to share capital) (2)	Treasury stock (3)	Reserves and consolidated income (4)	Total assets and liabilities entered directly in capital (5)	Shareholders' equity Group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2012		1 929 960	5 436 564	-2 005 366	20 293 124	409 089	26 063 370	4 216 726	**30 280 097**
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2012		1 929 960	5 436 564	-2 005 366	20 293 124	409 089	26 063 370	4 216 726	**30 280 097**
Transactions related to share capital		82 471	2 017 529		625 590		2 725 590	317 554	3 043 144
Share-based payments							-		-
Transactions related to Treasury stock				14 699			14 699		14 699
Dividends					-1 591 951		-1 591 951	-374 324	-1 966 276
Net income					**4 500 769**		**4 500 769**	**808 302**	**5 309 072**
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					-375 037	-375 037	-103 717	-478 754
Translation gains and losses	(B)					-44 034	-44 034	-39 118	-83 151
Total assets and liabilities entered directly in capital	**(A)+(B)**	-	-	-	-	**-419 070**	**-419 070**	**-142 835**	**-561 906**
Other variations					**-480 361**		**-480 361**	**-243 813**	**-724 174**
Perimeter variation							-		-
Shareholders' equity at 31 December 2012		**2 012 431**	**7 454 092**	**-1 990 667**	**23 347 171**	**-9 981**	**30 813 046**	**4 581 609**	**35 394 656**
Effect of changes to accounting policies									
Shareholders' equity restated at 31 December 2012		**2 012 431**	**7 454 092**	**-1 990 667**	**23 347 171**	**-9 981**	**30 813 046**	**4 581 609**	**35 394 656**
Transactions related to share capital		22 841	662 401		-385 351		299 891	-100 660	199 231
Share-based payments							-		-
Transactions related to Treasury stock				-59 659			-59 659		-59 659
Dividends					-1 771 206		-1 771 206	-562 210	-2 333 416
Net income for the period					**4 141 115**		**4 141 115**	**925 122**	**5 066 237**
Total assets and liabilities entered directly in capital	(C)					-116 182	-116 182	-20 230	-136 413
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-85 060	-85 060	-69 852	-154 911
Latent or differed gains or losses	**(C)+(D)**	-	-	-	-	**-201 242**	**-201 242**	**-90 082**	**-291 324**
Other variations					**3 103**		**3 103**	**-87 477**	**-84 374**
Changes in scope of consolidation					-673	787	**113**	43 719	43 832
Shareholders' equity at 31 December 2013		**2 035 272**	**8 116 493**	**-2 050 326**	**25 334 159**	**-210 437**	**33 225 161**	**4 710 022**	**37 935 183**

Consolidated cash flow statement at 31 December 2013 **(thousand MAD)**

	12/31/2013	12/31/2012
Pre-tax income	**8 133 184**	**8 173 131**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	854 991	868 847
+/- Net impairment of goodwill and other fixed assets		
+/- Net amortisation of financial assets	14 068	-11 689
+/- Net provisions	1 956 067	1 401 191
+/- Net income from companies accounted for under the equity method	-16 626	-14 575
+/- Net gain/loss from investment activities	-525 018	-356 715
+/- Net gain/loss from financing activities		
+/- Other movements	-520 093	-797 032
Total non-cash items included in pre-tax income and other adjustments	**1 763 390**	**1 090 027**
+/- Flows relating to transactions with credit institutions and similar establishments	2 704 996	22 327 290
+/- Flows relating to transactions with customers	5 752 055	-8 605 116
+/- Flows relating to other transactions affecting financial assets or liabilities	6 530 827	-14 134 322
+/- Flows relating to other transactions affecting non-financial assets or liabilities		
- Taxes paid	-2 473 345	-1 808 260
Net increase/decrease in operating assets and liabilities	**12 514 533**	**-2 220 408**
Net cash flow from operating activities	**22 411 107**	**7 042 750**
+/- Flows relating to financial assets and investments	-9 995 785	-1 455 750
+/- Flows relating to investment property	-215 134	-79 165
+/- Flows relating to plant, property and equipment and intangible assets	-1 042 684	-492 327
Net cash flow from investment activities	**-11 253 604**	**-2 027 242**
+/- Cash flows from or to shareholders	-1 648 174	133 724
+/- Other net cash flows from financing activities	-5 316 062	2 188 174
Net cash flow from financing activities	**-6 964 236**	**2 321 898**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-123 947**	**30 036**
Net increase (decrease) in cash and cash equivalents	**4 069 320**	**7 367 443**
	12/31/2013	**12/31/2012**
Cash and cash equivalents at the beginning of the period	**9 658 041**	**2 290 598**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	10 434 787	13 590 125
Inter-bank balances with credit institutions and similar establishments	-776 746	-11 299 527
Cash and cash equivalents at the end of the period	**13 727 361**	**9 658 041**
Net cash balance (assets and liabilities) with central banks, the Treasury and post office accounts	12 651 672	10 434 787
Inter-bank balances with credit institutions and similar establishments	1 075 689	-776 746
Net change in cash and cash equivalents	**4 069 320**	**7 367 443**

2. Notes related to the balance sheet

2.1 Financial assets at fair value through income at 31 December 2013 (thousand MAD)

	Financial assets held for trading	Financial assets at fair value through income
Loans and advances to credit institutions and similar establishments		
Loans and advances to customers		
Financial assets held as guarantee for unit-linked policies		
Securities received under repo agreements	24	
Treasury notes and similar securities	25 871 255	
Bonds and other fixed income securities	**1 214 330**	**-**
- Listed securities	8 942	
- Unlisted securities	1 205 388	
Shares and other equity securities	**12 131 609**	**83 462**
- Listed securities	12 131 609	83 462
- Unlisted securities		
Derivative instruments	**1 245 663**	
Related loans	**141 544**	
Fair value on the balance sheet	**40 604 425**	**83 462**

2.2 Available-for-sale financial assets

2.2.1 Available-for-sale financial assets at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Securities valued at fair value		
• Treasury notes and similar securities	**9 346 341**	**8 255 316**
• Bonds and other fixed income securities	**11 587 724**	**11 155 905**
- Listed securities	6 878 590	7 999 277
- Unlisted securities	4 709 134	3 156 628
• Shares and other equity securities	**3 158 833**	**3 301 855**
- Listed securities	1 946 608	2 801 247
- Unlisted securities	1 212 225	500 608
• Securities in non-consolidated affiliates	**5 082 831**	**4 478 584**
Total available-for-sale securities	**29 175 729**	**27 191 660**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 12 099 million at the end december 2013 vs. MAD 10 756 million at the end of december 2012.

2.2.2 Underlying gains and losses on financial assets available for sale at 31 December 2013 (thousand MAD)

	12/31/2013			12/31/2012		
	Fair value	Underlying gains	Underlying losses	Fair value	Underlying gains	Underlying losses
Public bill and securities of the like	9 346 341	162 201	-97 087	8 255 316	122 852	-19 285
Bonds and other fixed income securities	11 587 724	7 155	-202 491	11 155 905	97 222	-142 219
Share and other variable income securities	3 158 833	304 953	-355 154	3 301 855	305 950	-427 862
Non consolidated equity interest securities	5 082 831	798 433	-684 888	4 478 584	588 058	-389 001
Balance sheet value of assets available for sale	**29 175 729**	-	**-**	**27 191 660**		
Total underlying gains and losses	-	1 272 742	-1 339 620		1 114 084	-978 367
Differed taxes	-	-299 032	483 677		-567 200	671 307
Underlying gins and losses on net financial assets available for sale	-	973 710	-855 943		546 883	-307 060
Underlying gains and losses on net financial assets available for sale Group share	**-**	**737 569**	**-720 595**		**385 479**	**-266 679**

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions and similar establishments at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Credit institutions		
Accounts and loans	18 061 289	13 430 594
Securities received under repo agreements	17 121	260 397
Subordinated loans	32 551	20 386
Other loans and advances	130 531	204 678
Total	**18 241 491**	**13 916 056**
Related loans	62 467	157 495
Provisions	26 542	68 397
Net value	**18 277 416**	**14 005 154**
Internal operations		
Regular accounts	5 959 948	8 417 167
Accounts and long-term advances	25 917 124	22 241 433
Related loans	447 896	185 453

2.3.2 Breakdown of loans and advances to credit institutions by geographical area
at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Morocco	8 169 342	4 695 402
Tunisia	1 697 841	942 908
Sub-Saharan Africa	3 773 129	2 442 540
Europe	4 281 302	5 453 218
Others	319 879	381 988
Total	**18 241 491**	**13 916 056**
Related loans	62 467	157 495
Provisions	26 542	68 397
Net loans on the balance sheet	**18 277 416**	**14 005 154**

2.3.3 Breakdown of loans and advances to credit institutions per remaining term
at 31 December 2013

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to credit institutions	13 360 557	2 410 406	2 365 280	78 705	**18 214 949**

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Transactions with customers		
Commercial loans	31 161 991	33 951 641
Other loans and advances to customers	180 923 624	174 500 397
Securities received under repo agreements	2 279 206	1 210 659
Current accounts in debit	30 479 207	30 948 002
Total	**244 844 029**	**240 610 698**
Related loans	1 783 398	1 807 531
Provisions	10 079 996	8 408 277
Net value	**236 547 431**	**234 009 952**
Leasing activities		
Property leasing	2 621 866	2 713 092
Leasing of movable property, long-term rental and similar activities	11 965 539	11 255 905
Total	**14 587 405**	**13 968 997**
Related loans	587	1 239
Provisions	385 541	352 096
Net value	**14 202 451**	**13 618 141**
Total	**250 749 882**	**247 628 093**

2.4.2 Loans and advances by geographical area at 31 December 2013

(thousand MAD)

Country	12/31/2013				12/31/2012			
	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions	Healthy outstandings	Impaired outstandings	Individual provisions	Collective provisions
Morocco	197 050 847	11 384 157	6 232 019	854 473	199 706 565	8 516 428	4 858 609	774 511
Tunisia	17 463 786	1 601 986	826 201	68 033	18 327 325	1 535 829	1 014 804	70 325
Sub-Saharan Africa	27 166 610	3 354 340	2 318 506	162 661	21 955 888	2 899 683	2 006 976	34 218
Europe	331 405	3 194	3 645	-	706 493	1 815	928	-
Others	1 075 109	-	-	-	929 670	-	-	-
Total	**243 087 757**	**16 343 677**	**9 380 370**	**1 085 167**	**241 625 941**	**12 953 755**	**7 881 318**	**879 055**
Related loans	1 783 985	-	-	-	1 808 770	-	-	-
Net loans on the balance sheet	**244 871 742**	**16 343 677**	**9 380 370**	**1 085 167**	**243 434 711**	**12 953 755**	**7 881 318**	**879 055**

2.4.3 Loans and advances to customer per economic operator at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Corporate entities	163 225 057	162 566 894
Including Large Enterprises	108 021 815	99 484 395
Private individuals	85 740 840	83 252 429
Total	**248 965 897**	**245 819 323**
Related loans	1 783 985	1 808 770
Net value on balance sheet	**250 749 882**	**247 628 093**

2.4.4 Breakdown of loans and advances per remaining term at 31 December 2013

(thousand MAD)

	< = 3months	Between 3 months and 1year	Between 1 year and 5 years	> 5 years	Total
Loans and advances to customers	78 330 075	37 102 645	69 987 223	57 667 813	243 087 757

The fair value of healthy outstanding loans to customers and credit institutions is estimated at MAD 265,318 million.

2.5 Current and deferred taxes

2.5.1 Current and deferred taxes at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Current taxes	35 435	87 099
Deffered taxes	669 866	467 125
Current and differed tax assets	**705 301**	**554 224**
Current taxes	471 405	227 455
Deffered taxes	1 469 254	1 496 691
Current and differed tax liabilities	**1 940 659**	**1 724 146**

2.5.2 Net income tax at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Current taxes	-3 002 439	-2 792 431
Net FY differed taxes	-64 509	-71 629
Net income tax	**-3 066 948**	**-2 864 059**

2.5.3 Actual tax rate at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Net income	5 066 237	5 309 072
Income tax	3 066 948	2 864 059
Average actual income tax	**37,7 %**	**35,0 %**

Analysis of actual income tax at 31 December 2013

	12/31/2013	12/31/2012
Income tax in force	37,0 %	37,0 %
Differential in tax rate on foreign entities	-1,1 %	-0,8 %
Permanent differences	1,6 %	-0,5 %
Other items	0,2 %	-0,7 %
Average actual tax rate	**37,7 %**	**35,0 %**

2.6 Equalization accounts and other assets

2.6.1 Equalization accounts and other assets at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Other Assets	**4 917 143**	**4 260 328**
Sundry debtors	2 779 224	2 142 212
Various securites & uses	225 660	216 858
Other insurance assets	1 683 938	1 599 789
Other	228 321	301 470
Equalization accounts	**3 265 662**	**2 371 731**
Receivables	1 058 184	962 099
Expenses identified in advance	463 170	596 927
Other equalization accounts	1 744 309	812 706
Total	**8 182 804**	**6 632 060**

2.6.2 Equalization accounts and other liabilities at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Other Liabilities	**5 083 256**	**6 323 549**
Miscellaneous securities operations	4 066	181 484
Miscellaneous creditors	4 769 879	5 858 052
Other insurance liabilities	309 311	284 013
Equalization accounts	**3 486 461**	**2 924 629**
Payables	1 580 616	1 228 511
Income identified in advance	335 138	177 671
Other equalization accounts	1 570 706	1 518 448
Total	**8 569 717**	**9 248 179**

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 2013

(thousand MAD)

	Equity method value	Income	Total balance sheet	Revenue (TO)	Portion of income in MEE companies
Financial firms					
Non-financial firms	112 666	49 867	643 928	105 758	16 626
Net value on balance sheet in MEE companies	**112 666**	**49 867**	**643 928**	**105 758**	**16 626**

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

2.8 Investment property at 31 December 2013

(thousand MAD)

	12/31/2012	Perimeter variation	Acquisitions	Transfers & due dates	Others movements	12/31/2013
Gross value	1 543 846	13 129	207 444	16 391	-105 193	**1 642 835**
Depreciation and provisions	297 352	6 848	66 015	-	-36 594	333 621
Net value on balance sheet	**1 246 494**	**6 281**	**141 429**	**16 391**	**-68 599**	**1 309 214**

Investment property is entered into the cost according to a per component approach.

The method of calculation of depreciation is linear. The depreciation terms corresponding to the service life per the following components :

Components	Annual duration of depreciation
MAIN STRUCTURE	50
PROOFING	20
FITTINGS AND INSTALLATION	15
TECHNICAL FACILITIES	20
INTERNAL AND EXTERNAL JOINERY	15

The market value of the land and structures classified as investment property in 2013 is estimated at MAD 1,745 million.

2.9 Plant, property and equipment and intangible assets

2.9.1 Plant, property and equipment and intangible assets at 31 December 2013 **(thousand MAD)**

	12/31/2013			12/31/2012		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 990 671	989 026	2 001 645	2 607 977	927 787	1 680 190
Movable property and equipment	2 919 843	2 505 441	414 401	2 797 278	2 402 835	394 442
Leased movable property	538 857	207 003	331 854	536 233	226 109	310 124
Other property, plant and equipment	4 666 525	2 466 727	2 199 798	4 756 934	2 188 032	2 568 902
Total property, plant and equipment	**11 115 896**	**6 168 198**	**4 947 698**	**10 698 422**	**5 744 763**	**4 953 658**
IT software acquired	2 171 386	1 266 175	905 211	1 662 670	1 098 437	564 233
Other intangible assets	1 158 086	510 712	647 373	1 100 220	455 597	644 623
Total intangible assets	**3 329 472**	**1 776 887**	**1 552 585**	**2 762 891**	**1 554 034**	**1 208 857**

Tangible fixed assets :

Attijariwafa bank opted for an assessment of the cost of all fixed assets.
Depreciation in linear and spread out over the following service life :

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

Elsewhere the building components were amortized as follows :

Components	Annual duration of depreciation
Main structure	50
Proofing	20
Interior fittings and arrangement	15
Fixed technical facilities	20
Joinery	15

Intangible fixed assets apart from goodwill :

The Attijariwafa bank group did not internally generate any intangible fixed assets. The service life thereof is as follows :

Components	Annual duration of depreciation
Software packages acquired	5 years
Company-produced software packages	N/A
Other intangible fixed assets	15-20 years

2.9.2 Outright rentals : additional information **(thousand MAD)**

Residual term	For the lessor Amount of future minimal payments for non cancelable outright rental contracts
≤ 1 year	648
> 1 year ≤ 5 years	237 100
> 5 years	-
Total	**237 748**

2.10 Goodwill at 31 December 2013 **(thousand MAD)**

	12/31/2012	Perimeter variation	Ecarts de conversion	Other movements	12/31/2013
Gross value	6 620 472	90 439	7 909		6 718 819
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 620 472**	**90 439**	**7 909**		**6 718 819**

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 2013, no impairment has been recognized.

2.11 Financial liabilities at fair value through income

2.11.1 Financial liabilities at fair value through income at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Securities pledged under repo agreements	462 242	323 905
Derivative instruments	832 279	648 254
Fair value on balance sheet	**1 294 521**	**972 159**

2.11.2 Derivative instruments per type of risk at 31 December 2013 (thousand MAD)

	Book value		Notional Amount
Per type of risk	**Assets**	**Liabilities**	
Exchange rate derivative instruments	343 689	31 523	41 700 833
Interest rate derivative instruments	460 584	419 405	27 784 283
Raw materials derivatives	37 578	37 578	914 011
Other derivative instruments	403 812	343 773	1 559 665
Total	**1 245 663**	**832 279**	**71 958 791**

2.12 Amounts owing to credit institutions

2.12.1 Amounts owing to credit institutions at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Credit institutions		
Accounts and borrowings	16 053 883	13 679 079
Securities pledged under repo agreements	37 484 461	31 267 497
Total	**53 538 344**	**44 946 576**
Related debt	74 913	138 318
Value on the balance sheet	**53 613 257**	**45 084 894**
Internal Group operations		
Current accounts in credit	4 604 172	7 305 439
Accounts and long-term advances	26 620 025	23 078 517
Related debt	162 409	51 603

2.12.2 Breakdown of debts per remaining term at 31 December 2013 (thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Amounts owing to credit institutions	47 787 328	3 246 265	2 504 751		**53 538 344**

2.13 Amounts owing to customers

2.13.1 Amounts owing to customers at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Ordinary creditor accounts	167 101 005	158 208 749
Savings accounts	57 459 682	56 785 896
Other amounts owing to customers	11 925 259	10 887 507
Total	**236 485 946**	**225 882 152**
Related debt	1 121 964	1 136 894
Value on balance sheet	**237 607 910**	**227 019 046**

2.13.2 Breakdown of amounts owing to customers by geographical area at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
Morocco	174 663 570	133 075 836
Tunisia	19 999 021	18 624 173
Sub-Saharan Africa	37 983 571	32 058 207
Europe	3 168 602	41 816 622
Other	671 183	307 315
Total	**236 485 946**	**225 882 152**
Related debt	1 121 964	1 136 894
Value on the balance sheet	**237 607 910**	**227 019 046**

2.13.3 Breakdown of debts to customers per economic operator at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Corporate entities	89 918 480	81 933 311
Including large enterprises	60 049 454	47 268 122
Private individuals	146 567 466	143 948 841
Total	**236 485 946**	**225 882 152**
Relevant debts	1 121 964	1 136 894
Net values on balance sheet	**237 607 910**	**227 019 046**

2.13.4 Breakdown of debts per remaining term through profit and loss at 31 December 2013

(thousand MAD)

	< = 3months	Between 3 months and 1 year	Between 1 year and 5 years	> 5 years	Total
Customer deposits	188 741 890	24 681 901	16 673 030	6 389 125	**236 485 946**

2.14 Debts represented by security and subordinated debts at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Other debts represented by a security	**12 766 065**	**17 726 877**
Negotiable debt securities	12 500 760	17 393 883
Bond loans	265 304	332 994
Subordinated debts	**10 034 909**	**10 469 283**
Subordinated loan	10 034 909	10 469 283
with defined term	10 034 909	10 469 283
with undefined term		
Subordinated securities		
with defined term		
with undefined term		
Total	**22 800 973**	**28 196 160**

2.15 General provisions at 31 December 2013

(thousand MAD)

	Stock at 12/31/2012	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 12/31/2013
Provisions for risks in executing signature loans	90 317	16 543	458		30 750	-932	75 636
Provisions for social benefit liabilities	375 109	12 086	70 604	39 379		-19 507	398 913
Other general provisions	684 863	86 238	139 141	16 429	68 203	-3 281	822 329
General provisions	**1 150 289**	**114 867**	**210 203**	**55 808**	**98 953**	**-23 720**	**1 296 878**

3- Notes pursuant to operating account

3.1 Net interest margin at 31 December 2013

(thousand MAD)

	12/31/2013			12/31/2012		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**14 992 238**	**3 541 421**	**11 450 817**	**14 551 812**	**3 187 120**	**11 364 691**
Accounts and loans/borrowings	14 210 655	3 452 283	10 758 372	13 751 315	3 136 747	10 614 568
Repurchase agreements	10 668	89 137	-78 469	26 092	50 374	-24 282
Leasing activities	770 914		770 914	774 405	-	774 405
Inter-bank transactions	**783 964**	**1 805 419**	**-1 021 455**	**817 010**	**1 856 015**	**-1 039 005**
Accounts and loans/borrowings	782 865	1 648 997	-866 132	808 389	1 784 635	-976 246
Repurchase agreements	1 098	156 422	-155 324	8 621	71 380	-62 759
Debt issued by the Group	**-**	**1 238 221**	**-1 238 221**	**-**	**1 240 045**	**-1 240 045**
Available-for-sale assets	**1 388 938**	**-**	**1 388 938**	**949 928**	**-**	**949 928**
Total net interest income	**17 165 140**	**6 585 060**	**10 580 080**	**16 318 750**	**6 283 180**	**10 035 570**

3.2 Net fee income at 31 December 2013

(thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**1 862 180**	**35 480**	**1 826 701**
with credit institutions	78 485	28 261	50 224
with customers	1 230 841		1 230 841
on securities	106 188	3 960	102 229
on foreign exchange	105 275	65	105 210
on forward financial instruments and other off-balance sheet transactions	341 391	3 194	338 197
Banking and financial services	**2 216 744**	**313 537**	**1 903 207**
Net income from mutual fund management (OPCVM)	275 028	20 063	254 965
Net income from payment services	1 199 856	241 660	958 196
Insurance products	18 522		18 522
Other services	723 338	51 814	671 524
Net fee income	**4 078 924**	**349 017**	**3 729 908**

3.3 Net gains and losses on financial instrument at fair price per profit and loss at 31 December 2013
(thousand MAD)

	12/31/2013	12/31/2012
Fixed income securities	1 714 954	1 263 636
Variable income securities	-90 797	-42 474
Derivative financial instruments	532 926	859 902
Reassessment of over the counter foreign currency cash positions	144 937	110 448
Total	**2 302 021**	**2 191 512**

3.4 Net gains or losses on financial assets available for sale at 31 December 2013
(thousand MAD)

	12/31/2013	12/31/2012
Income from variable income securities	217 895	-205 506
Income from transfers	418 512	715 758
Value added	437 015	715 758
Loss in value	-18 503	-
Gains and losses in value of variable income securities	-9 354	-1 504
Total	**627 053**	**508 748**

3.5 Income and expenses from other activities at 31 December 2013
(thousand MAD)

	12/31/2013			12/31/2012		
	Income	Expenses	Net	Income	Expenses	Net
Net income from insurance	5 145 388	4 490 743	654 645	5 154 519	4 648 230	506 288
Net income from investment property	36 598	-	36 598	41 677	-	41 677
Net income from fixed assets rented outright	1 832	-	1 832	20 537	-	20 537
Other income	389 163	443 853	-54 690	621 467	440 402	181 064
Total of interest income and expenses or equivalent	**5 572 981**	**4 934 596**	**638 384**	**5 838 200**	**5 088 633**	**749 567**

3.6 Net income from insurance activity at 31 December 2013

	12/31/2013	12/31/2012
Gross premiums acquired	5 707 216	5 699 065
Variation in technical provisions	-1 079 939	-995 691
Contract service expenses	-3 282 700	-3 654 601
Net expenses or income from reassurance transfers	-689 932	-542 486
Total	**654 645**	**506 288**

3.7 Cost of risk at 31 December 2013
(thousand MAD)

	12/31/2013	12/31/2012
Allocations to provisions	**-2 496 579**	**-1 533 748**
Provisions for depreciation of loans and debts	-2 352 891	-1 346 124
Provisions for commitments by signature	-458	-5 893
Other provisions for risks and expenses	-143 230	-181 731
Provision write downs	**977 147**	**737 450**
Provision write downs for depreciation of loans and debts	859 070	495 425
Provision write downs for commitments by signature	30 750	2 467
Write downs from other provisions for risks and expenses	87 326	239 558
Provision variation	**-347 201**	**-425 450**
Losses on non provisioned unrecoverable loans and debts	-29 829	-47 788
Losses on provisioned unrecoverable loans and debts	-363 290	-459 494
Recovery on amortized loans and debts	62 348	114 682
Other losses	-16 429	-32 850
Cost of risk	**-1 866 633**	**-1 221 748**

3.8 Net gains or losses on other activities at 31 December 2013
(thousand MAD)

	12/31/2013	12/31/2012
Operating tangible and intangible fixed assets		
Value added from transfers	54 240	15 508
Loss in value transfers	-689	-399
Net gains or losses on other activities	**53 551**	**15 109**

4. Information per center of activity

Attijariwafa bank's information by business activity is presented as follows :

- **Domestic banking, Europe and Offshore** comprising Attijariwafa bank SA, Attijariwafa bank Europe, Attijari International bank and holding companies incorporating the Group's investments in the Group's consolidated subsidiaries ;
- **Specialised financial subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities ;
- **International retail banking** activities comprising Attijari bank Tunisie and the banks of the Sub-Saharan area ;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET DECEMBER 2013	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	TOTAL
Balance sheet	**256 830 408**	**27 473 050**	**25 056 661**	**76 219 433**	**385 579 553**
Including					
Assets					
Financial assets at fair value through income	33 809 100	-	6 139 359	739 427	**40 687 887**
Available-for-sale financial assets	7 900 580	2 832	12 098 933	9 173 384	**29 175 729**
Loans and advances to credit institutions and similar establishments	12 085 992	76 676	24 140	6 090 608	**18 277 416**
Loans and advances to customers	177 289 149	24 568 279	2 686 589	46 205 864	**250 749 882**
Property, plant and equipment	2 142 119	545 669	158 014	2 101 896	**4 947 698**
Liabilities					
Amounts owing to credit institutions and similar establishments	48 049 487	1 592 208	35	3 971 527	**53 613 257**
Customer deposits	176 218 547	2 210 629	2 119	59 176 615	**237 607 910**
Technical reserves for insurance contracts	-	-	20 205 854	-	**20 205 854**
Subordinated debt	10 034 909	-	-	-	**10 034 909**
Shareholders' equity	27 087 445	2 654 665	3 820 052	4 373 021	**37 935 183**

INCOME STATEMENT DECEMBER 2013	Domestic banking, Europe and Offshore	Specialised financial subsidiaries	Insurance and property	International retail banking	Eliminations	TOTAL
Net interest margin	6 483 644	1 066 075	409 985	2 765 741	-145 365	**10 580 080**
Net fee income	1 786 190	724 794	-23 039	1 720 978	-479 015	**3 729 908**
Net banking income	9 818 337	2 146 985	1 579 898	4 787 029	-454 803	**17 877 445**
Operating expenses	4 028 529	747 534	427 480	2 434 404	-454 803	**7 183 144**
Operating income	3 875 097	1 026 592	1 059 705	2 101 613	-	**8 063 008**
Net income	2 368 065	635 281	577 960	1 484 930	-	**5 066 237**
Net income Group share	2 348 073	471 021	458 257	863 765	-	**4 141 115**

5. Financing commitments and guarantees

5.1 Financing commitments at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Financing commitments given	**18 387 355**	**19 623 107**
To credit institutions and similar establishments	307 518	420 338
To customers	18 079 837	19 202 769
Financing commitments received	**7 399 324**	**5 707 362**
From credit institutions and similar establishments	3 902 309	2 322 373
From the State and other organisations providing guarantees	3 497 015	3 384 989

5.2 Guarantee commitments at 31 December 2013

(thousand MAD)

	12/31/2013	12/31/2012
Guarantees given	**45 647 334**	**43 856 397**
To credit institutions and similar establishments	6 653 966	5 611 372
To customers	38 993 369	38 245 025
Guarantees received	**29 545 244**	**28 221 639**
From credit institutions and similar establishments	17 676 281	17 226 964
From the State and other organisations providing guarantees	11 868 963	10 994 675

6. Other complementary information

6.1 Associated parties

The transactions conducted between Attijariwafa bank and parties associated are conducted under the market conditions prevailing at the time of completion.

6.1.1 Relationship between group consolidated companies at 31 December 2013 (thousand MAD)

	Entities consolidated through global integration
Assets	
Loans, advances and securities	**32 805 821**
Ordinary accounts	6 055 113
Loans	26 750 709
Securities	-
Miscellaneous assets	-
Other assets	**928 589**
Total	**33 734 410**
Liabilities	
Deposits	**32 742 382**
Ordinary accounts	5 965 267
Other loans	26 777 115
Debts represented by security	**63 440**
Miscellaneous liabilities	**928 589**
Total	**33 734 410**
Financing and guarantee commitments	
Commitments given	13 031 903
Commitments received	13 031 903

6.1.2 Income items regarding operations conducted with associated parties (thousand MAD)

	Entities consolidated through global integration
Interest and equivalent income	723 711
Interest and equivalent expenses	578 346
Commissions (income)	569 300
Commissions (expenses)	90 285
Income from other activities	388 135
Expenses from other activities	589 538
Other expenses	454 803

Relationships with members of administrative and management bodies :

In 2013, 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 2013 came to MAD 90 million. Loans to these members came to MAD 160 million at the end of 2013.

6.2 Wafa Assurance at 31 December 2013

(thousand MAD)

Balance sheet	**12/31/2013**	**12/31/2012**
Assets		
Assets available for sale	12 098 933	10 756 417
Loans and debts to credit institutions and equivalent	23 295	41 250
Loans and debts to customers	2 686 589	2 601 983
Tangible fixed assets	134 309	118 098
Liabilities		
Insurance contract technical provisions	20 205 854	19 088 075
Shareholders equity	3 746 399	3 347 863

Income and expenses account	**12/31/2013**	**12/31/2012**
Interest margin	412 145	253 717
Margin on commissions	-15 438	-25 634
Net income from other activities	714 901	569 908
Net banking income	1 538 357	1 084 419
Operating expenses	-495 558	-450 464
Operating income	952 150	564 375
Net income	470 405	417 088
Net income group share	372 978	330 703

7. Other complementary information:

7.1 Subordinated debts and certificates of deposit issued during 2013:

7.1.1 Subordinated debts:

On 27 May 2013, Attijariwafa bank issues a subordinated bond loan for a global amount of MAD 1250 million.

This MAD 1250 million loan is split up into 12 500 bonds at par value of MAD 100 000 with 5-year maturity. It is divided into four parts two of which are listed on the Casablanca stock exchange (sections A and B), the remaining two being unlisted (sections C and D).

The nominal interest rate for A and C is fixed standing at 5.60% including a risk premium of 75 basis points, and the rate applicable to B and D is annually revisable for the first year standing at 5.01% including a risk premium of 75 basis points.

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

(thousand MAD)

	Section A	Section B	Section C	Section D
Amount withheld	540 000	-	-	710 000

7.1.2 Certificates of deposit:

During 2013, MAD 7.2 billion of certificates of deposits were issued.

At the end of december 2013, the outstanding of certificates of deposits amounted MAD 7.9 billion with maturities are between 13 weeks and 7 years and the rates between 3.75% and 5.60% depending of the environment of rates in different countries where attijariwafa bank is present.

7.2 Capital and income per share:

7.2.1 Number of shares and per values:

During 2013, Attijariwafa bank's capital rose from MAD 2 012 430 860 in 2012 to MAD 2 035 272 260 following a capital increase dedicated to employees. This increase in capital concerned 2 284 140 shares.

Attijariwafa bank's capital is made up of 203 527 226 shares at par value of MAD 10.

7.2.2 Attijariwafa bank shares held by the Group:

At the end of December 2013, the Attijariwafa bank held 13 514 934 Attijariwafa bank shares representing a global amount of MAD 2050 million deducted from the consolidated shareholders equity.

7.2.3 Per share Income:

The bank has not dilutive instruments in ordinary shares. Therefore, the diluted income per share is equal to the basic income per share.

(in MAD)

	31 December 2013	31 December 2012
Earnings per share	20.35	22.36
Diluted earnings per share	20.35	22.36

7.3 business combination

During 2013, Attijariwafa bank finalized the acquisition of 55% of the stake of banque internationale pour l'Afrique (BIA) in Togo.

The global integration of this subsidiary in the consolidated financial statements lead to an accounting of Mad 90 million of provisional good will.

7.4 Employee benefits

The post-employment benefits granted by the Group vary in line with legal obligations and local policies in this respect.

Group employees enjoy short-term benefits (paid leave, sick leave), long-term benefits ("Ouissam Achoughl" long-service award, pilgrimage bonus) and defined-contribution and defined-benefit post-employment benefits (retirement payments, supplementary pension plans, health insurance).

Short-term benefits are expensed as incurred by the various Group entities awarding them.

Defined-contribution post-employment plans

Under these plans, periodic contributions are made to outside bodies responsible for the administrative and financial management.

Such plans release the employer from any subsequent obligation, the body undertaking to pay employees the sums to which they are entitled (CNSS, CIMR…). The Group's payments are expensed as incurred.

Defined-benefit post-employment plans

Under these plans, the employer has obligations vis-à-vis the beneficiaries or future beneficiaries. If they are not wholly prefunded, provisions must be recognised in this respect.

The present value of the liability is calculated using the projected unit credit method on the basis of actuarial assumptions and assumptions regarding the rate of salary increase, retirement age, mortality, turnover as well as the discount rate.

Changes to actuarial assumptions, or any difference between these assumptions and actual results, give rise to the recognition of actuarial gains (losses) through profit or loss in the period in which they occur in accordance with the Group's accounting policies.

Retirement payments

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

It is paid to employees reaching retirement age. The number of years spent in the Company give entitlement to a certain number of months of salary. The retirement payment is equal to the sum of the following items:

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

Ouissam Achoughl long-service award

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

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

Assumptions for calculation purposes:

	31 December 2013	31 December 2012
Start of period	01 January 2013	01 January 2012
End of period	31 December 2013	31 December 2012
Discount rate	4.91 %	4.37 %
Rate of salary increase	4.00 %	4.00 %
Expected return on plan assets	NA	NA

The outcome of the calculations are as follows:

(thousand MAD)

Change in actuarial liability	31 December 2013	31 December 2012
Actuarial liability N-1	375 109	370 957
Current service cost	91 623	68 362
Discounting effect	41 166	24 666
Employee contributions	-	-
Change / curtailment / settlement of the plan	-	-
Acquisition, disposal (change in consolidation scope)	12 086	-
Termination benefits	64 483	48 886
Benefits paid (mandatory)	-	-
Actuarial gains (losses)	25 745	9 341
Actuarial liability N	398 913	375 109

Expense recognised	31 December 2013	31 December 2012
Current service cost	- 91 623	- 68 362
Discounting effect	41 166	24 666
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	18 657	19 072
Net expense recognized in profit or loss	**- 31 800**	**- 24 625**

7.4 Scope of consolidation

Name	Sector of activity	(A)	(B)	(C)	(D)	Country	Method	% control	% interest
ATTIJARIWAFA BANK	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	100,00 %	100,00 %
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100,00 %	100,00 %
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83,07 %	51,93 %
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58,98 %	58,98 %
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					Mali	IG	51,00 %	51,00 %
CREDIT DU SENEGAL	Bank					Senegal	IG	95,00 %	95,00 %
UNION GABONAISE DE BANQUE	Bank					Gabon	IG	58,71 %	58,71 %
CREDIT DU CONGO	Bank					Congo	IG	91,00 %	91,00 %
SOCIETE IVOIRIENNE DE BANQUE	Bank					Ivory Coast	IG	51,00 %	51,00 %
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	Bank					Cameroon	IG	51,00 %	51,00 %
ATTIJARIBANK MAURITANIE	Bank					Mauritania	IG	80,00 %	53,60 %
BANQUE INTERNATIONALE POUR L'AFRIQUE AU TOGO	Bank				(1)	Togo	IG	55,00 %	55,00 %
WAFA SALAF	Consumer Credit					Morocco	IG	50,91 %	50,91 %
WAFA BAIL	Real estate loans					Morocco	IG	97,83 %	97,83 %
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100,00 %	100,00 %
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100,00 %	100,00 %
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	75,00 %	75,00 %
WAFA CASH	Cash activities					Morocco	IG	99,85 %	99,85 %
WAFA LLD	Long-term rentals					Morocco	IG	100,00 %	100,00 %
ATTIJARI FINANCES CORP.	Investment bank					Morocco	IG	100,00 %	100,00 %
WAFA GESTION	Asset management					Morocco	IG	66,00 %	66,00 %
ATTIJARI INTERMEDIATION	SM intermediation					Morocco	IG	100,00 %	100,00 %
FCP SECURITE	Dedicated mutual funds					Morocco	IG	79,29 %	79,29 %
FCP OPTIMISATION	Dedicated mutual funds					Morocco	IG	79,29 %	79,29 %
FCP STRATEGIE	Dedicated mutual funds					Morocco	IG	79,29 %	79,29 %
FCP EXPANSION	Dedicated mutual funds					Morocco	IG	79,29 %	79,29 %
FCP FRUCTI VALEURS	Dedicated mutual funds					Morocco	IG	79,29 %	79,29 %
WAFA ASSURANCE	Insurance					Morocco	IG	79,29 %	79,29 %
BCM CORPORATION	Holding Company					Morocco	IG	100,00 %	100,00 %
WAFA CORP	Holding Company					Morocco	IG	100,00 %	100,00 %
OGM	Holding Company					Morocco	IG	100,00 %	100,00 %
ANDALUCARTHAGE	Holding Company					Morocco	IG	100,00 %	100,00 %
KASOVI	Holding Company					British Virgin islands	IG	50,00 %	50,00 %
SAF	Holding Company					France	IG	99,82 %	49,98 %
FILAF	Holding Company					Senegal	IG	100,00 %	50,00 %
CAFIN	Holding Company					Senegal	IG	100,00 %	100,00 %
ATTIJARI AFRIQUE PARTICIPATIONS	Holding Company					France	IG	100,00 %	100,00 %
ATTIJARI MAROCO-MAURITANIE	Holding Company					France	IG	67,00 %	67,00 %
MOUSSAFIR	Hospitality industry					Morocco	MEE	33,34 %	33,34 %
ATTIJARI SICAR	Risk capital					Tunisia	IG	67,23 %	39,65 %
PANORAMA	Real estate company					Morocco	IG	79,29 %	79,29 %
SOCIETE IMMOBILIERE TOGO LOME	Real estate company				(2)	Togo	IG	100,00 %	100,00 %

(A) Movements occurring in first half of 2012	1 - Acquisition	7 - Change in method - Proportional integration to global integration
(B) Movements occurring in second half of 2012	2 - Creation, crossing threshold	8 - Change in method - Global integration equity method
(C) Movements occurring in first half of 2013	3 - Entry into IFRS perimeter	9 - Change in method - Equity method upon global integration
(D) Movements occurring in second half of 2013	4 - Disposal	10 - Change in method - Global integration per propotional integration
	5 - Deconsolidation	11 - Change in method - Proportional integration equity method
	6 - Merger between consolidated entities	12 - Reconsolidation

PARENT COMPANY FINANCIAL STATEMENTS

General report of the statutory auditors

Year ended December 31st, 2013

Deloitte.

Deloitte Audit
288, Bd Zerktouni
Casablanca - Maroc

MAZARS

Mazars Audit et Conseil
101, Boulevard Abdelmoumen
Casablanca - Maroc

(This is a free translation into English of our audit report signed and issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed solely in accordance with, Moroccan law and Moroccan professional auditing standards.)

Attijariwafa bank

GENERAL REPORT OF THE STATUTORY AUDITORS PERIOD FROM JANUARY 1ST TO DECEMBER 31ST, 2013

In accordance with our engagement as statutory auditors by your general meeting, we have audited the financial statements attached of the company Attijariwafa bank which include the balance sheet, the profit and loss statement, the statement of management incomes, the cash flow statement and the notes to the financial statements for the year ended December 31st, 2013. These financial statements show stockholders' equity of KMAD 37,412,177 including a net profit of KMAD 3,289,487.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Moroccan accounting principles. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Moroccan auditing standards. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the financial statements contain material misstatements. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph above are regular and sincere and give, in all their material aspects, a fair view of the result of the year's operations and of the financial position and assets of the company Attijariwafa bank as of December 31st, 2013, in accordance with Moroccan accounting principles.

Specific procedures and disclosures

We have also performed the specific procedures required by Moroccan law and we have verified the correspondence of the information provided in the management report to the shareholders with the company's financial statements.

Furthermore, in accordance with Article 172 of Law 17-95, as completed and amended by Law 20-05, we bring to your attention the main acquisitions made by Attijariwafa bank during 2013:

• SOCIETE BIA TOGO (BIAT): Acquisition of a 51%stake of his capital
• SOCIETE CIVILE IMMOBILIERE TOGO LOME: establishment of the company and ownership of the entire capital.

Casablanca, March 31, 2013

The statutory auditors

Deloitte Audit

Fawzi Britel
Partner

Mazars Audit et Conseil

Kamal Mokdad
Managing Partner

1. Presentation

Attijariwafa bank is a Moroccan company governed by common law. The financial statements comprise the accounts of head office as well as branches in Morocco and overseas, including the branch offices in Brussels. Material intra-group transactions and balances between Moroccan entities and overseas branches have been eliminated.

2. General principles

The financial statements are prepared in accordance with generally accepted accounting principles applicable to credit institutions.

The presentation of Attijariwafa bank's financial statements complies with the Credit Institution Accounting Plan.

3. Loans and advances and signed commitments

General presentation of loans and advances

- Loans and advances to banks and customers are broken down on the basis of their initial maturity or their economic purpose :
  - demand and term loans in the case of banks ;
  - cash advances, fixed-asset loans, consumer finance, mortgages and other customer lending.
- Signed commitments recognized off-balance sheet consist of binding commitments to provide credit facilities and guarantee commitments that have not led to the disbursement of funds.
- Repurchase agreements, involving securities, are recognised on the various relevant "loans and advances" line item (banks, customers).
- Accrued interest on loans and advances is recognised in the associated "loans and advances" line item through profit or loss.

Non-performing customer loans and advances

- Non-performing customer loans and advances are recognised and measured in accordance with applicable banking regulations.

The main applicable provisions can be summarised as follows :

- non-performing loans and advances are, depending on the level of risk, classified as past due, doubtful or bad debts.
- Provisions are funded for non-performing loans and advances, net of the proportion of collateral required under applicable regulations, as follows :
- 20% in the case of past due debts ;
- 50% in the case of doubtful debts ;
- 100% in the case of bad debts ;

The provisions funded for credit risks are deducted from the relevant asset line items.

- Upon reclassification of loans and advances as non-performing debts, interest thereon is no longer calculated and recognised. It is recognized as income when received.
- Losses on bad debts are recognised when the collection of non-performing debts no longer seems possible.
- Provisions for non-performing debts may be reversed where the non-performing debts undergo an improvement : effective repayment (in full or in part) of the loan or a restructuring thereof with a partial repayment of the loan.

4. Demand and term liabilities

Amounts owing to banks and customer deposits are presented in the summary financial statements on the basis of their initial maturity or the nature of these liabilities :

- demand and term liabilities in the case of banks ;
- demand accounts in credit, savings accounts, term deposits and other customer accounts in credit.

They are included in these various headings on the basis of the nature of the counterparty, the repurchase agreements, involving securities.

Accrued interest on these liabilities is recognised in the associated liability line items through profit or loss.

5. Securities portfolio

5.1. General presentation

Securities transactions are recognised and measured in accordance with the provisions of the Chart of Accounts for Banks.

The securities are firstly classified on the basis of the legal form of the security (debt security or title deed) and secondly on the basis of the intention (held for trading securities, available-for-sale financial securities, held-to-maturity securities, long-term investments).

5.2. Held for trading securities (financial assets at fair value through profit or loss

This portfolio contains highly liquid securities that are acquired with the intention of selling them in the short-term.

These securities are recognised at their purchase value (including coupon). At the end of each reporting period, the difference between this value and the market value is recognised in profit or loss.

5.3. Available-for-sale financial assets

This portfolio contains securities that are acquired with a view to being held for over six months except for fixed-income securities that are intended to be held to maturity. This category of securities notably includes the securities that fail to satisfy the criteria for recognition in another category of securities.

Debt securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

Title deeds are recognised at fair value less acquisition costs.

At the end of each reporting period a provision for impairment is funded for the negative difference between the market value and the historical cost of the securities. Potential gains are not recognised.

5.4. Held-to-maturity securities

Held-to-maturity securities consist of debt securities that are acquired or reclassified from another category of securities with the intention of holding them to maturity so as to generate regular income over a long period.

At their acquisition date, these securities are recognised ex coupon. The difference between the acquisition price and the redemption price is amortised over the residual maturity of the security.

At the end of each reporting period, the securities are kept at their acquisition value regardless of the market value of the security. Accordingly, no unrealised gains or losses are recognised.

5.5. Long-term securities

This category consists of securities the long-term holding of which is felt to be beneficial to the bank.

At the end of each reporting period, their value is estimated on the basis of generally accepted items : value in use, share of net assets, earnings outlook and share price. Provisions for impairment may be funded, on a case-by-case basis, for any unrealised losses.

5.6. Repurchase agreements

Securities sold under repurchase agreements are kept on the balance sheet and the amount received, representing the liability to the assignee, is recognised as a balance sheet liability.

Securities bought under repurchase agreements are not recognised on the balance sheet but the amount paid out, representing the receivable vis-à-vis the assignor, is recognised as a balance sheet asset.

Securities transferred under repurchase agreements are subject to the accounting treatment corresponding to the portfolio category in which they were classified.

6. Foreign currency denominated transactions

Receivables and payables plus signed commitments denominated in foreign currencies are translated into MAD at the average exchange rate on the reporting date.

Any foreign exchange gains (losses) recognised on the provisions funded by foreign operations and on foreign-currency denominated borrowings hedged against currency risk are recognised on the balance sheet on the "other assets" or "other liabilities" line item as the case may be. Foreign exchange gains (losses) resulting from the translation of long-term investments acquired in foreign currencies are recognised as translation adjustments on the relevant security line items.

Foreign exchange gains (losses) on other foreign-currency accounts are recognised in profit or loss.

Foreign-currency denominated revenue and expenses are translated at the exchange rate on the date of their recognition.

7. Translation of foreign-currency denominated financial statements

The " closing rate" method is used to translate foreign-currency denominated financial statements.

Translation of on- and off- balance sheet items

All assets, liabilities and off-balance sheet items of foreign entities are translated on the basis of the exchange rate on the reporting date.

Equity (excluding net income for the financial year) is measured at the various historic exchange rates. Any adjustments resulting from this correction (closing rate – historic rate) are recognised outside profit or loss under "translation adjustments".

Translation of income statement items

Aside from amortisation, depreciation and provisions translated at the closing rate, all income statement items are translated at the average exchange rate over the financial year.

8. General contingency reserve

This reserve is funded, as and when management sees fit, in order to cover future banking contingencies that are currently not identified or accurately measurable.

Such reserves are subject to tax add-backs.

9. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried on the balance sheet at the acquisition value less cumulative amortisation and depreciation, calculated on a straight-line basis over the estimated useful lives.

Intangible assets are split into operating and non-operating assets and are amortised over the following periods :

Nature	Amortisation period
- Leasehold rights	Not amortised
- Patents and trademarks	N/A
- Research and development assets	N/A
- Software	6.67
- Other intangible items	5

Property, plant and equipment is split into operating and non-operating assets and depreciated over the following periods :

Nature	Amortisation period
- Land	Not depreciated
- Premises	25
- Office equipment	6.67
- Computer hardware	6.67
- Vehicles	5
- Fixtures, fittings and installations	6.67

10. Deferred expenses

Deferred expenses are expenses that by virtue of their materiality and nature may relate to more than one financial year.

The depreciation periods applied are as follows :

Nature	Amortisation period
- Start-up costs	3
- Non-current asset acquisition costs	5
- Borrowing issuance costs	N/A
- Issue or redemption premiums on debt securities	N/A
- Other deferred expenses	Between 3 and 5 years depending on the case

11. Recognition of interest and fees in the income statement

Interest

Interest is deemed to be any income or expense calculated on effectively borrowed or lent capital.

Also classified as interest equivalents are any income or expense calculated pro-rata temporis in consideration for a risk. This category notably includes fees on guarantee and financing commitments (surety, documentary credit…).

Interest accruing on effectively lent or borrowed capital is recognised in the underlying receivable and payable line items through profit or loss.

Interest equivalents are recognised as revenue or expenses upon invoicing.

Fees

Income and expenses, determined on a lump-sum basis and in consideration for the provision of services, are recognised as fees upon invoicing.

12. Non-current income and expenses

These wholly relate to extraordinary income and expenses and are in principle both unusual and infrequent in nature.

Balance sheet at 31 December 2013 **(thousand MAD)**

ASSETS	12/31/2013	12/31/2012
Cash and balances with central banks, the Treasury and post office accounts	**7 594 415**	**5 806 876**
Loans and advances to credit institutions and similar establishments	**32 342 391**	**28 835 051**
. Sight	5 286 629	7 382 447
. Term	27 055 762	21 452 604
Loans and advances to customers	**168 897 359**	**167 656 801**
. Short-term loans and consumer loans	50 594 031	55 833 656
. Equipment loans	55 461 129	53 314 599
. Mortgage loans	56 147 102	54 357 429
. Other loans	6 695 097	4 151 117
Receivables acquired through factoring	**561 695**	**2 400 812**
Trading securities and available-for-sale securities	**51 616 324**	**52 216 361**
. Treasury bills and similar securities	38 807 089	36 395 703
. Other debt securities	2 691 012	3 873 126
. Fixed Income Funds	10 118 223	11 947 532
Other assets	**3 035 592**	**2 259 048**
Investment securities	**10 225 201**	**-**
. Treasury bills and similar securities	10 225 201	-
. Other debt securities	-	-
Investments in affiliates and other long-term investments	**12 475 572**	**12 214 528**
Subordinated loans	**-**	**-**
Leased and rented assets	**1 485 490**	**812 977**
Intangible assets	**1 824 486**	**1 735 941**
Property, plant and equipment	**2 291 343**	**2 228 128**
TOTAL ASSETS	**292 349 868**	**276 166 523**

LIABILITIES	12/31/2013	12/31/2012
Amounts owing to central banks, the Treasury and post office accounts	**-**	**-**
Amounts owing to credit institutions and similar establishments	**53 993 083**	**46 972 640**
. Sight	6 359 784	5 638 961
. Term	47 633 299	41 333 679
Customer deposits	**174 134 658**	**171 916 418**
. Current accounts in credit	105 275 973	102 630 602
. Savings accounts	23 679 523	22 108 436
. Term deposits	37 972 152	40 671 312
. Other accounts in credit	7 207 010	6 506 068
Debt securities issued	**7 744 448**	**9 211 756**
. Negociable debt securities	7 744 448	9 211 756
. Bonds	-	-
. Other debt securities issued	-	-
Other liabilities	**17 339 107**	**11 205 467**
General provisions	**1 726 395**	**1 277 205**
Regulated provisions	**-**	**-**
Subsidies, public funds and special guarantee funds	**-**	**-**
Subordinated debt	**10 034 909**	**10 369 269**
Revaluation reserve	**420**	**420**
Reserves and premiums related to share capital	**22 052 401**	**19 890 529**
Share capital	**2 035 272**	**2 012 431**
Shareholders, unpaid share capital (-)	**-**	**-**
Retained earnings (+/-)	**-312**	**691**
Net income to be allocated (+/-)	**-**	**-**
Net income for the financial year (+/-)	**3 289 487**	**3 309 697**
TOTAL LIABILITIES	**292 349 868**	**276 166 523**

Off-balance sheet items at 31 December 2013 (thousand MAD)

OFF-BALANCE	12/31/2013	12/31/2012
COMMITMENTS GIVEN	**55 419 879**	**49 140 698**
Financing commitments given to credit institutions and similar establishments	532	532
Financing commitments given to customers	12 695 610	14 149 816
Guarantees given to credit institutions and similar establishments	6 080 971	6 025 258
Guarantees given to customers	29 816 450	28 965 092
Securities purchased with repurchase agreement	**6 746 319**	**-**
Other securities to be delivered	79 997	-
COMMITMENTS RECEIVED	**14 504 285**	**16 445 088**
Financing commitments received from credit institutions and similar establishments	-	-
Guarantees received from credit institutions and similar establishments	14 454 051	16 404 756
Guarantees received from the State and other organisations providing guarantees	50 234	40 332
Securities sold with repurchase agreement	-	-
Other securities to be received	-	-

Income statement at 31 December 2013 (thousand MAD)

	12/31/2013	12/31/2012
OPERATING INCOME FROM BANKING ACTIVITIES	**16 236 924**	**15 914 465**
Interest and similar income from transactions with credit institutions	1 095 866	1 036 167
Interest and similar income from transactions with customers	9 539 872	9 425 291
Interest and similar income from debt securities	568 528	260 065
Income from equity securities	1 324 216	1 272 505
Income from lease-financed fixed assets	156 437	151 931
Fee income	1 265 049	1 252 387
Other banking income	2 286 956	2 516 119
OPERATING EXPENSES ON BANKING ACTIVITIES	**6 101 520**	**6 249 168**
Interest and similar expenses on transactions with credit institutions	1 302 654	1 264 630
Interest and similar expenses on transactions with customers	3 022 096	2 648 203
Interest and similar expenses on debt securities issued	392 180	394 061
Expenses on lease-financed fixed assets	96 649	102 038
Other banking expenses	1 287 941	1 840 236
NET BANKING INCOME	**10 135 404**	**9 665 297**
Non-banking operating income	129 157	72 100
Non-banking operating expenses	-	
OPERATING EXPENSES	**3 736 322**	**3 561 793**
Staff costs	1 683 047	1 610 608
Taxes other than on income	108 632	101 681
External expenses	1 536 632	1 437 987
Other general operating expenses	5 519	4 627
Depreciation, amortisation and provisions	402 492	406 890
PROVISIONS AND LOSSES ON IRRECOVERABLE LOANS	**2 308 595**	**1 744 661**
Provisions for non-performing loans and signature loans	1 492 915	1 014 095
Losses on irrecoverable loans	211 614	266 178
Other provisions	604 066	464 387
PROVISION WRITE-BACKS AND AMOUNTS RECOVERED ON IMPAIRED LOANS	**607 197**	**574 451**
Provision write-backs for non-performing loans and signature loans	489 971	427 927
Amounts recovered on impaired loans	47 726	87 341
Other provision write-backs	69 500	59 183
INCOME FROM ORDINARY ACTIVITIES	**4 826 841**	**5 005 394**
Non-recurring income	4 653	1 367
Non-recurring expenses	84 430	187 049
PRE-TAX INCOME	**4 747 064**	**4 819 712**
Income tax	1 457 578	1 510 015
NET INCOME FOR THE FINANCIAL YEAR	**3 289 487**	**3 309 697**

Management accounting statement at 31 December 2013 **(thousand MAD)**

I - RESULTS ANALYSIS	12/31/2013	12/31/2012
+ Interest and similar income	11 204 266	10 721 523
- Interest and similar expenses	4 716 930	4 306 894
NET INTEREST MARGIN	**6 487 336**	**6 414 629**
+ Income from lease-financed fixed assets	156 437	151 931
- Expenses on lease-financed fixed assets	96 649	102 038
NET INCOME FROM LEASING ACTIVITIES	**59 788**	**49 893**
+ Fees received	1 265 049	1 252 387
- Fees paid	-	-
NET FEE INCOME	**1 265 049**	**1 252 387**
+ Income from trading securities	1 459 439	1 016 014
+ Income from available-for-sale securities	-43	-5 689
+ Income from foreign exchange activities	366 722	269 989
+ Income from derivatives activities	24 937	159 225
INCOME FROM MARKET ACTIVITIES	**1 851 055**	**1 439 539**
+ Other banking income	1 324 216	1 285 179
- Other banking expenses	852 042	776 330
NET BANKING INCOME	**10 135 403**	**9 665 297**
+ Income from long-term investments	-77 966	-20 886
+ Other non-banking operating income	68 410	72 100
- Other non-banking operating expenses	-	-
- General operating expenses	3 736 322	3 561 793
GROSS OPERATING INCOME	**6 389 526**	**6 154 718**
+ Net provisions for non-performing loans and signature loans	-1 166 832	-765 007
+ Other net provisions	-395 853	-384 317
NET OPERATING INCOME	**4 826 841**	**5 005 394**
NON OPERATING INCOME	**-79 777**	**-185 682**
- Income tax	1 457 578	1 510 015
NET INCOME FOR THE FINANCIAL YEAR	**3 289 487**	**3 309 697**

II - TOTAL CASH FLOW	12/31/2013	12/31/2012
NET INCOME FOR THE FINANCIAL YEAR	**3 289 487**	**3 309 697**
+ Depreciation, amortisation and provisions for fixed asset impairment	402 492	406 890
+ Provisions for impairment of long-term investments	142 150	27 297
+ General provisions	400 000	337 500
+ Regulated provisions	-	-
+ Extraordinary provisions	-	-
- Reversals of provisions	3 437	6 412
- Capital gains on disposal of fixed assets	39 329	-
+ Losses on disposal of fixed assets	-	-
- Capital gains on disposal of long-term investments	60 747	-
+ Losses on disposal of long-term investments	-	-
- Write-backs of investment subsidies received		-
TOTAL CASH FLOW	**4 130 616**	**4 074 972**
- Profits distributed	1 811 188	1 640 466
SELF-FINANCING	**2 319 428**	**2 434 506**

Non-performing customer loans at 31 December 2013 **(thousand MAD)**

	Disbursed loans	Signature loans	**Amount**	Provisions for disbursed loans	Provisions for signature loans	**Amount**
12/31/2013	8 504 754	575 630	**9 080 384**	5 874 618	126 518	**6 001 136**

Sales at 31 December 2013 **(thousand MAD)**

2013	2012	2011
16 236 923	**15 914 465**	**14 069 736**

Cash flow statement at 31 December 2013 **(thousand MAD)**

	12/31/2013	12/31/2012
1. (+) Operating income from banking activities	14 585 800	14 641 960
2. (+) Amounts recovered on impaired loans	47 726	87 340
3. (+) Non-banking operating income	33 734	73 467
4. (-) Operating expenses on banking activities (*)	-6 934 854	-6 829 065
5. (-) Non-banking operating expenses		
6. (-) General operating expenses	-3 333 830	-3 154 903
7. (-) Income tax	-1 457 578	-1 510 015
I. NET CASH FLOW FROM INCOME STATEMENT	**2 940 998**	**3 308 784**
Change in : 8. (±) Loans and advances to credit institutions and similar establishments	-3 613 362	604 431
9. (±) Loans and advances to customers	598 559	-11 842 948
10. (±) Trading securities and available-for-sale securities	600 037	-14 676 088
11. (±) Other assets	-776 479	-93 406
12. (±) Lease-financed fixed assets	-672 513	-117 204
13. (±) Amounts owing to credit institutions and similar establishments	7 020 443	11 333 987
14. (±) Customer deposits	2 218 241	6 325 967
15. (±) Debt securities issued	-1 467 308	-977 471
16. (±) Other liabilities	6 131 811	1 991 072
II. NET CHANGE IN OPERATING ASSETS AND LIABILITIES	**10 039 429**	**-7 451 660**
III. NET CASH FLOW FROM OPERATING ACTIVITIES (I+ II)	**12 980 427**	**-4 142 876**
17. (+) Income from the disposal of long-term investments	59 176	
18. (+) Income from the disposal of fixed assets	134 020	295 990
19. (-) Acquisition of long-term investments	-10 464 277	-29 906
20. (-) Acquisition of fixed assets	-648 731	-469 861
21. (+) Interest received	326 908	
22. (+) Dividends received	1 324 216	1 272 505
IV. NET CASH FLOW FROM INVESTMENT ACTIVITIES	**-9 268 688**	**1 068 728**
23. (+) Subsidies, public funds and special guarantee funds		
24. (+) Subordinated loan issuance	-332 600	
25. (+) Equity issuance	685 242	2 099 999
26. (-) Repayment of shareholders' equity and equivalent		
27. (-) Interest paid	-465 654	-462 352
28. (-) Dividends paid	-1 811 188	-1 640 466
V- NET CASH FLOW FROM FINANCING ACTIVITIES	**-1 924 200**	**-2 819**
VI- NET CHANGE IN CASH AND CASH EQUIVALENTS (III+IV+V)	**1 787 539**	**-3 076 967**
VII- CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5 806 876**	**8 883 843**
VIII- CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**7 594 415**	**5 806 876**

(*) : including net provisions

Statement of departures from standard accounting treatment at 31 December 2013

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 2013

NATURE OF CHANGES	REASONS FOR CHANGES	IMPACT OF CHANGES ON THE COMPANY'S FINANCIAL POSITION OR RESULTS
I. Changes in valuation methods	NOT APPLICABLE	NOT APPLICABLE
II. Changes in rules of presentation	NOT APPLICABLE	NOT APPLICABLE

Loans and advances to credit institutions and similar establishments at 31 December 2013 (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 12/31/2013	Total 12/31/2012
CURRENT ACCOUNTS IN DEBIT	4 749 577		2 082 460	3 033 648	9 865 685	10 574 704
NOTES RECEIVED AS SECURITY						
- overnight						
- term						
CASH LOANS		59 413	10 671 275	2 201 178	12 931 866	11 195 697
- overnight		59 413			59 413	
- term			10 671 275	2 201 178	12 872 453	11 195 697
FINANCIAL LOANS		2 546 494	11 427 908		13 974 402	10 127 257
OTHER LOANS		83 638	31 002	362	115 002	124 161
INTEREST ACCRUED AWAITING RECEIPT			199 348	5 665	205 013	159 277
NON-PERFORMING LOANS						
TOTAL	4 749 577	2 689 545	24 411 993	5 240 853	37 091 968	32 181 096

Loans and advances to customers at 31 December 2013 (thousand MAD)

LOANS AND ADVANCES	Public sector	Private sector			Total 12/31/2013	Total 12/31/2012
		Financial companies	Non-financial companies	Other customers		
SHORT-TERM LOANS	2 607 308	416 586	36 502 581	1 843 893	41 370 368	47 028 924
- Current accounts in debit	1 409 451	416 586	20 657 533	1 480 707	23 964 277	25 490 771
- Commercial loans within Morocco			4 199 048		4 199 048	5 018 581
- Export loans			389 553		389 553	437 395
- Other cash loans	1 197 857		11 256 447	363 186	12 817 490	16 082 177
CONSUMER LOANS			545 027	7 928 600	8 473 627	8 077 306
EQUIPMENT LOANS	26 739 624		24 305 430	3 687 712	54 732 766	52 495 745
MORTGAGE LOANS	11 380		17 027 320	39 086 780	56 125 480	54 349 333
OTHER LOANS	9 074	2 329 464	333 104	1 391 900	4 063 542	3 205 398
RECEIVABLES ACQUIRED THROUGH FACTORING			561 695		561 695	2 400 812
INTEREST ACCRUED AWAITING RECEIPT			1 438 449	62 996	1 501 445	1 554 637
NON-PERFORMING LOANS	1 210	25 223	157 438	2 446 265	2 630 136	945 458
- Sub-standard loans				55 440	55 440	
- Doubtful loans			157 438		157 438	
- Impaired loans	1 210	25 223		2 390 825	2 417 258	945 458
TOTAL	29 368 596	2 771 273	80 871 044	56 448 146	169 459 059	170 057 613

Breakdown of trading securities, available-for-sale securities and investment securities by category of issuer at 31 December 2013 (thousand MAD)

SECURITIES	Other credit institutions and similar establishments	Public issuers	Private issuers		TOTAL 12/31/2013	TOTAL 12/31/2012
			Financial companies	Non-financial companies		
LISTED SECURITIES	84 690	472 344	9 986 750	469 988	11 013 772	14 676 225
. Treasury bills and similar instruments					-	-
. Bonds		472 344		366 286	838 630	-
. Other debt securities	84 690				84 690	2 764 746
. Fixed Income Funds			9 986 750	103 702	10 090 452	11 911 479
UNLISTED SECURITIES	279 447	48 649 255	1 486 698	6 187	50 421 587	37 540 136
. Treasury bills and similar instruments		48 646 290			48 646 290	36 395 703
. Bonds			1 469 318		1 469 318	1 108 380
. Other debt securities	278 208				278 208	
. Fixed Income Funds	1 239	2 965	17 380	6 187	27 771	36 053
TOTAL GENERAL	364 137	49 121 599	11 473 448	476 175	61 435 359	52 216 361

Value of trading securities, available-for-sale securities and investment securities at 31 December 2013 **(thousand MAD)**

SECURITIES	Gross book value	Current value	Redemption value	Unrealised capital gains	Unrealised losses	Provisions
TRADING SECURITIES	**46 439 827**	**46 439 827**				
. Treasury bills and similar instruments	34 605 640	34 605 640				
. Bonds	1 674 649	1 674 649				
. Other debt securities	84 690	84 690				
. Fixed Income Funds	10 074 848	10 074 848				
AVAILABLE-FOR-SALE SECURITIES	**5 087 978**	**5 054 555**		**78 917**	**33 423**	**33 423**
. Treasury bills and similar instruments	4 105 790	4 099 673		75 187	6 117	6 117
. Bonds	640 433	633 299		3 728	7 134	7 134
. Other debt securities	278 208	278 208		-		
. Fixed Income Funds	63 547	43 375		2	20 172	20 172
INVESTMENT SECURITIES	**9 940 977**	**9 940 977**				
. Treasury bills and similar instruments	9 940 977	9 940 977				
. Bonds						
. Other debt securities						

Details of other assets at 31 December 2013 **(thousand MAD)**

ASSETS	AMOUNT AT 12/31/2013	AMOUNT AT 12/31/2012
OPTIONS PURCHASED		**48 040**
SUNDRY SECURITIES TRANSACTIONS (1)		
SUNDRY DEBTORS	**483 157**	**297 275**
Amounts due from the State	258 665	175 047
Amounts due from mutual societies		
Sundry amounts due from staff		
Amounts due from customers for non-banking services	429	437
Other sundry debtors	224 063	121 791
OTHER SUNDRY ASSETS	**1 567**	**2 612**
ACCRUALS AND SIMILAR	**2 433 846**	**1 795 596**
Adjustment accounts for off-balance sheet transactions	332 916	515 768
Translation differences for foreign currencies and securities	76	75
Income from derivative products and hedging		
Deferred expenses	40 511	16 159
Inter-company accounts between head office, branch offices and branches in Morocco	1 886	4 718
Accounts receivable and prepaid expenses	1 557 838	1 005 149
Other accruals and similar	500 619	253 727
NON-PERFORMING LOANS ON SUNDRY TRANSACTIONS	**117 022**	**115 525**
TOTAL	**3 035 592**	**2 259 048**

(1) PCEC 341, 3463 et 3469 If in débit

Subordinated loans at 31 December 2013 **(thousand MAD)**

LOANS	Amount				including affiliates and related companies	
	12/31/2013			12/31/2012	12/31/2013	12/31/2012
	Gross 1	Prov. 2	Net 3	Net 4	Net 5	Net 6
Subordinated loans to credit institutions and similar establishments	NOT APPLICABLE					
Subordinated loans to customers						
TOTAL						

Leased and rented assets at 31 December 2013 (thousand MAD)

CATEGORY	Gross amount at beginning of FY	Amount of acquisitions during FY	Amount of transfers or withdrawals during FY	Gross amount at end of FY	Depreciation		Provisions			Net amount at end of FY
					Allocation during FY	Aggregate depreciate	Allocation in FY	Provision write downs	Aggregate provisions	
LEASED AND RENTED ASSETS	1 321 436	739 040	13 254	2 047 222	96 649	561 732				1 485 490
LEASED INTANGIBLE ASSETS										
EQUIPMENT LEASING	1 293 002	736 903	9 189	2 020 716	96 649	539 796				1 480 920
- Movable assets under lease	393 400	612 993		1 006 393						1 006 393
- Leased movable assets	899 602	123 910	9 189	1 014 323	96 649	539 796				474 527
- Movable assets unleased after cancellation										
PROPERTY LEASING	25 647			25 647		21 936				3 711
- Immovable assets under lease										
- Immovable leased assets	25 647			25 647		21 936				3 711
- Immovable assets unleased after cancellation										
RENTS AWAITING RECEIPT										
RESTRUCTURED RENTS										
RENTS IN ARREARS	2 787	2 137	4 065	859						859
NON-PERFORMING LOANS										
RENTED ASSETS										
Rented movable property										
Rented property										
Rents awaiting receipt										
Restructured rents										
Rents in arrears										
Non-performing rents										
TOTAL	1 321 436	739 040	13 254	2 047 223	96 649	561 732				1 485 490

Gains and losses on fixed asset transfers or withdrawals at 31 December 2013 (thousand MAD)

Date of transfer or withdrawal	Type	Gross amount	Aggregate depreciation	Net book value	Transfer income	Value-added transfers	Loss in value transfers
	OFFICE EQUIPMENT AND FURNITURE	**80 097**	**5 547**	**74 551**	**74 551**		
dec-13	OFFICE FURNITURE	9 221	574	8 647			
dec-13	OFFICE EQUIPMENT	22 031	2 087	19 944			
dec-13	INTERBANK EQUIPMENT	25 264	1 598	23 667			
dec-13	SAFE DEPOSIT	2 008	155	1 853			
dec-13	IT EQUIPMENT	21 573	1 132	20 440			
	OFFICE EQUIPMENT AND FURNITURE	**42 640**	**22 536**	**20 104**	**59 469**	**39 329**	
dec-13		9 676	-	9 676			
dec-13		31 065	21 878	9 187			
dec-13		1 900	659	1 241			
	TOTAL GENERAL	**122 738**	**28 083**	**94 655**	**134 020**	**39 329**	

Intangible assets and property, plant and equipment at 31 December 2013 **(thousand MAD)**

TYPE	Gross value at the beginning of the exercise	Acquisitions	Disposals	Gross value at the end of the exercise	Depreciation and/or provisions: Amortisation and provisions at the beginning of the exercise	Depreciation and/or provisions: Additional amortisation	Depreciation and/or provisions: Amortisation on disposed assets	Depreciation and/or provisions: Accumulated amortisation and depreciation	Net value at the end of the exercise
INTANGIBLE ASSETS	**2 543 066**	**236 810**	**-**	**2 779 876**	**807 125**	**148 265**	**-**	**955 390**	**1 824 486**
. Lease rights	307 822	-	-	307 822	-	-	-	-	307 822
. Research and development		-	-	-	-	-	-	-	-
. Intangible assets used in operations	2 235 244	236 810	-	2 472 054	807 125	148 265	-	955 390	1 516 664
. Non-operating intangible assets		-	-	-	-	-	-	-	-
PROPERTY, PLANT AND EQUIPMENT	**5 700 712**	**411 920**	**122 738**	**5 989 894**	**3 472 406**	**254 227**	**28 083**	**3 698 550**	**2 291 343**
Immovable property used in operations	**1 768 670**	**8 612**	**24 690**	**1 752 592**	**672 058**	**54 677**	**17 402**	**709 334**	**1 043 258**
. Land	297 660	638	3 668	294 630	-	-	-	-	294 630
. Office buildings	1 395 199	7 974	8 279	1 394 894	612 284	52 559	7 374	657 468	737 426
. Staff accommodation	75 811	-	12 743	63 068	59 774	2 119	10 027	51 865	11 203
Movable property and equipment used in operations	**1 837 509**	**90 213**	**80 097**	**1 847 625**	**1 670 968**	**61 973**	**5 547**	**1 727 395**	**120 230**
. Office property	382 129	14 340	9 221	387 247	348 912	14 094	574	362 432	24 815
. Office equipment	860 634	39 482	49 303	850 813	784 069	23 903	3 840	804 132	46 681
. IT equipment	586 559	36 349	21 573	601 335	530 146	23 932	1 132	552 946	48 388
. Vehicles	8 187	43	-	8 230	7 840	44	-	7 884	346
. Other equipment		-	-	-	-	-	-	-	-
Other property, plant and equipment used in operations	**1 314 380**	**118 682**	**3 185**	**1 429 877**	**916 907**	**116 024**	**3 174**	**1 029 756**	**400 121**
Property, plant and equipment not used in operations	**780 153**	**194 413**	**14 766**	**959 800**	**212 473**	**21 553**	**1 960**	**232 065**	**727 734**
. Land	227 728	-	6 961	220 767	-	-	-	-	220 767
. Buildings	377 930	190 000	7 572	560 358	124 660	13 966	1 727	136 899	423 459
. Movable property and equipment	42 903	406	-	43 309	41 645	1 442	-	43 087	222
. Other property, plant and equipment not used in operations	131 592	4 007	233	135 366	46 168	6 145	233	52 080	83 286
TOTAL	**8 243 778**	**648 730**	**122 738**	**8 769 770**	**4 279 530**	**402 492**	**28 083**	**4 653 940**	**4 115 830**

Investments in affiliates and other long-term investments at 31 December 2013 **(thousand MAD)**

Name of the issuing Company	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements: Year-end	Net assets	Net income	Contribution to current year's income
A - INVESTMENTS IN AFFILIATE COMPANIES				**11 609 278**	**11 333 764**				**1 251 082**
ATTIJARI FINANCES CORPORATE	INVESTMENT BANKING	10 000	100,00%	10 000	10 000	30/06/13	47 653	33 145	35 000
OMNIUM DE GESTION MAROCAIN S.A."OGM"	HOLDING COMPANY	885 000	100,00%	2 047 900	2 047 900	30/06/13	1 659 971	303 937	500 000
SOMACOVAM	ASSET MANAGEMENT	5 000	100,00%	30 000	7 936				-
WAFA GESTION	ASSET MANAGEMENT	4 900	66,00%	236 369	236 369	30/06/13	90 807	23 276	47 604
ATTIJARI INVEST.		5 000	100,00%	5 000	5 000	30/06/12	49 808	4 765	-
WAFA BOURSE	SECURITIES BROKERAGE	20 000	100,00%	40 223	39 601	30/06/12	39 601	-1 542	-
WAFA PATRIMOINE	PRIVATE PORTFOLIO MANAGEMENT	10 000	66,00%	1 700	1 700				-
ATTIJARI OPERATIONS	SERVICE COMPANY	1 000	100,00%	1 000	1 000				-
ATTIJARI AFRICA	SERVICE COMPANY	2 000	100,00%	2 000	2 000				-
ATTIJARI CIB AFRICA	SERVICE COMPANY	2 000	100,00%	2 000	2 000				-
ATTIJARI IT AFRICA	SERVICE COMPANY	1 000	100,00%	1 000	1 000				-
ATTIJARIWAFA BANK MIDDLE EAST LIMITED		1 000	100,00%	8 194	8 194				-
STE MAROCAINE DE GESTION ET TRAITEMENT INFORMATIQUE "SOMGETI"	COMPUTER TECHNOLOGY	300	100,00%	100	100	12/31/11	585	-18	-
AGENA MAGHREB	SALE OF IT EQUIPMENT	11 000	74,96%	33	-	12/31/11	-6 692	-20	-
ATTIJARI CAPITAL DEVELOPEMENT	RISK CAPITAL	10 000	100,00%	10 000	10 000	12/31/11	24 698	2 543	-
ATTIJARI PROTECTION	SECURITY	4 000	83,75%	3 350	3 350				-
BCM CORPORATION	HOLDING COMPANY	200 000	100,00%	200 000	200 000	30/06/13	253 189	36 186	30 000
CASA MADRID DEVELOPPEMENT	DEVELOPMENT CAPITAL	10 000	50,00%	5 000	4 999	12/31/11	9 997	121	-
DINERS CLUB DU MAROC	MANAGEMENT OF PAYMENT CARDS	1 500	100,00%	1 675	-	12/31/11	1 209	-55	-
MEDI TRADE	TRADING	1 200	20,00%	240	135	30/06/12	674	-	-
AL MIFTAH	PROPERTY	100	100,00%	243	59	30/06/12	60	-1	-
WAFA COURTAGE	BROKERAGE	1 000	100,00%	2 397	2 397	30/06/12	6 006	1 667	10 000
WAFA COMMUNICATION		3 000	86,67%	2 600	336	12/31/11	388	-85	-
WAFA FONCIERE	PROPERTY MANAGEMENT	2 000	100,00%	3 700	2 299	30/06/12	2 300	-60	-
WAFA INVESTISSEMENT	INVESTMENT HOLDING COMPANY	55 000	100,00%	55 046	15 010				-
WAFA SYSTEMES CONSULTING	IT CONSULTING	5 000	99,88%	4 994	4 994	12/31/11	5 881	389	-
WAFA SYSTEMES DATA	IT	1 500	100,00%	1 500	1 500	12/31/11	1 717	21	-
WAFA SYSTEMES FINANCES	IT SOLUTIONS	2 000	100,00%	2 066	2 066	12/31/11	2 851	96	-
WAFA TRUST	FINANCIAL SERVICES		100,00%	1 500	1 500	30/06/12	1 616	-55	-
ATTIJARIA AL AAKARIA AL MAGHRIBIA	PROPERTY	10 000	100,00%	9 999	7 173	12/31/12	7 173	151	-
SOCIETE IMMOBILIERE ATTIJARIA AL YOUSSOUFIA	PROPERTY	50 000	100,00%	51 449	51 449	12/31/12	101 265	40 093	
STE IMMOB.BOULEVARD PASTEUR " SIBP"	PROPERTY	300	50,00%	25	25				-
SOCIETE IMMOBILIERE RANOUIL	PROPERTY	3 350	100,00%	11 863	4 592	12/31/12	4 504	49	-
SOCIETE IMMOBILIERE DE L'HIVERNAGE SA	PROPERTY	15 000	100,00%	15 531	3 162				-
SOCIETE IMMOBILIERE MAIMOUNA	PROPERTY	300	100,00%	5 266	3 439	12/31/12	3 663	-223	-
STE IMMOBILIERE MARRAKECH EXPANSION	PROPERTY	300	100,00%	299	299	12/31/12	784	7	-
SOCIETE IMMOBILIERE ZAKAT	PROPERTY	300	100,00%	2 685	349	12/31/12	311	19	-
AYK	PROPERTY	100	100,00%	100	-	30/06/12	-1 110	-3	-
CAPRI	PROPERTY	124 000	99,76%	187 400	7 000				-
ATTIJARI IMMOBILIER	PROPERTY	50 000	100,00%	71 686	71 686	30/06/13	58 725	496	-
ATTIJARI INTERNATIONAL BANK "AIB"	OFFSHORE BANK	2 400 KEURO	100,00%	92 442	92 442	30/06/13	17 608 KEURO	1 087 KEURO	26 400
WAFACASH	MONEY TRANSFERS	35 050	99,85%	323 518	323 518	30/06/13	267 953	44 260	69 895
WAFA IMMOBILIER	PROPERTY	50 000	100,00%	164 364	164 364	30/06/13	95 368	39 809	70 000
WAFASALAF	CONSUMER FINANCE	113 180	50,91%	634 783	634 783	30/06/13	1 436 736	170 219	193 022
WAFA LLD	LEASING	20 000	100,00%	20 000	20 000	30/06/13	32 314	8 410	10 000
WAFABAIL	LEASE-FINANCING	150 000	57,83%	86 983	86 983	30/06/13	714 975	71 683	28 916
DAR ASSAFAA LITAMWIL	LEASE-FINANCING	50 000	100,00%	50 510	50 510				-
ANDALUMAGHREB	HOLDING COMPANY	1 000 KEURO	100,00%	10 950	10 950				-
ANDALUCARTAGE	HOLDING COMPANY	126 390 KEURO	100,00%	1 964 504	1 964 504	30/06/13	138 600 KEURO	13 667 KEURO	-
ATTIJARIWAFA EURO FINANCES	HOLDING COMPANY	39 557 KEURO	100,00%	402 924	402 924	30/06/13	39 351 KEURO	-	-
CAFIN	HOLDING COMPANY	1 122 000 KFCFA	100,00%	257 508	257 508	30/06/13	5 849 441 KFCFA	1 067 367 KFCFA	-
KASOVI	HOLDING COMPANY	50 KUSD	50,00%	731 264	731 264	30/06/13	19 542 KUSD	7 005 KUSD	6 337
COMPAGNIE BANCAIRE DE L'AFRIQUE OCCIDENTALE"CBAO"	BANKING	11 450 000 KFCFA	4,90%	35 979	35 979	30/06/13	72 418 812 KFCFA	5 088 228 KFCFA	29 843
BANQUE INTERNATIONALE POUR LE MALI "BIM SA"	BANKING	5 002 870 KFCFA	51,00%	689 599	689 599	30/06/13	20 935 275 KFCFA	1 911 027 KFCFA	5 847
SOCIETE IVOIRIENNE DE BANQUE " SIB "	BANKING	10 000 000 KFCFA	51,00%	648 084	648 084	30/06/13	36 829 339 KFCFA	5 934 539 KFCFA	31 857
CREDIT DU SENEGAL	BANKING	5 000 000 KFCFA	95,00%	292 488	292 488	30/06/13	12 767 070 KFCFA	1 114 948 KFCFA	36 124
CREDIT DU CONGO	BANKING	7 743 670 KFCFA	91,00%	608 734	608 734	30/06/13	16 231 585 KFCFA	3 088 648 KFCFA	33 268
UNION GABONAISE DE BANQUES "UGB GABON"	BANKING	10 000 000 KFCFA	58,71%	848 842	848 842	30/06/13	21 174 537 KFCFA	2 272 605 KFCFA	52 441
ATTIJA AFRIQUE PARTICIPATION	HOLDING COMPANY	10 010 KEURO	100,00%	113 120	113 120	30/06/13	9 991 KEURO	-	-
SOCIETE COMMERCIALE DE BANQUE CAMEROUN	BANKING	10 000 000 KFCFA	51,00%	379 110	379 110	30/06/13	28 024 379 KFCFA	3 792 216 KFCFA	34 527
SOCIETE BIA TOGO	BANKING	6 000 000 KFCFA		143 872	143 872				
SOCIETE CIVILE IMMOBILIERE TOGO LOME	PROPERTY			66 761	66 761				
WAFACAMBIO				963	963				
WAFABANK OFFSHORE DE TANGER			100,00%	5 842	5 842				

Investments in affiliates and other long-term investments at 31 December 2013 **(thousand MAD)**

Name of the issuing Company	Sector of activity	Share capital	Share of equity held	Gross book value	Net book value	Data from the issuing company's most recent financial statements			Contribution to current year's income
						Year-end	Net assets	Net income	
B - OTHER INVESTMENTS				**523 794**	**451 495**				**53 803**
NOUVELLES SIDERURGIES INDUSTRIELLES	METALS AND MINING	3 415 000	2,72%	92 809	92 809				-
SONASID	METALS AND MINING			28 391	8 533				-
ATTIJARIWAFA BANK	BANKING			623	580				-
SINCOMAR		300	47,50%						-
AGRAM INVEST		40 060	27,82%	10 938	7 492		26 934	-11	-
AM INVESTISSEMENT MOROCCO	INVESTMENT HOLDING COMPANY	400 000	3,25%	13 000	13 000				-
BOUZNIKA MARINA	PROPERTY DEVELOPMENT			500	500				-
EUROCHEQUES MAROC				363	364				-
FONDS D'INVESTISSEMENT IGRANE		70 000	18,26%	9 970	407	30/06/12	17 630	-6 559	-
IMMOBILIERE INTERBANCAIRE "G.P.B.M."	GROUPEMENT PROFES-SIONNEL DES BANQUES	19 005	20,00%	3 801	3 801				-
IMPRESSION PRESSE EDITION (IPE)	PUBLISHING			400	400				-
MOUSSAFIR HOTELS	HOTEL MANAGEMENT	193 000	33,34%	64 342	64 343	12/31/11	299 081	47 525	13 808
SALIMA HOLDING	HOLDING COMPANY	150 000	13,33%	16 600	16 600	12/31/11	257 807	3 068	-
S.E.D. FES		10 000	10,00%						-
STE D'AMENAGEMENT DU PARC NOUACER"SAPINO"	PROMOTION IMMOBILIÈRE	60 429	22,69%	13 714	13 714	30/06/12	225 678	3 221	2 042
TANGER FREE ZONE	PROPERTY DEVELOP-MENT	105 000	25,71%	58 221	58 221				-
TECHNOLOPARK COMPANY "MITC"	SERVICES PROVIDER			8 150	7 784				-
WORLD TRADE CENTER									-
MAROCLEAR	SECURITIES CUSTODIAN	20 000	6,58%	1 342	1 342	12/31/11	215 907	24 686	-
HAWAZIN	PROPERTY	960	12,50%	704	-				-
INTAJ	PROPERTY	576	12,50%	1 041	549				-
EXP SERVICES MAROC S.A.	RISK CENTRALISATION SERVICES	20 000	3,00%	600	600				-
H PARTNERS		1 400 010	7,14%	100 000	62 616	30/06/12	1 021 479	-6 231	-
MOROCCAN FINANCIAL BOARD				20 000	20 000				10 593
MAROC NUMERIQUE FUND		157 643	6,34%	10 000	9 556	30/06/12	150 647	3 239	-
FONCIERE EMERGENCE		120 017	8,06%	12 087	12 087				-
ALTERMED MAGHREB EUR				5 247	5 247				-
INTER MUTUELLES ASSISTANCE				894	894				-
WAFA IMA ASSISTANCE				15 356	15 356				-
3 P FUND		80 020	5,00%	4 000	4 000				-
BANQUE D'AFFAIRE TUNISIENNE	BANKING	198 741		2 583	2 583	30/06/12	373 643	27 686	-
CENTRE MONETIQUE INTERBANCAIRE	ELECTRONIC BANKING	98 200	22,40%	22 000	22 000				25 520
SOCIETE INTERBANK	MANAGEMENT OF BANK CARDS	11 500	16,00%	1 840	1 840				1 840
SMAEX		37 450	11,42%	4 278	4 278	12/31/11	86 364	-1 055	-
C - SIMILAR INVESTMENTS				**691 600**	**690 313**				
C/C ASSOCIES				675 765	674 478				
AUTRES EMPLOIS ASSIMILEES				15 835	15 835				
TOTAL				**12 824 673**	**12 475 572**				**1 304 885**

Amounts owing to credit institutions and similar establishments at 31 December 2013 **(thousand MAD)**

AMOUNTS OWING	Credit institutions and similar establishments in Morocco			Credit institutions overseas	Total 12/31/2013	Total 12/31/2012
	Bank Al Maghrib, the Treasury and post office accounts	Banks	Other credit institutions and similar establishments			
CURRENT ACCOUNTS IN CREDIT		1 988	211 266	1 207 070	**1 420 324**	940 813
NOTES GIVEN AS SECURITY	35 424 998	1 000 085			**36 425 083**	32 557 483
- overnight	3 500 062				3 500 062	800 764
- term	31 924 936	1 000 085			32 925 021	31 756 719
CASH BORROWINGS	4 060 000	909 139	2 891 847	8 191 266	**16 052 252**	13 380 266
- overnight	600 000	269 000	166 376	401 775	1 437 151	3 869 382
- term	3 460 000	640 139	2 725 471	7 789 491	14 615 101	9 510 884
FINANCIAL BORROWINGS	2 197			82	**2 279**	2 690
OTHER DEBTS	48 454	4 084			**52 538**	53 979
INTEREST PAYABLE			31 420	9 187	**40 607**	37 409
TOTAL	39 535 649	1 915 296	3 134 533	9 407 605	**53 993 083**	46 972 640

Customer deposits at 31 December 2013 **(thousand MAD)**

DEPOSITS	Public sector	Private sector			Total 12/31/2013	Total 12/31/2012
		Financial companies	Non-financial companies	Other customers		
CURRENT ACCOUNTS IN CREDIT	1 789 867	2 560 092	21 969 609	78 940 148	**105 259 716**	102 614 499
SAVINGS ACCOUNTS				23 463 773	**23 463 773**	21 944 341
TERM DEPOSITS	1 748 167	4 621 952	10 633 514	20 267 318	**37 270 951**	39 852 721
OTHER ACCOUNTS IN CREDIT	30 408	53 363	6 205 552	949 805	**7 239 128**	6 506 068
ACCRUED INTEREST PAYABLE			900 551	542	**901 093**	998 789
TOTAL	3 568 442	7 235 407	39 709 226	123 621 586	**174 134 661**	171 916 418

Debt securities issued at 31 December 2013 **(thousand MAD)**

SECURITIES	Characteristics					Value	Including		Unamortised value of issue or redemption premiums
	Entitle-ment date	Maturity	Nominal value	Interest rate	Redemption terms		Affiliates	Related companies	
CERTIFICATES OF DEPOSIT	06/10/10	06/10/17	100 000	1,20%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	14/10/13	18/03/14	275 000	3,75%	IN FINE	275 000			
CERTIFICATES OF DEPOSIT	14/10/13	17/06/14	318 000	4,00%	IN FINE	318 000			
CERTIFICATES OF DEPOSIT	12/07/13	26/02/14	366 000	4,11%	IN FINE	366 000			
CERTIFICATES OF DEPOSIT	12/07/13	08/01/14	221 000	4,21%	IN FINE	221 000			
CERTIFICATES OF DEPOSIT	01/06/12	02/06/14	540 000	4,23%	IN FINE	540 000			
CERTIFICATES OF DEPOSIT	21/10/09	21/10/14	200 000	4,30%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	28/02/12	28/02/14	415 000	4,30%	IN FINE	415 000			
CERTIFICATES OF DEPOSIT	26/06/12	26/06/14	512 500	4,30%	IN FINE	512 500			
CERTIFICATES OF DEPOSIT	13/08/12	13/08/14	200 000	4,33%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	03/05/11	04/05/15	627 000	4,35%	IN FINE	627 000			
CERTIFICATES OF DEPOSIT	17/01/12	17/01/14	200 000	4,35%	IN FINE	200 000			
CERTIFICATES OF DEPOSIT	20/01/12	20/01/14	592 000	4,35%	IN FINE	592 000			
CERTIFICATES OF DEPOSIT	21/03/12	21/03/14	221 000	4,35%	IN FINE	221 000			
CERTIFICATES OF DEPOSIT	27/01/12	27/01/14	365 000	4,36%	IN FINE	365 000			
CERTIFICATES OF DEPOSIT	16/12/10	16/12/14	100 000	4,37%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	12/07/13	27/08/14	285 000	4,40%	IN FINE	285 000			
CERTIFICATES OF DEPOSIT	14/10/13	16/12/14	709 600	4,45%	IN FINE	709 600			
CERTIFICATES OF DEPOSIT	21/03/12	23/03/15	100 000	4,50%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	14/10/13	13/10/14	816 000	4,50%	IN FINE	816 000			
CERTIFICATES OF DEPOSIT	13/10/11	13/10/16	100 000	4,56%	IN FINE	100 000			
CERTIFICATES OF DEPOSIT	02/09/13	02/09/15	230 000	4,95%	IN FINE	230 000			
CERTIFICATES OF DEPOSIT	24/12/13	24/12/18	100 000	5,60%	IN FINE	100 000			
TOTAL						**7 593 100**			

Details of other liabilities at 31 December 2013 **(thousand MAD)**

LIABILITIES	12/31/2013	12/31/2012
OPTIONS SOLD		**28 498**
SUNDRY SECURITIES TRANSACTIONS [1]	**13 915 398**	**6 780 572**
SUNDRY CREDITORS	**2 139 253**	**3 402 078**
Amounts due to the State	580 935	532 993
Amounts due to mutual societies	62 204	64 979
Sundry amounts due to staff	247 035	254 981
Sundry amounts due to shareholders and associates	3 766	3 333
Amounts due to suppliers of goods and services	1 227 185	2 458 697
Other sundry creditors	18 128	87 095
DEFERRED INCOME AND ACCRUED EXPENSES	**1 284 456**	**994 319**
Adjustment accounts for off-balance sheet transactions	583	1 171
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	780 674	641 961
Other deferred income	503 199	351 187
TOTAL	**17 339 107**	**11 205 467**

(1) PCEC 341, 343, 344, 3462 and 3464 if in credit

Provisions at 31 December 2013 **(thousand MAD)**

PROVISIONS	Outstanding 12/31/2012	Additional provisions	Write-backs	Other changes	Outstanding 12/31/2013
PROVISIONS, DEDUCTED FROM ASSETS, FOR :	**5 184 981**	**1 574 198**	**485 661**		**6 273 518**
Loans and advances to credit institutions and other similar establishments					
Loans and advances to customers	4 924 953	1 429 708	480 044		5 874 617
Available-for-sale securities	33 263	2 340	2 181		33 423
Investments in affiliates and other long-term investments	210 388	142 150	3 437		349 101
Leased and rented assets					-
Other assets	16 377				16 377
PROVISIONS RECORDED UNDER LIABILITIES	**1 277 205**	**525 123**	**75 990**	**57**	**1 726 394**
Provisions for risks in executing signature loans	73 239	63 207	9 927		126 519
Provisions for foreign exchange risks					-
General provisions	823 349	400 000			1 223 349
Provisions for pension fund and similar obligations	117 938	34 300	39 379		112 859
Other provisions	262 680	27 616	26 684	57	263 669
Regulated provisions					
TOTAL	**6 462 186**	**2 099 321**	**561 652**	**57**	**7 999 912**

Subsidies, public fonds and spécial guarantee funds at 31 December 2013 **(thousand MAD)**

	ECONOMIC PURPOSE	TOTAL VALUE	VALUE AT END OF 2012	UTILISATION 2013	VALUE AT END OF 2013
SUBSIDIES	NOT APPLICABLE				
PUBLIC FUNDS					
SPECIAL GUARANTEE FUNDS					
TOTAL					

Subordinated debts at 31 December 2013 **(thousand MAD)**

Currency of issue	Value of loan in currency of issue	Price (1)	Interest Rate	Maturity (2)	Terms for early redemption, subordination and convertibility (3)	Value of loan in thousand MAD	Including related businesses		Including other related businesses	
							Value in thousand MAD 2012	Value in thousand MAD 2013	Value in thousand MAD 2012	Value in thousand MAD 2013
MAD			3.85%	7 YEARS		1 417 400				
MAD			4.10%	7 YEARS		950 000				
MAD			4.30%	10 YEARS		879 600				
MAD			4.35%	7 YEARS		1 275 100				
MAD			4.53%	10 YEARS		290 000				
MAD			4.76%	7 YEARS		50 000				
MAD			4.77%	7 YEARS		201 700				
MAD			4.78%	7 YEARS		723 200				
MAD			5.00%	10 YEARS		710 000				
MAD			5.01%	5 YEARS		710 000				
MAD			5.10%	10 YEARS		1 000 000				
MAD			5.60%	5 YEARS		540 000				
MAD			5.60%	10 YEARS		1 120 400				
TOTAL						**9 867 400**				

(1) BAM price at 12/31/2013 - (2) Possibly for an unspecified period - (3) Refer to the subordinated debt contract note

Shareholders equity at 31 December 2013 (thousand MAD)

SHAREHOLDERS' EQUITY	Outstanding 12/31/2012	Allocation to income	Other change	Outstanding 12/31/2013
Revaluation reserve	**420**			**420**
Reserves and premiums related to share capital	**19 890 528**	**1 499 472**	**662 401**	**22 052 401**
Legal reserve	192 996	-		192 996
Other reserves	12 243 440	1 499 472		13 742 912
Issue, merger and transfer premiums	7 454 092		662 401	8 116 493
Share capital	**2 012 431**	-	**22 841**	**2 035 272**
Called-up share capital	2 012 431		22 841	2 035 272
Uncalled share capital				
Non-voting preference shares				
Fund for general banking risks				
Shareholders' unpaid share capital				
Retained earnings (+/-)	**691**	**-962**	**-41**	**-312**
Net income (loss) awaiting appropriation (+/-)				
Net income (+/-)	**3 309 697**	**-3 309 697**		**3 289 487**
TOTAL	**25 213 767**	**-1 811 188**	**685 202**	**27 377 268**

Financing commitments and guarantees at 31 December 2013 (thousand MAD)

COMMITMENTS	12/31/2013	12/31/2012
FINANCING COMMITMENTS AND GUARANTEES GIVEN	**49 169 192**	**49 671 811**
Financing commitments given to credit institutions and similar establishments	**532**	**532**
Import documentary credits		
Acceptances or commitments to be paid	532	532
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments		
Other financing commitments given		
Financing commitments given to customers	**12 695 610**	**14 149 817**
Import documentary credits	9 974 628	10 770 486
Acceptances or commitments to be paid	2 492 661	2 411 742
Confirmed credit lines		
Back-up commitments on securities issuance		
Irrevocable leasing commitments	228 320	967 589
Other financing commitments given		
Guarantees given to credit institutions and similar establishments	**6 080 971**	**6 025 257**
Confirmed export documentary credits		
Acceptances or commitments to be paid		
Credit guarantees given		
Other guarantees and pledges given	6 080 971	6 025 257
Non-performing commitments		
Guarantees given to customers	**30 392 079**	**29 496 204**
Credit guarantees given	1 018 471	605 165
Guarantees given to government bodies	15 553 665	15 788 069
Other guarantees and pledges given	13 244 315	12 571 858
Non-performing commitments	575 629	531 112
FINANCING COMMITMENTS AND GUARANTEES RECEIVED	**14 504 286**	**16 445 087**
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	**14 454 052**	**16 404 755**
Credit guarantees received		
Other guarantees received	14 454 052	16 404 755
Guarantees received from the State and other organisations providing guarantees	**50 234**	**40 332**
Credit guarantees received	50 234	40 332
Other guarantees received		

Commitments on securities at 31 December 2013 **(thousand MAD)**

	Value
Commitments given	**6 826 316**
Securities purchased with redemption rights	6 746 319
Other securities to be provided	79 997
Commitments received	
Securities sold with redemption rights	**Not applicable**
Other securities receivable	

Forward foreign exchange transactions and commitments on derivative products at 31 December 2013 **(thousand MAD)**

	Hedging activities		Other activities	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Forward foreign exchange transactions	**45 176 586**	**58 498 962**		
Foreign currencies to be received	17 944 699	23 996 081		
Dirhams to be delivered	4 796 837	7 622 343		
Foreign currencies to be delivered	17 793 229	21 656 040		
Dirhams to be received including cross currency swap	4 641 821	5 224 498		
Commitments on derivative products	**19 759 464**	**17 178 568**		
Commitments on regulated fixed income markets		23 190		
Commitments on OTC fixed income markets	10 448 309	12 283 484		
Commitments on regulated foreign exchange markets	2 305			
Commitments on OTC foreign exchange markets	20 161	53 334		
Commitments on regulated markets in other instruments		18 407		
Commitments on OTC markets in other instruments	9 288 689	4 800 153		

Securities received and given as guarantee at 31 December 2013 **(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			

(thousand MAD)

Securities given as guarantee	Net book value	Asset/Off-balance sheet entries in which loans and signature loans pledged are given	Value of loans and signature loans pledged that are hedged
Treasury bills and similar assets	26 179 646		
Other securities			
Mortgages			
Other physical assets	916 488	Other assets received and pledged	
TOTAL	**27 096 134**		

Breakdown of assets and liabilities by residual maturity at 31 December 2013 **(thousand MAD)**

	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	TOTAL
ASSETS						
Loans and advances to credit institutions and similar establishments	24 134 925	3 088 767	3 264 020	1 649 666		32 137 378
Loans and advances to customers	46 668 328	9 824 140	28 575 829	35 241 850	47 647 463	167 957 610
Debt securities	23 590 787	1 313 695	4 183 388	19 203 712	3 202 800	51 494 382
Subordinated loans						
Leased and rented assets						
TOTAL	**94 394 040**	**14 226 602**	**36 023 237**	**56 095 228**	**50 850 263**	**251 589 370**
LIABILITIES						
Amounts owing to credit institutions and similar establishments	48 665 115	1 542 652	2 766 518	733 644	244 547	53 952 476
Amounts owing to customers	146 131 171	6 492 074	17 488 838	3 121 484		173 233 567
Debt securities issued	7 593 100					7 593 100
Subordinated debt		2 000 000		7 867 400		9 867 400
TOTAL	**202 389 386**	**10 034 726**	**20 255 356**	**11 722 528**	**244 547**	**244 646 543**

Remarks:
- Loans and advances of less than 1 month comprise current accounts for credit institutions and other customers
- Amounts owing of less than 1 month comprise amounts owing to credit institutions and other customers

Breakdown of foreign currency-denominated assets, liabilities and off-balance sheet items at 31 December 2013 **(thousand MAD)**

BALANCE SHEET	12/31/2013	12/31/2012
ASSETS	**27 856 958**	**26 005 580**
Cash and balances with central banks, the Treasury and post office accounts	107 657	106 712
Loans and advances to credit institutions and similar establishments	11 100 746	11 306 470
Loans and advances to customers	5 300 893	4 962 987
Trading securities and available-for-sale securities	3 949 633	2 411 326
Other assets	279 993	138 433
Investments in affiliates and other long-term investments	7 094 310	7 056 103
Subordinated loans		
Leased and rented assets		
Intangible assets and property, plant and equipment	23 726	23 549
LIABILITIES	**16 075 441**	**14 374 308**
Amounts owing to central banks, the Treasury and post office accounts		
Amounts owing to credit institutions and similar establishments	12 624 954	11 603 463
Customer deposits	3 237 159	2 523 546
Debt securities issued		
Other liabilities	211 044	245 032
Subsidies, public funds and special guarantee funds		
Subordinated debt		
Share capital and reserves		
Provisions	7 727	7 669
Retained earnings	-5 443	-5 402
Net income		
OFF-BALANCE SHEET ITEMS	**34 592 882**	**36 207 475**
Commitments given	23 234 921	22 792 271
Commitments received	11 357 961	13 415 204

Concentration des risques sur un même bénéficiaire at 31 December 2013 **(thousand MAD)**

NOMBER OF COUNTERPARTIES	TOTAL
7	51 244 511

Net interest margin at 31 December 2013 **(thousand MAD)**

	12/31/2013	12/31/2012
Interest and similar income from activities with customers	9 539 872	9 425 291
of which interest and similar income	9 317 742	9 205 029
of which fee income on commitments	222 130	220 262
Interest and similar income from activities with credit institutions	**1 095 866**	**1 036 167**
of which interest and similar income	1 064 925	1 007 151
of which fee income on commitments	30 941	29 017
Interest and similar income from debt securities	**568 528**	**260 065**
TOTAL INTEREST AND SIMILAR INCOME	**11 204 266**	**10 721 523**
Interest and similar expenses on activities with customers	**3 022 096**	**2 648 203**
Interest and similar expenses on activities with credit institutions	**1 302 654**	**1 264 630**
Interest and similar expenses on debt securities issued	**392 180**	**394 061**
TOTAL INTEREST AND SIMILAR EXPENSES	**4 716 930**	**4 306 894**
NET INTEREST MARGIN	**6 487 336**	**6 414 629**

Fee income provided from services at 31 December 2013 **(thousand MAD)**

FEES	12/31/2013	12/31/2012
Account management	210 220	243 400
Payment services	494 351	470 579
Securities transactions	42 827	37 335
Asset management and custody	53 206	63 922
Credit services	100 249	115 601
Corporate finance	-	-
Sale of insurance products	102 955	87 772
Other services provided	261 240	233 778
TOTAL	**1 265 049**	**1 252 387**

General operating expenses at 31 December 2013 **(thousand MAD)**

EXPENSES	12/31/2013	12/31/2012
Staff costs	1 683 047	1 610 608
Taxes	108 632	101 681
External expenses	1 536 632	1 437 987
Other general operating expenses	5 519	4 627
Depreciation, amortisation and provisions on intangible assets and property, plant and equipment	402 492	406 890
TOTAL	**3 736 322**	**3 561 793**

Income from market activities at 31 December 2013 **(thousand MAD)**

PRODUITS ET CHARGES	12/31/2013	12/31/2012
+ Gains on trading securities	1 566 941	1 089 831
- Losses on trading securities	107 501	73 817
Income from activities in trading securities	**1 459 439**	**1 016 014**
+ Capital gains on disposal of available-for-sale securities	816	1 521
+ Write-back of provisions for impairment of available-for-sale securities	2 181	3 154
- Losses on disposal of available-for-sale securities	699	-
- Provisions for impairment of available-for-sale securities	2 340	10 364
Income from activities in available-for-sale securities	**-43**	**-5 689**
+ Gains on foreign exchange transactions - transfers	251 095	608 269
+ Gains on foreign exchange transactions - notes	103 203	101 519
- Losses on foreign exchange transactions - transfers	-13 452	416 594
- Losses on foreign exchange transactions - notes	1 028	23 205
Income from foreign exchange activities	**366 722**	**269 989**
+ Gains on fixed income derivative products	47 011	438 273
+ Gains on foreign exchange derivative products	103 877	187 390
+ Gains on other derivative products	211 832	73 487
- Losses on fixed income derivative products	24 364	468 166
- Losses on foreign exchange derivative products	71 238	56 304
- Losses on other derivative products	242 181	15 454
Income from activities in derivatives products	**24 937**	**159 225**

Income from equity securities at 31 December 2013 (thousand MAD)

CATEGORY	12/31/2013	12/31/2012
Available-for-sale securities		1 297
Investments in affiliates and other long-term investments	1 324 216	1 271 208
TOTAL	**1 324 216**	**1 272 505**

Other income and expenses at 31 December 2013 (thousand MAD)

OTHER BANKING INCOME AND EXPENSES	12/31/2013	12/31/2012
Other banking income	2 286 956	2 516 119
Other banking expenses	1 287 941	1 840 236
TOTAL	**999 014**	**675 883**
OTHER NON-BANKING INCOME AND EXPENSES	**12/31/2013**	**12/31/2012**
Non-banking operating income	129 157	72 100
Non-banking operating expenses	-	-
TOTAL	**129 157**	**72 100**
Provisions and losses on irrecoverable loans	2 308 595	1 744 661
Provision write-backs and amounts recovered on impaired loans	607 197	574 451
NON-RECURRING INCOME AND EXPENSES	**12/31/2013**	**12/31/2012**
Non-recurring income	4 653	1 367
Non-recurring expenses	84 430	187 049

Determining income after tax from ordinary activities at 31 December 2013 (thousand MAD)

I - DETERMINING INCOME	AMOUNT
Income from ordinary activities after items of income and expenditure	4 826 841
Tax write-backs on ordinary activities (+)	538 250
Tax deductions on ordinary activities (-)	1 345 915
Theoretical taxable income from ordinary activities (=)	4 019 176
Theoretical tax on income from ordinary activities (-)	1 487 095
Income after tax from ordinary activities (=)	3 339 746
II- SPECIFIC TAX TREATMENT INCLUDING BENEFITS GRANTED BY INVESTMENT CODES UNDER SPECIFIC LEGAL PROVISIONS	

Detailed information on value added tax at 31 December 2013 (thousand MAD)

TYPE	Balance at beginning of FY 1	Accounting transactions during the period 2	VAT declarations during the period 3	Balance at end of FY (1+2-3=4)
A. VAT collected	**77 484**	**1 377 070**	**1 361 845**	**92 710**
B. Recoverable VAT	**155 001**	**705 460**	**671 769**	**188 691**
On expenses	95 788	478 780	491 246	83 322
On fixed assets	59 213	226 679	180 523	105 369
C. VAT payable or VAT credit = (A-B)	**-77 517**	**671 610**	**690 075**	**-95 982**

Reconciliation of net income for accounting and tax purposes at 31 December 2013 **(thousand MAD)**

RECONCILIATION STATEMENT	Amount	Amount
I- NET INCOME FOR ACCOUNTING PURPOSES	**3 289 487**	
Net profit	3 289 487	
Net loss		
II- TAX WRITE-BACKS	**1 995 827**	
1 – Recurring	1 995 827	
- Income tax	1 457 578	
- Losses on irrecoverable loans not provisioned	26 478	
- General provisions	400 000	
- Provisions for pension funds and similar obligation	34 300	
- Non deductible exceptional charges	5 017	
- Social cohesion contribution	67 132	
- Personal gifts	5 323	
2- Non-recurring		
III - TAX DEDUCTIONS		**1 345 915**
1- Recurring		1 345 915
100% allowance on income from investments in affiliates		1 306 536
Write-back of investment		
Write-back of provisions used		39 379
Write-back of general contingency reserve		
2- Non recurring		-
TOTAL	**5 285 315**	**1 345 915**
IV - GROSS INCOME FOR TAX PURPOSES		**3 939 400**
- Gross profit for tax purposes if T1 > T2 (A)		3 939 400
- Gross loss for tax purposes if T2 > T1 (B)		
V - TAX LOSS CARRY FORWARDS (C) [1]		
- Financial year Y-4		
- Financial year Y-3		
- Financial year Y-2		
- Financial year Y-1		
VI - NET INCOME FOR TAX PURPOSES		**3 939 400**
Net profit for tax purposes (A-C)		3 939 400
Net loss for tax purposes (B)		
VII - ACCUMULATED DEFERRED DEPRECIATION ALLOWANCES		
VIII - ACCUMULATED TAX LOSSES TO BE CARRIED FORWARD		
- Financial year Y-4		
- Financial year Y-3		
- Financial year Y-2		
- Financial year Y-1		

(1) up to the value of gross profit for tax purposes (A)

Appropriation of income at 31 December 2013 **(thousand MAD)**

	Amount		Amount
A- Origin of appropriated income		**B- Appropriation of income**	
Earnings brought forward	691	To legal reserve	-
Net income awaiting appropriation		Dividends	1 811 188
Net income for the financial year	3 309 697	Other items for appropriation	1 499 512
Deduction from income		Earnings carried forward	-312
Other deductions			
TOTAL A	**3 310 388**	**TOTAL B**	**3 310 388**

Shareholding structure at 31 December 2013

Name of main shareholders or associates	Adress	Number of shares held		% of share capital
		Previous period	Current period	
A- DOMESTIC SHAREHOLDERS				
* S.N.I	ANGLE RUES D'ALGER ET DUHAUME CASA	94 272 485	97 778 582	48,04%
* WAFACORP	42 BD ABDELKRIM AL KHATTABI CASA	57 602	58 466	0,03%
* AL WATANIYA	83 AVENUE DES FAR CASA	2 683 942	2 683 942	1,32%
* WAFA ASSURANCE	1 RUE ABDELMOUMEN CASA	13 257 604	13 456 468	6,61%
* GROUPE MAMDA & MCMA	16 RUE ABOU INANE RABAT	16 379 156	16 708 318	8,21%
* AXA ASSURANCES MAROC	120 AVENUE HASSAN II CASA	2 778 517	2 036 558	1,00%
* PERSONNEL DE LA BANQUE	**************************	10 263 397	7 197 057	3,54%
* CAISSE MAROCAINE DE RETRAITE	140 PLACE MY EL HASSAN RABAT	4 616 769	4 405 769	2,16%
* CIMR	BD ABDELMOUMEN CASA	4 697 256	5 675 608	2,79%
* CAISSE DE DÉPÔT ET DE GESTION	140 PLACE MY EL HASSAN RABAT	4 694 810	3 576 531	1,76%
* OPCVM ET AUTRES DIVERS ACTIONNAIRES	**************************	36 825 934	39 234 313	19,28%
B- FOREIGN SHAREHOLDERS				
*SANTUSA HOLDING	PASEO DE LA CASTELLANA N° 24 MADRID (SPAIN)	10 715 614	10 715 614	5,26%
TOTAL		**201 243 086**	**203 527 226**	**100,00%**

Branch network at 31 December 2013

BRANCH NETWORK	12/31/2013	12/31/2012
Permanent counters	1 084	1 010
Occasional counters	2	2
Cash dispensers and ATMs	1 100	1 007
Overseas branches	73	50
Overseas representative offices	1	19

Staff at 31 December 2013

STAFF	12/31/2013	12/31/2012
Salaried staff	7 443	7 090
Staff in employment	7 443	7 090
Full-time staff	7 443	7 090
Administrative and technical staff (full-time)		
Banking staff (full-time)		
Managerial staff (full-time)	3 850	3 633
Other staff (full-time)	3 593	3 416
Including Overseas staff	41	41

Customer accounts at 31 December 2013

	12/31/2013	12/31/2012
Current accounts	136 328	128 265
Cheque accounts of Moroccans living abroad	721 456	690 632
Other current accounts	1 503 155	1 381 391
Factoring liabilities		
Savings accounts	718 679	661 295
Term accounts	16 891	18 922
Certificates of deposit	3 601	3 170
Other deposit accounts	718 396	582 398
TOTAL	**3 818 506**	**3 466 073**

Summary of key items over the last three periods at 31 December 2013 **(thousand MAD)**

ITEM	DECEMBER 2013	DECEMBER 2012	DECEMBER 2011
SHAREHOLDERS' EQUITY AND EQUIVALENT	**27 377 268**	**25 213 767**	**21 444 555**
OPERATIONS AND INCOME IN FY			
Net banking income	10 135 404	9 665 297	8 973 062
Pre-tax income	4 747 064	4 819 712	4 604 514
Income tax	1 457 578	1 510 015	1 449 837
Dividend distribution	1 811 188	1 640 466	1 543 968
PER SHARE INFORMATION (IN MAD)			
Earning per share			
Dividend per share	9,00	8,50	8,00
STAFF			
Total staff costs	**1 683 047**	**1 610 608**	**1 540 770**
Average number of employees during the period			

Key dates and post-balance sheet events at 31 December 2013

I- KEY DATES	
. Balance sheet date [1]	**31 DECEMBER 2013**
. Date for drawing up the financial statements [2]	**FEBRUARY 2014**

(1) Justification in the event of any change to the balance sheet date

(2) Justification in the event that the statutory 3-month period for drawing up the financial statements is exceeded

II. POST-BALANCE SHEET ITEMS NOT RELATED TO THIS FINANCIAL YEAR KNOWN BEFORE PUBLICATION OF THE FINANCIAL STATEMENTS

Dates	Indication of event
. Favorable	**NOT APPLICABLE**
. Unfavourable	**NOT APPLICABLE**

CONTACTS

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Head Office

2, boulevard Moulay Youssef, 20000 Casablanca, Morocco

Phone +212 5 22 22 41 69

ou +212 5 22 29 88 88

Fax +212 5 22 29 41 25

www.attijariwafabank.com

Financial Information and Investor Relations

Ibtissam ABOUHARIA

Phone +212 5 22 29 88 88

e-mail : i.abouharia@attijariwafa.com

Domestic Subsidiaries

Wafa Assurance

1, boulevard Abdelmoumen, Casablanca, Morocco

Phone +212 5 22 54 55 55

Fax +212 5 22 20 91 03

Wafasalaf

72, angle boulevard Abdelmoumen et rue Ramallah, Casablanca, Morocco

Phone +212 5 22 54 51 00

Fax +212 5 22 25 48 17

Wafacash

15, rue Driss Lahrizi, Casablanca, Morocco

Phone +212 5 22 27 27 55

Fax +212 5 22 27 27 29

Wafa Immobilier

112, angle boulevard Abdelmoumen et rue Rembrandt, Casablanca, Morocco

Phone +212 5 29 02 45 46

Fax +212 5 22 77 60 02

Wafabail

5, boulevard Abdelmoumen, Casablanca, Morocco

Phone +212 5 22 43 60 00

Fax +212 5 22 20 26 43

Wafa LLD

5, boulevard Abdelmoumen, Casablanca, Morocco

Phone +212 5 22 43 17 70

Fax +212 5 22 20 53 03

Attijari Factoring Morocco

2, boulevard Moulay Youssef, Casablanca, Morocco

Phone +212 5 22 22 93 01

Fax +212 5 22 22 92 95

Wafa Gestion

416, rue Mustapha El Maâni, Casablanca, Morocco

Phone +212 5 22 45 38 38

Fax +212 5 22 22 99 81

Attijari Finances Corp.

416, rue Mustapha El Maâni, Casablanca, Morocco

Phone +212 5 22 47 64 35

Fax +212 5 22 47 64 32

Attijari Intermédiation

416, rue Mustapha El Maâni, Casablanca, Morocco

Phone +212 5 22 43 68 09

Fax +212 5 22 20 25 15/95 25

Wafa Bourse

416, rue Mustapha El Maâni, Casablanca, Morocco

Phone +212 5 22 49 59 69

Fax +212 5 22 47 46 91

Attijari Invest

416, rue Mustapha El Maâni, Casablanca, Morocco

Phone +212 5 22 20 08 78/20 86 68

Fax +212 5 22 20 86 46

Attijari International bank

Lot n° 41, Zone Franche d'Exportation,

route de Rabat - Tanger, Morocco

Phone +212 5 39 39 41 75/77

Fax +212 5 39 39 41 78

Overseas Subsidiaries

North Africa

Attijari bank Tunisie
95, Avenue de la liberté - 1002 Tunis, Tunisia
Phone +216 71 141 400

Attijari bank Mauritanie
BP.415 –llot O 91-92 Rue Mamadou Konaté
Phone +222 45 29 63 74
Fax +222 45 29 64 40

Tripoli Representative Office
Borj Trablous, Tripoli, Libya
Phone + 218 21 33 62 256/258
Fax +218 21 33 62 257

West Africa

CBAO
1, place de l'indépendance, BP.129 Dakar, Senegal
Phone +221 33 839 96 96
Fax +221 33 823 83 90

Crédit du Sénégal
Bvd Djily Mbaye, angle rue Huart, BP. 56 Dakar, Senegal
Phone +221 33 849 00 00
Fax +221 33 823 84 30

CBAO Burkina Faso
479, Avenue du Président Aboubacar Sangoulé LAMIZANA
Ouagadougou- Burkina Faso
Phone +226 50 33 77 77
Fax +226 50 33 20 99

Banque Internationale pour le Mali
Boulevard de l'indépendance, BP15 Bamako, Mali
Phone +223 20 22 51 11 / 20 22 51 08

Société Ivoirienne de Banque
34, boulevard de la République, immeuble alpha 2000
01, BP.1300 Abidjan 01
Phone +225 20 20 00 00
Fax +225 20 20 01 19

Central Africa

Crédit du Congo
Avenue Amilcar CABRAL, centre ville Brazzaville
BP 2470
Phone +242 22 2810715

Union Gabonaise de Banque
Rue du Colonel Parant, Libreville, BP. 315
Phone +241 77 70 00
Fax +241 77 72 76

Société Commerciale de Banque Cameroun
530, Rue du roi George Bonanjo- BP 300 Douala
Phone +237 33 43 53 00
Fax : +237 33 43 53 00

Europe

Attijariwafa bank Europe
6-8 Rue Chauchat - 75009 Paris
Phone +33 1 53 75 75 00
Fax +33 1 53 75 75 20

Branch of Belgium
128-130 Boulevard Maurice Lemonnier
1000 Brussels
Phone +32 2 250 02 30
Fax +32 2 502 96 61

Branch of Spain
Calle Doctor Arce, 18 - 28002 Madrid
Phone +34 0 915 647 716
Fax +34 0 915 643 420

Branch of Italy
Via Poliziano, 1 - 20154 Milano
Phone +39 02 345 11 94
Fax +39 02 365 265 82

Branch of Germany
KAISERSTR. 47 - 60329 Frankfurt
Phone +49 0 69 23 46 54
Fax +49 0 69 25 06 77

Branch of Netherlands
Bos en Lommerplein, 157 - 1055 AD Amsterdam
Phone +31 20 581 07 50
Fax +31 20 486 30 53

London Representative Office
95 – 95A Praed Street - London W2 1NT
Phone +44 207 706 8323
Fax: +44 207 706 4165

Middle-East

Riyadh Representative Office
Ambassade du Maroc à Riyadh
PO Box 94392-11693 - Riyadh
Phone +966 1 480 19 15
Fax : +966 1 481 00 58

Commercial Desk Jeddah
Chez Injaz Bank Al Bilad
Al Morabaa Branch Al Faissaliyah - Jeddah
Phone +966 53 619 769
Fax : +966 26 611 30 78

Dubai Representative Office
Representative Office
N/2 City Bay Business Center
Abuhail Street Deira
Dubai

Attijariwafa bank Middle East Limited Dubai
The Gate Village 5, Level 3, Office 305, Dubai International Financial Centre (DIFC)
PO BOX 119312 Dubai
Phone +971 0 4 377 0300
Fax: +971 0 4 327 3274

التجاري وفا بنك
Attijariwafa bank