

التجاري وفا بنك  
Attijariwafa bank

# Pillar III - Basel II as of December 31, 2012

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## 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 2012, 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 and capitalised interest is restricted to the equivalent of 50% of core capital.

(in thousand MAD)

	12/31/2012	06/30/2012
<b>Core capital</b>	<b>26 388 020</b>	<b>25 288 455</b>
<b>Items to be included in core capital</b>	<b>33 708 178</b>	<b>32 622 847</b>
Corporate capital or allocation	2 012 430	2 008 898
Reserves	22 595 206	25 785 482
Minority creditor interest	3 319 398	3 248 736
Items to be deducted from core capital	(7 320 157)	(7 334 392)
Regulatory Deduction	(219 068)	(225 015)
<b>Core capital after deduction (Tier 1)</b>	<b>26 168 952</b>	<b>25 063 439</b>
<b>Supplementary capital</b>	<b>8 440 260</b>	<b>9 028 855</b>

Including :		
Underlying value added resulting from the holding of investment securities (AFS)	255 010	269 227
Subordinated debt which initial term above or equal to five years <sup>(*)</sup>	8 020 000	8 430 000
<b>Regulatory Deduction</b>	<b>(219 068)</b>	<b>(225 015)</b>
<b>Supplementary capital after deduction (Tier 2)</b>	<b>8 221 191</b>	<b>8 803 840</b>
<b>Total of regulatory capital after deduction of investments in credit institutions and finance companies</b>	<b>34 390 143</b>	<b>33 867 279</b>

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

At the end of December 2012, the Tier 1 of the Group amounted to 26 168 952 thousand MAD. The supplementary capital (Tier 2), amounted to 8 221 191 thousand MAD. The total of regulatory capital amounted to 34 390 143 thousand MAD, i.e. up by 1.5 % vs. June 2012.

#### 1-2 Capital adequacy (ICAAP)<sup>1</sup>

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 2012, the capital requirement in the framework of Basel II for Attijariwafa bank Group amounted to 23 044 239 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	06/30/2012
<b>Credit and Counterparty Risk</b>	<b>19 907 598</b>	<b>20 485 382</b>
Credit Risk <sup>(*)</sup>	19 776 939	20 341 747
Counterparty Risk	130 659	143 635
<b>Market Risk</b>	<b>917 485</b>	<b>576 150</b>
<b>Operational Risk</b>	<b>2 219 156</b>	<b>2 135 244</b>
<b>Total</b>	<b>23 044 239</b>	<b>23 196 776</b>

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

	Pillar I	
	Risk Covered	Measurement methodologies
<b>Credit and Counterparty Risk</b>	✓	Standardised Approach
<b>Market Risk</b>	✓	Standardised Approach
<b>Operational Risk</b>	✓	BIA (Basic Indicator Approach)

### 1-4 Capital Adequacy Ratio

At 31 December 2012, the Group's core capital amounted to 9.08% and the Group's capital adequacy ratio stood at 11.94%.

(in thousand MAD)

	12/31/2012	06/30/2012
Core Capital	26 168 952	25 063 440
Total Regulatory Capital	34 390 143	33 867 279
Risk-weighted assets	288 051 122	289 959 701
<b>Tier 1 Ratio</b>	<b>9.08%</b>	<b>8.64%</b>
<b>Capital Adequacy Ratio</b>	<b>11.94%</b>	<b>11.68%</b>

## 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<sup>2</sup> model.

### 2-2 Net credit risk on derivative instruments

The counterparty credit risk on derivative instruments at 31 December 2012 amounted to 1 494 830 thousand MAD. The breakdown of this exposure per segment is as follows:

(in thousand MAD)

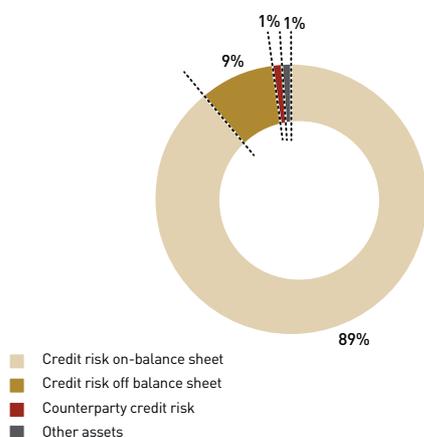
Exposure category	Counterparty Credit Risk
Institutions	19 077
Credit Institutions and equivalent	271 666
Customers	1 204 088
<b>Total</b>	<b>1 494 830</b>

### 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.



### 2-5 Counterparty credit risk: exposures covered by collateral

The total amount of eligible collateral on counterparty credit risk is 959 629 thousand MAD.

The cash collateral mainly impacts the repos and reverse repos.

(in thousand MAD)

Exposition at default	Collateral
<b>35 406 185</b>	<b>959 629</b>

### 2-6 Guarantees

(in thousand MAD)

	Guarantees
Sovereign	19 645 192
Customers	2 672 659
Credit institutions and equivalent in Morocco and abroad	797 522
<b>Total</b>	<b>23 115 373</b>

### 2-7 Credit Concentration Risk per Mitigants

(in thousand MAD)

	Exposition At Default	Eligible Guarantee	Eligible Collateral
Sovereign	65 618 110	1 239 579	259 723
Institutions	37 540 064	18 405 614	775
Credit institutions and similar establishments	22 795 470	797 522	118 365
Large Enterprises	186 776 704	2 672 535	1 243 177
Small and Medium sized enterprises	29 043 644	124	129 870
Very small Enterprises	838 013	0	36 251
Retail customers	73 975 413	0	78 841
<b>Total</b>	<b>416 587 418</b>	<b>23 115 375</b>	<b>1 867 001</b>

## 3. Information in individual basis for significant subsidiaries

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



#### Attijariwafa bank

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank	Bank Al Maghrib	10%	21 219 330	188 753 039	11.24%

#### Attijariwafa bank Europe

(in thousand Euros)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijariwafa bank Europe	CBF	10%	38 602	247 160	15.62%

CBF: Commission Bancaire Française

#### Attijari bank Tunisie

(in thousand Tunisian dinars)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari bank Tunisie	BCT	8%	360 161	2 865 162	12.57%

BCT : Banque Centrale de Tunisie

#### Wafasalaf

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafasalaf	Bank Al Maghrib	8%	1 483 448	12 873 281	11.52%

#### Wafabail

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafabail	Bank Al Maghrib	8%	878 836	7 676 356	11.45%

#### Wafa Immobilier

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Wafa Immobilier	Bank Al Maghrib	8%	51 309	269 549	19.01%

#### Attijari Factoring

(in thousand MAD)	Supervisor	Minimum required	Regulatory Capital	Risk-weighted assets	Ratio
Attijari Factoring	Bank Al Maghrib	8%	119 503	1 438 070	8.31%

#### Wafa Assurance

(in thousand MAD)	Supervisor	Margin	Minimum of Solvency Margin	Ratio
Wafa Assurance	DAPS	4 669 041	1 304 723	357.86%

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%	60 774	414 766	14.65%

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 Center-South region	Assistant Director-General
Mr. Saad BENWAHOUD	Head of North-West region	Assistant Director-General
Mr. Said SEBTI	Head of Center-North region	Assistant Director-General
Mr. Mohamed BOUBRIK	Head of South-West region	Executive Director
Mr. Rachid EL BOUZIDI	Head of North-East region	Executive Director
Mr. Fouad MAGHOUS	Head of South region	Executive Director
Mr. Mouaouia ESSEKELLI	Managing Director, Attijariwafa bank Europe	Executive Director
Mr. Hassan BEDRAOUI	Transaction Banking Group	Assistant Director-General
Mr. Hassan BERTAL	SMEs Banking	Assistant Director-General
Mr. Talal EL BELLAJ	Global Risk Management	Assistant Director-General
Mr. Chakib ERQUIZI	Capital Markets Banking	Assistant Director-General
Mr. Omar GHOMARI	Group Human Resources	Assistant Director-General
Mrs. Wafaa GUESSOUS	Procurement, Logistics and Secretary of the Board	Assistant Director-General
Mr. Mohamed HAITAMI	Specialised Financial Subsidiaries	Assistant Director-General
Mr. Mounir OUDGHIRI	International Retail Banking	Assistant Director-General
Mr. Youssef ROUISSI	Corporate & Investment Banking	Assistant Director-General

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 & MLA Markets	Executive Director
Mr. Mohamed SOUSSI	Group Services & Processing	Executive Director

#### 4-3 Other Committee emanating from the Board of Directors

##### • Strategic committee :

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

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

##### • Major Risk Committee :

The Major Risk Committee meeting upon call from the Chairman and Chief Executive Officer, examines and hands down judgment on the 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
<b>Guest Members</b>	
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	Director
Mr. Hassan OURIAGLI	Director
Mr. José REIG	Director
<b>Guest Members</b>	
Mrs. Bouchra BOUSSERGHINE	Executive Director – Group Compliance
Mr. Ismail EL FILALI	Executive Director - General Audit
Mr. Rachid KETTANI	Executive Director - Group Finance
Mr. Talal EL BELLAJ	Deputy Managing Director - Global Risk Management Group

##### • 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. Hassan BOUHEMOU	Director, Representing SNI
Mr. José REIG	Director, Representing Grupo Santander



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