ACCOUNTING STANDARDS AND PRINCIPLES APPLIED BY THE GROUP

Attijariwafa bank's consolidated financial statements have been prepared under International Financial Reporting Standards (IFRS) since first-half 2007 with the opening balance at 1 January 2006.

In its consolidated financial statements for the year ended 30 June 2016, the Attijariwafa bank Group has applied the obligatory principles and standards set out by the International Accounting Standards Board (IASB).

Consolidation principles:

Standard:

The scope of consolidation is determined on the basis of what type of control (exclusive control, joint control or material influence) is exercised over the various overseas and domestic entities in which the Group has a direct or indirect interest.

The Group likewise consolidates legally independent entities specifically established for a restricted and well-defined purpose known as « special purpose entities », which are controlled by the credit institution, without there being any shareholder relationship between the entities.

The extent to which the Group exercises control will determine the consolidation method: fully consolidated for entities under the exclusive control of the Group as required by IFRS 10 "Consolidated Financial Statements" or under the equity method for associate companies or joint ventures as required by IAS 28 "Investments in Associates and Joint Ventures".

Policies adopted by Attijariwafa bank:

Attijariwafa bank includes entities in its scope of consolidation in which:

- It holds, directly or indirectly, at least 20% of the voting rights;
- The subsidiary's consolidated figures satisfy one of the following criteria:
  - The subsidiary's total assets exceed 0.5% of consolidated total assets;
  - The subsidiary's net assets exceed 0.5% of consolidated net assets;
  - The subsidiary's sales or banking income exceed 0.5% of consolidated banking income.

Specialist mutual funds (UCITS) are consolidated according to IFRS 10 which addresses the issue of consolidation of special purpose entities and in particular funds under exclusive control.

Those entities controlled or under exclusive control whose securities are held for a short period of time are excluded from the scope of consolidation.

Fixed assets:

Property, plant and equipment:

Standard:

Items of property plant and equipment are valued by entities using either the cost model or the revaluation model.

Cost model

Under the cost model, assets are valued at cost less accumulated depreciation.

Revaluation model

On being recognised as an asset, an item of property, plant and equipment, whose fair value may be accurately assessed, must be marked to market. Fair value is the value determined at the time the asset is marked to market less accumulated depreciation.

The sum-of-parts approach breaks down the items of property, plant and equipment into their most significant individual parts (constituents). They must be accounted for separately and systematically depreciated as a function of their estimated useful lives in such a way as to reflect the rate at which the related economic benefits are consumed.

Estimated useful life under IFRS is the length of time that a depreciable asset is expected to be usable.

The depreciable amount of an asset is the cost of the asset (or fair value) less its residual value.

Residual value is the value of the asset at the end of its estimated useful life, which takes into account the asset's age and foreseeable condition.

Borrowing costs

The IAS 23 standard entitled « Borrowing costs » does not allow to recognise immediately as expenses the cost of borrowing directly attributable to acquisition, construction or production of an eligible asset. All the costs of borrowing must be added into the expenses.

Policies adopted by Attijariwafa bank:

The Group has opted to use the cost model. The fair value method may be used, however, without having to justify this choice, with an account under shareholders' equity.

Attijariwafa bank has decided against using several depreciation schedules but a single depreciation schedule in the consolidated financial statements under IFRS standards.

Under the sum-of-parts approach, the Group has decided to not include those components whose gross value is less than MAD 1000 thousand.

- Historical cost (original cost) is broken down on the basis of the breakdown of the current replacement cost as a function of technical data.

Residual value:

The residual value of each part is considered to be zero except in the case of land. Residual value is applied only to land (nonamortisable by nature), which is the only component to have an unlimited life.

Investment property:

Standard:

An investment property is a property which is held either to earn rental income or for capital appreciation or for both.

An investment property generates cash flows in a very different way to the company's other assets unlike the use of a building by its owner whose main purpose is to produce or provide goods and services.

An entity has the choice between:

The fair value method – if an entity opts for this treatment, then it must be applied to all buildings.

The cost model – an estimate of the fair value of investment properties must be recorded either in the balance sheet or in the notes to the financial statements.

It is only possible to move from the cost method to the fair value method.

Policies adopted by Attijariwafa bank:

All buildings not used in ordinary activities are classified as investment property except for staff accommodation and buildings expected to be sold within a year.

The Group's policy is to retain all buildings used in ordinary activities and those leased to companies outside the Group.

The historical cost method, modified by the sum-of-parts approach, is used to value investment properties. Information about fair value must be presented in the notes to the financial statements.

Intangible assets:

Standard:

An intangible asset is a non-monetary asset which is identifiable and not physical in nature.

An intangible asset is deemed to be identifiable if it:

- Is separable, that is to say, capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract; or
- Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Two valuation methods are possible:

- The cost method;
- The revaluation model. This treatment is possible if an active market exists.

Amortisation of an intangible asset depends on its estimated useful life. An intangible asset with an unlimited useful life is not amortised but subject to impairment testing at least once a year at the end of the period. An intangible asset with a limited useful life is amortised over the life of the asset.

An intangible asset produced by the company for internal use is recognised if it is classified, from the R&D phase, as a fixed asset.

Policies adopted by Attijariwafa bank:

Attijariwafa bank has decided against using several amortisation schedules but a single amortisation schedule in the consolidated financial statements under IFRS/IAS.

Acquisition costs not yet amortised as expenses at 1 January 2006 have been restated under shareholders' equity.

Leasehold rights :

Leasehold rights recognised in the parent company financial statements are not amortised. In the consolidated financial statements, they are amortised using an appropriate method over their useful life.

Business goodwill:

Business goodwill recorded in the parent company financial statements of the different consolidated entities has been reviewed to ensure that the way in which it is calculated is in accordance with IAS/IFRS.

Software:

The estimated useful life of software differs depending on the type of software (operating software or administrative software).

Valuation of software developed in-house:

Group Information Systems' Management provides the necessary information to value software developed in-house. In the event that the valuation is not accurate, then the software cannot be recognised as an asset.

Transfer fees, commission and legal fees:

These are recognised as expenses or at purchase cost depending on their value.

Separate amortisation schedules are used if there is a difference of more than MAD 1000K between parent company financial statements and IFRS statements.

Goodwill:

Standard:

Cost of a business combination:

Business combinations are accounted for using the acquisition method according to which the acquisition cost is contingent consideration transferred in order to obtain control.

The acquirer must measure the acquisition cost as:

- The aggregate fair value, at the acquisition date, of assets acquired, liabilities incurred or assumed and equity instruments issued by the acquirer in consideration for control of the acquired company ;
- The other costs directly attributable to the acquisition are recognised through profit or loss in the year in which they are incurred.

The acquisition date is the date at which the acquirer obtains effective control of the acquired company.

Allocation of the cost of a business combination to the assets acquired and to the liabilities and contingent liabilities assumed:

The acquirer must, at the date of acquisition, allocate the cost of a business combination by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree that satisfy the recognition criteria at their respective fair values on that date.

Any difference between the cost of the business combination and the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised under goodwill.

Accounting for Goodwill:

The acquirer must, at the date of acquisition, recognise the goodwill acquired in a business combination.

- Initial measurement : this goodwill must be initially measured at cost, namely the excess of the cost of the business combination over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.
- Subsequent measurement: following initial recognition, the acquirer must measure the goodwill acquired in a business combination at cost less cumulative impairment subsequent to annual impairment tests or when there is any indication of impairment to its carrying value.

If the share of the fair value of the assets, liabilities and contingent liabilities of the acquired entities exceeds the acquisition cost, negative goodwill is recognised immediately through profit or loss.

If initial recognition of a business combination can be determinedonly provisionally by the end of the reporting period in which the business combination takes place, the acquirer must account for the business combination using provisional values. The acquirer must recognise adjustments to provisional values relating to finalising the recognition within that financial period, beyond which time no adjustments are possible.

Policies adopted by Attijariwafa bank:

- Option taken not to restate the existing goodwill at 12/31/05, in accordance with the provisions of IFRS 1 "First-Time Adoption" ;
- Goodwill amortisation is discontinued when the asset has an indefinite life in accordance with amended IFRS 3 "Business combinations";
- Regular impairment tests must be carried out to ensure that the carrying amount of goodwill is below the recoverable amount. If not, an impairment loss must be recognised;
- the Cash Generating Units mirror the segment reporting to be presented at Group level ; these are the banking business and the insurance business ;
- The recoverable amount is the higher of the unit's value in use and its carrying amount less costs of disposal. This is used in impairment tests as required by IAS 36. If an impairment test reveals that the recoverable amount is less than the carrying amount, then the asset is written down by the excess of the carrying amount over its recoverable amount.

Inventories:

Standard:

Inventories are assets:

- Held for sale during the normal business cycle;
- In the process of being produced for future sale;
- In the form of raw materials or supplies consumed during the production process or to provide services.

Inventories must be valued at the lower of cost or net realisable value.

Net realisable value is the estimated sales price in the normal course of business activity less

- Estimated costs of completion;
- Costs required for making the sale.

Policies adopted by Attijariwafa bank:

Inventories are valued according to the weighted average unit cost method.

Leases:

Standard:

A lease is an agreement by which the Lessor transfers to the Lessee for a specific period of time the right to use an asset in exchange for payment or a series of payments.

Distinction must be made between:

- A finance lease, which is a contract by which almost all the risks and benefits inherent in ownership of the asset are transferred to the lessee;
- An operating lease, which is any contract other than a finance lease.

Finance leases are financial instruments whose nominal value relates to the value of the property acquired/leased minus/plus fees paid/received and any other fees. The rate used in this case is the effective interest rate.

The effective interest rate is the discount rate which is used to equate:

- The net present value of minimum payments to be received by the Lessor plus the non-guaranteed residual value; and
- The property's entry value (equal to initial fair value plus initial direct costs).

Policies adopted by Attijariwafa bank:

No restatement is needed for operating leases for a specific period and which are automatically renewable.

Long-term rental contracts are considered as operating leases.

Leasing contracts are finance leases in which Attijariwafa bank is the Lessor. The Bank only accounts for its share of the contract in its financial statements.

At the beginning of the contract, rents relating to lease contracts for an indefinite period and leasing contracts are discounted using the effective interest rate. Their value relates to the initial financing amount.

Financial assets and liabilities (loans, borrowings & deposits):

Standard:

Loans and receivables

The amortised cost of a financial asset or liability relates to the value at which the instrument has been initially valued:

- Less any repayment of principal;
- Plus or minus accumulated amortisation calculated using the effective interest rate on any difference between the initial amount and the amount to be repaid at maturity;
- Less any reductions for impairment or non-recoverability.

This calculation must include all fees and amounts paid or received directly attributable to the loans, transaction costs and any discount or premiuMr.

Provisions for loan impairment

A provision is booked when there is any indication of impairment to loans and receivables.

Provisions are determined on the basis of the difference between the loan's net carrying amount and its estimated recoverable amount.

Impairment is applied on an individual or collective basis.

Provision for impairment on an individual basis:

In the case of a loan in arrears, losses are determined on the basis of the net present value of future estimated flows, discounted using the loan's initial effective interest rate. Future flows include the value of guarantees received and recovery costs.

In the case of a loan which is not in arrears but for which indications of impairment are indicating forthcoming difficulties, the Group may use empirical tables of comparable losses to estimate and adjust future flows.

Provision for impairment on a collective basis:

If an individual loan impairment test does not produce any indications of impairment, then the loans are classified in groups with similar credit risk profiles before undergoing a collective impairment test.

Borrowings and deposits:

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 amortised 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.

Policies adopted by Attijariwafa bank:

Loans and receivables

The Group's policy is to apply the cost model to all loans maturing in more than one year as a function of their size. Loans maturing in less than one year are recorded at historical cost.

Provisions for loan impairment:

The criteria proposed by Bank Al Maghrib in Circular N°19/G/2002 form the basis of the Group's provisioning policy regarding impairment on an individual basis.

The basis for provisioning for impairment on a collective basis has been adapted as a function of each Group entity's activity and also relates to healthy loans.

Specific provisions:

Attijariwafa bank has developed statistical models, specific to eachof the relevant entities, to calculate specific provisions based on:

- Historical data relating to recovery of non-performing loans;
- Information about non-recurring loans available to loan recovery units for relatively significant amounts;
- Guarantees and pledges held.

Collective provisions:

Attijariwafa bank has developed statistical models, specific to each relevant entity, to calculate collective provisions based on historical data relating to loan deterioration – healthy loans becoming non-performing loans.

Borrowings:

Borrowings and deposits are classified under different categories including « Financial liabilities », « Trading liabilities » and « Liabilities accounted for under the fair value option ».

Deposits:

Sight deposits:

Attijariwafa bank applies IAS39 §49 standard to sight deposits. The fair value of a sight deposit cannot be lower than the amount due on demand. It is discounted from the first date on which the repayment may be demanded.

Interest-bearing deposits:

- Deposits bearing interest at market rates – the fair value is the nominal value unless transaction costs are significant.

A historical record of 10-year bond yields needs to be kept to be able to justify that the rates correspond to the original market rates.

- Deposits bearing interest at non-market rates – the fair value is the nominal value plus a discount.

Savings book deposits:

The rate applied is regulated for the vast majority of credit institutions.

Accordingly, no specific accounting treatment is required for savings book deposits.

Deposits must be classified under the «Other liabilities » category.

Securities:

Standard:

The IAS 39 standard defines four asset categories applicable to securities:

- Trading securities (financial assets held at fair value through income);
- Available-for-sale financial assets;
- Held-to-maturity investments;
- Loans and receivables, (includes financial assets not quoted on an active market which are purchased directly from the issuer).

The securities are classified depending on the purpose for which they are held.

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

According to IAS 39.9, financial assets or liabilities held at fair value through income are assets or liabilities acquired or generated by the company for the primary purpose of making a profit from short-term price fluctuations or from arbitrage activities.

All derivative instruments are recognised as financial assets (or liabilities) at fair value through profit or loss except when they are used for hedging purposes.

Securities classified as financial assets held at fair value through income are recognised in the income statement.

This category of security is not subject to impairment.

Available-for-sale financial assets

This category includes available-for-sale securities, investment securities and investments in non-consolidated affiliates and other long-term investments.

The standard stipulates that those assets and liabilities which do not satisfy the criteria for the three other asset categories are included in this category.

Changes in the fair value of available-for-sale securities (positive or negative) are recognised directly in equity (transferable equity). The amortisation of any possible premium/discount of fixed income securities is recognised in the income statement using to effective interest rate method (actuarial method).

On any indication of significant or lasting impairment in the case of equity securities and the occurrence of credit risk for debt securities, the unrealised loss that was recognised in equity must be removed and recognised in the income statement.

On subsequent improvement, a write-back may be booked against the provision for impairment in the case of debt securities but not so for equity securities. In the latter case, a positive change in fair value is recognised in transferable equity and a negative change in equity.

Held-to-maturity investments

This category includes securities with fixed or determinable payments that the Group intends to keep until maturity.

Classifying securities in this category entails an obligation not to dispose of the securities before maturity. If an entity sells a held-to-maturity security before maturity, all of its other held to-maturity investments must be reclassified as available-for sale investments for the current and next two reporting years.

Held-to-maturity investments are measured at amortised cost with the premium/discount being amortised using the effective interest rate method (actuarial method).

On any indication of impairment, a provision must be booked for the difference between the carrying amount and the estimated recoverable value. The estimated recoverable value is the net present value of future estimated flows, discounted using the loan's initial effective interest rate.

On subsequent improvement, a write-back may be booked against the provision for impairment.

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 terMr.

Loans and receivables are recognised at amortised cost, using the effective interest rate method and restated for any possible impairment provisions.

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.

Policies adopted by Attijariwafa bank

Portfolio classification

Attijariwafa bank and other entities excluding insurance companies			
The instruments held in portfolios are currently classified in the following categories:			
HFT	**AFS**	**HTM**	**Loans and**
• Trading and dealing Room portfolios	• Negotiable treasury bills classified in the Investment Portfolio • Bonds and other negotiable debt securities • Long-term investments	• Treasury Bills	• CAM bonds; • CIH bonds;

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".

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.

Derivatives

Standard:

A derivative is a financial instrument or another contract included in IAS 39's scope of application which meets the following three criteria:

- Its value changes in response to a change in a variable such as specified interest rate, the price of a financial instrument, a price, index or yield benchmark, a credit rating, a credit index or any other variable, provided that in the case of a non-financial variable, the variable must not be specific to any one party to the contract (sometimes known as «the underlying »);
- Requires no initial investment or one that is smaller than would be required for a contract having a similar reaction to changes in market conditions; and
- Is settled at a future data.

A hedging instrument is a designated derivative or, in the case of a hedge for foreign exchange risk only, a non-derivative designated financial asset or liability. The latter's fair value or cash flows are intended to offset variations in the fair value or cash flows of the designated hedged iteMr.

Policies adopted by Attijariwafa bank

Attijariwafa bank does not currently use derivatives for hedging purposes and is not therefore subject to provisions applicable to hedge accounting.

All other transactions involving the use of derivatives are recognised as assets/liabilities at fair value through income.

Embedded derivatives

Standard:

An embedded derivative is a feature within a financial contract whose purpose its to vary a part of the transaction's cash flows in a similar way to that of a stand-alone derivative.

The IAS 39 standard defines a hybrid contract as a contract comprising a host contract and an embedded derivative.

IAS 39 requires that an embedded derivative is separated from its host contract and accounted for as a derivative when the following three conditions are met:

- The hybrid contract is not recognised at fair value;
- Separated from the host contract, the embedded derivative possesses the same characteristics as a derivative;
- The characteristics of the embedded derivative are not closely related to those of the host contract.

IAS 39 recommends that the host contract is valued at inception by taking the difference between the fair value of the hybrid contract (i.e. at cost) and the fair value of the embedded derivative.

Policies adopted by Attijariwafa bank

If there is a material impact from measuring embedded derivatives at fair value, then they are recognised under «Financial assets held at fair value through income ».

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 in a principal market (or the most advantageous market) at the measurement date based on current market conditions (i.e. an exit price) providing that this price was directly observable or estimated by using an appropriate valuation technique.

IFRS 13 uses a 'fair value hierarchy' which categorises the inputs used in valuation techniques into three levels in order to determine fair value. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

<u>Level 1 inputs</u>

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 market 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 (§ 79).

<u>Level 2 inputs</u>

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 maturity (contractual), a Level 2 input must be observable for almost the entire life of the asset or liability. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads.

Adjustments to Level 2 inputs will vary depending on factors specific to the asset or liability. Those factors include the following: the state or location of the asset, the extent to which inputs relate to items that are comparable to the asset or liability, as well as the volume and the 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 might result in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

Level 3 inputs

Level 3 inputs inputs are unobservable inputs for the asset or liability. Unobservable inputs must be 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 measurement 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 shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Market value is determined by the Group:

- Either from quoted market prices in an active market;
- Or by using a valuation technique based on mathematical models derived from recognised financial theories, which makes maximum use of market inputs.

➥ **Case 1: Instruments traded on active markets**

Quoted market prices on active markets are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. Listed securities and derivatives such as futures and options, which are traded on organised markets, are valued in this way. The majority of over-the-counter derivatives, such as plain vanilla swaps and options, are traded on active markets. They are valued using widely-accepted models (discounted cash flow model, Black and Scholes model and interpolation techniques) and based on quoted market prices of similar or underlying instruments.

➥ **Case 2: Instruments traded on inactive markets**

Instruments traded on an inactive market are valued using an internal model based on directly observable or deduced market data.

Certain financial instruments, although not traded on active markets, are valued using methods based on directly observable market data.

Observable market data may include yield curves, implied volatility ranges for options, default rates and loss assumptions obtained by market consensus or from active over-the-counter markets.

Insurance

Standard:

Insurance contracts:

The main provisions for insurance contracts are summarised below:

- May continue to recognise these contracts in accordance with current accounting policies by making a distinction between three types of contract under IFRS 4:

1. Pure insurance contracts;
2. Financial contracts comprising a discretionary participation feature;
3. And liabilities relating to other financial contracts, in accordance with IAS 39, which are recorded under «Amounts owing to customers ».

- Requires that embedded derivatives, which do not benefit from exempt status under IFRS 4, are accounted for separately and recognised at fair value through income;
- Requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets;
- A reinsurance cession asset is amortised, by recognising this impairment through income, when and only when:
  - Tangible evidence exists, following the occurrence of an event after initial recognition of the asset in respect of reinsurance cessions, resulting in the cedant not receiving all its contractual cash flows;
  - This event has an impact, which may be accurately assessed, on the amount which the reinsurer is expected to receive from the primary insurer.
- Requires an insurer to keep insurance liabilities on its balance sheet until they are discharged, cancelled, or expire and prohibits offsetting insurance liabilities against related reinsurance assets;
- Requires that a new insurance liability is recorded in accordance with IFRS 4 «Shadow accounting » in respect of policyholders' deferred participation in profits which represents the portion of unrealised capital gains on financial assets to which policyholders are entitled, in accordance with IAS 39.

Policies adopted by Attijariwafa bank:

Insurance contracts:

A liability adequacy test has already been carried out by Wafa Assurance, which appointed an external firm of actuaries to assess its technical reserves.

The provision for fluctuations in claims relating to non-life insurance contracts is to be cancelled.

Investment-linked insurance:

Wafa Assurance

The instruments held in portfolios are currently classified in the following categories:

HFT	AFS	HTM	Loans & receivables
• Portfolio of consolidated UCITS	• Shares and other equity • Investments in SCIs (Panorama) ; • Treasury bills and unquoted debt instruments.	• Not applicable	• Long-term investments

Liabilities provisions:

Standard:

A provision must be booked when :

- the company has a present obligation (legal or implicit) resulting from 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, when the outflow of expected future economic benefits exceeds one year, it is compulsory to discount the provisions for risks and charges.

Except in the case of combinations, contingent liabilities are not provisioned. When the contingent liability or asset is material, it is compulsory to mention it in the notes to the financial statements.

Policies adopted by Attijariwafa bank:

The Group has analysed all its general provisions and:

- How they are matched to inherent risks;
- Has reviewed how they are measured and booked under IFRS.

Current & deferred taxation:

Standard:

A deferred tax asset or liability is recognised each time that the recovery or payment of an asset or liability's carrying amount will result in an increase or reduction in future tax payments compared to what they would have been previously.

A company will most likely be able to offset a deductible temporary difference against taxable income:

- If it has sufficient taxable temporary differences within the remit of the same tax authority and in relation to the same entity;
- If the company is likely to generate sufficient profit within the remit of the same tax authority and in relation to the same entity;
- Tax management allows it the opportunity to generate taxable income in the related periods.

Deferred taxes may not be amortised under IFRS.

Policies adopted by Attijariwafa bank:

Assessing the probability of generating future taxable income:

Deferred tax assets are not recognised unless it is probable that future taxable income will be generated. This probability can be ascertained by the business projections of the companies in question.

Accounting for deferred tax liabilities in respect of temporary differences relating to intangible assets resulting from business combinations:

A deferred tax liability is recognised for goodwill relating to intangible assets resulting from business combinations even if these intangible assets have an indefinite life.

Accounting for deferred tax assets in respect of deductible temporary differences relating to consolidated investments in affiliates:

A deferred tax asset must be recognised in respect of deductible temporary differences relating to consolidated investments in affiliates when these temporary differences are likely to be resolved in the foreseeable future and when it is probable that taxable profit will be generated.

Possibility of revising Goodwill if a deferred tax asset is identified after the regularisation period allowed under IFRS:

A deferred tax asset, which is not identifiable at the time of acquisition but recognised subsequently, is recognised through consolidated income and Goodwill is restated retrospectively even after the regularisation period expires. The impact of this revision is also recognised through consolidated income.

Deferred taxes recognised initially in equity:

The impact of changes to tax rates and/or tax rules is recognised in equity.

Employee benefits

Standard:

The objective of this Standard is to prescribe the accounting treatment 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 Payment" applies. These benefits include 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, state, industry or other multi-employer plans; or
- By those informal practices that give rise to a constructive obligation and those where the entity has no realistic alternative but to pay employee benefits.

Employee benefits are contingent considerations of any type provided by an entity for services rendered by members of staff or in the event that their employment is terminated. They comprise 4 categories:

Short-term benefits:

Are employee benefits (other than termination benefits), that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services e.g. wages, salaries and social security contributions; paid annual leave and paid sick leave; profit-sharing and bonuses etc.

When an employee has rendered service to an entity during an accounting period, the entity shall recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability, after deducting any amount already paid, if applicable; or
- As an expense.

Post-employment benefits:

These are employee benefits which are payable post-employment e.g. retirement benefits, post-employment life insurance and post-employment medical care.

Distinction is made between two types of post-retirement benefit plan:

1. Defined contribution plans: an entity pays defined contributions into a fund and has no other legal or constructive obligation to pay additional contributions if the fund does not have sufficient assets to meet expected benefits relating to services rendered by staff. As a result, actuarial risk and investment risk fall 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.

The entity shall recognise the contribution payable to a defined contribution plan in exchange for the service rendered by an employee:

- As a liability, after deducting any amount already paid, if applicable; or
- As an expense.

2. Defined benefit plans: the entity's obligation is to provide the agreed benefits to current and former employees As a result, actuarial risk and investment risk fall on the employee.

Accounting for defined benefit plans is quite complex due to the fact that actuarial assumptions are required to measure the obligation and there is a possibility of an actuarial gain or loss. In addition, the obligations are discounted to their present value as they may be paid several years after the employee has rendered the corresponding service.

A multi-employer plan which is neither a general plan nor a compulsory plan must be recognised by the company as either a defined contribution plan or a defined benefit plan depending on the characteristics of the plan.

Other long-term employee benefits:

Other long-term employee benefits include long-term paid absences, such as long-service or sabbatical leave. They also include jubilee or other long-service benefits such wissam schoghl, long-term disability benefits, profit-sharing, bonuses and deferred remuneration if not expected to be settled wholly before twelve months after the end of the annual reporting period.

In general, the measurement of other long-term employee benefits is usually not subject to the same degree of uncertainty as the measurement of defined benefit plans. Therefore, this standard provides a simplified method which does not recognise re-measurements in other comprehensive income.

Termination benefits:

Termination benefits are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The entity should recognise a liability and expense for termination benefits at the earlier of the following two dates:

- The date after which it may no longer withdraw its benefits;
- The date at which it recognises the costs of restructuring as required by IAS 37 and envisages the payment of related benefits.

In the case of termination benefits payable following an entity's decision to terminate the employment of an employee, the entity may no longer withdraw its offer of benefits once it has informed the employees in question of the termination plan, which should satisfy the following criteria:

- The measures required to successfully execute the plan would suggest that is it unlikely that major changes would be made to the plan;
- The plan identifies the number of employees to be terminated, the job classifications or functions that will be affected and their locations and when the terminations are expected to occur;
- The plan establishes the terms of the termination benefits in sufficient detail to enable employees to determine the type and amount of benefits they will receive if they are involuntarily terminated.

Measuring obligations:

Method:

Accounting for defined benefit plans requires the use of actuarial techniques to reliably estimate the benefits accruing to employees in consideration for current and past service rendered.

This requires estimating the benefits, demographic variables such as mortality rates and staff turnover, financial variables such as the discount rate and future salary increases that will affect the cost of benefits.

The recommended method under IAS 19 is the "projected unit credit method".

This amounts to recognising, on the date that the obligation is calculated, an obligation equal to the probable present value of the estimated benefits multiplied by the length of service at the calculation date and at the retirement date.

The obligation can be considered as accruing pro-rata to the employee's length of service. As a result, an employee's entitlement is calculated on the basis of length of service and estimated salary at the retirement date.

Policies adopted by Attijariwafa bank:

Attijariwafa bank has opted for a defined contribution retirement benefits plan. Accordingly, no specific accounting treatment is required under IFRS.

In the case of post-employment medical cover, Attijariwafa bank does not have sufficient information to be able to account for its medical cover as a defined benefit plan.

The Group, on the other hand, has booked specific provisions for liabilities to employees including end-of-career bonuses and service awards (Ouissam Achoughl).

Share-based payments

Share-based payments are payments based on shares issued by the Group. The payments are made either in the form of shares or in cash for amounts based on the value of the Group's shares.

Examples of share-based payments include stock options or employee share plans.

Under the subscription terms, employees may subscribe for shares at a discount to the current market price over a specified period. The inaccessibility period is taken into consideration when expensing this benefit.

CONSOLIDATED IFRS BALANCE SHEET at 30 June 2016

(thousand MAD)

ASSETS (under IFRS)	Notes	06/30/2016	12/31/2015
Cash and balances with central banks. the Treasury and post office accounts		15 428 384	12 580 486
Financial assets at fair value through income	2.1	50 605 404	58 297 966
Derivative hedging instruments		-	-
Available-for-sale financial assets	2.2	35 661 699	33 000 427
loans and advances to credit institutions and similar establishments	2.3	16 632 480	21 179 662
loans and advances to customers	2.4	264 172 319	252 918 815
interest rate hedging reserve		-	-
held-to-maturity investments		7 654 455	7 916 008
Current tax assets		23 442	395 789
Deferred tax assets		541 337	516 412
Other assets		8 364 259	7 973 730
Participations of insured parties in differed profits	2.2	1 390 517	893 528
Non-current assets held for sale		89 667	98 622
Investments in companies accounted for under the equity method		91 460	102 952
Investment property		2 036 370	1 875 923
Property. plant and equipment	2.5	5 026 064	4 953 082
Intangible assets	2.5	1 847 861	1 708 144
goodwill	2.6	6 675 195	6 667 144
TOTAL ASSETS		**416 240 914**	**411 078 692**

LIABILITIES (under IFRS)	Notes	06/30/2016	12/31/2015
Amounts owing to central banks. the Treasury and post office accounts		175 892	165 236
Financial liabilities at fair value through income	2.7	1 378 007	1 090 129
Derivative hedging instruments		-	-
Amounts owing to credit institutions and similar establishments	2.8	27 512 983	32 511 095
Customer deposits	2.9	280 441 944	274 514 736
Debt securities issued		12 407 397	13 743 666
Interest rate hedging reserve		-	-
Current tax liabilities		234 774	296 624
Deferred tax liabilities		2 036 447	1 782 425
Other liabilities		11 668 126	8 848 300
Liabilities related to non-current assets held for sale		-	-
Insurance companies' technical reserves		24 753 959	23 873 972
General provisions	2.10	1 627 180	1 513 117
Subsidies. public funds and special guarantee funds		144 011	153 865
Subordinated debt		12 649 077	11 356 370
Share capital and related reserves		10 151 765	10 151 765
Consolidated reserves		27 013 651	24 905 872
- Group share		*23 442 833*	*21 420 642*
- Minority interests		*3 570 819*	*3 485 230*
Unrealised deferred capital gains or losses, Group share		1 089 685	871 352
Net income for the financial year		2 956 016	5 300 168
- Group share		*2 495 419*	*4 501 781*
- Minority interests		*460 596*	*798 387*
TOTAL LIABILITIES		**416 240 914**	**411 078 692**

CONSOLIDATED INCOME STATEMENT UNDER IFRS at 30 June 2016

(thousand MAD)

	Notes	06/30/2016	12/31/2015
interest and similar income	3.1	8 565 032	8 677 038
interest and similar expenses	3.1	2 800 590	2 925 769
NET INTEREST MARGIN		**5 764 442**	**5 751 269**
Fees received	3.2	2 450 109	2 189 692
Fees paid	3.2	282 885	247 517
NET FEE INCOME		**2 167 223**	**1 942 175**
Net gains or losses on financial instruments at fair value through income		1 785 967	1 629 056
Net gains or losses on available-for-sale financial assets		201 181	211 914
INCOME FROM MARKET ACTIVITIES		**1 987 148**	**1 840 969**
income from other activities		3 329 131	2 966 204
Expenses on other activities		3 156 251	2 746 940
NET BANKING INCOME		**10 091 693**	**9 753 677**
general operating expenses		4 125 553	3 922 368
Depreciation, amortisation and provisions		450 989	418 973
GROSS OPERATING INCOME		**5 515 150**	**5 412 335**
Cost of risk	3.3	-1 104 030	-1 162 502
OPERATING INCOME		**4 411 121**	**4 249 833**
Net income from companies accounted for under the equity method		110	6 262
Net gains or losses on other assets		17 786	15 178
Changes in value of goodwill		-	-
PRE-TAX INCOME		**4 429 017**	**4 271 273**
income tax		1 473 001	1 511 709
NET INCOME		**2 956 016**	**2 759 564**
Minority interests		460 596	447 693
NET INCOME GROUP SHARE		**2 495 419**	**2 311 871**
Earnings per share (in dirhams)		12,26	11,36
Dividend per share (in dirhams)		12,26	11,36

STATEMENT OF NET INCOME AND GAINS AND LOSSES DIRECTLY RECORDED IN SHAREHOLDERS EQUITY at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
NET INCOME	**2 956 016**	**5 300 168**
Asset and liability variations directly recorded in shareholders equity	90 350	-41 481
Translation gains or losses	-182 343	-3 566
Variation in value of financial assets available for sale	284 295	-11 534
Revaluation of fixed assets		
Variations in differed value of derivative coverage instruments		
Items regarding enterprises by equity method	-11 602	-26 380
Total	**3 046 366**	**5 258 687**
Group share	2 619 996	4 486 083
Minority interest share	426 370	772 604

TABLE OF SHAREHOLDERS EQUITY VARIATION at 30 June 2016

(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)	Share- holders equity group share (6)	Minority interests (7)	Total (8)
Shareholders' equity at 31 december 2014		2 035 272	8 116 493	-2 050 326	26 926 196	493 918	35 521 553	4 880 425	40 401 978
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2014		2 035 272	8 116 493	-2 050 326	26 926 196	493 918	35 521 553	4 880 425	40 401 978
Transactions related to share capital		-			216 227		216 227	70 184	286 411
Share-based payments									
Transactions related to treasury stock									
Dividends					-1 987 034		-1 987 034	-643 595	-2 630 629
Net income					4 501 781		4 501 781	798 387	5 300 168
Variations in assets and liabilities recorded directly in shareholders' equity	(A)					20 262	20 262	-31 796	-11 534
Translation gains and losses	(B)					-9 579	-9 579	6 013	-3 566
Total assets and liabilities entered directly in capital	(A)+(B)					10 683	10 683	-25 783	-15 101
Other variations					-1 346 800		-1 346 800	-796 001	-2 142 801
Perimeter variation					29 131		29 131		29 131
Shareholders' equity at 31 december 2015		2 035 272	8 116 493	-2 050 326	28 339 501	504 600	36 945 541	4 283 617	41 229 157
Effect of changes to accounting policies									
Shareholders' equity restated at 31 december 2015		2 035 272	8 116 493	-2 050 326	28 339 501	504 600	36 945 541	4 283 617	41 229 157
Transactions related to share capital					209 919		209 919	38 678	248 597
Share-based payments									
Transactions related to treasury stock									
Dividends					-2 165 111		-2 165 111	-600 031	-2 765 142
Net income for the period					2 495 419		2 495 419	460 596	2 956 016
Total assets and liabilities entered directly in capital	(C)					218 333	218 333	65 963	284 295
Variations in assets and liabilities recorded directly in shareholders' equity	(D)					-82 154	-82 154	-100 189	-182 343
Latent or differed gains or losses	(C)+(D)					136 179	136 179	-34 226	101 952
Other variations					-442 245		-442 245	-117 218	-559 463
Changes in scope of consolidation									
Shareholders' equity at 30 June 2016		**2 035 272**	**8 116 493**	**-2 050 326**	**28 437 484**	**640 779**	**37 179 702**	**4 031 416**	**41 211 117**

CONSOLIDATED CASH FLOW STATEMENT at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015	06/30/2015
Pre-tax income	**4 429 017**	**8 104 295**	**4 271 273**
+/- Net depreciation and amortisation of property, plant and equipment and intangible assets	559 529	970 533	452 217
+/- Net impairment of goodwill and other fixed assets			
+/- Net amortisation of financial assets	13 208	104 831	60 881
+/- Net provisions	1 218 050	2 422 800	1 207 237
+/- Net income from companies accounted for under the equity method	-110	-12 471	-6 262
+/- Net gain/loss from investment activities	-347 125	-439 553	-251 388
+/- Net gain/loss from financing activities			
+/- Other movements	**1 109 683**	**-129 765**	**-692 029**
Total non-cash items included in pre-tax income and other adjustments	**2 553 236**	**2 916 376**	**770 657**
+/- Flows relating to transactions with credit institutions and similar establishments	6 615 561	-14 549 064	-6 898 595
+/- Flows relating to transactions with customers	-5 234 224	16 854 982	8 807 426
+/- Flows relating to other transactions affecting financial assets or liabilities	6 785 895	-5 564 823	-2 332 632
+/- Flows relating to other transactions affecting non-financial assets or liabilities			
- taxes paid	-1 064 957	-3 101 911	-2 828 019
Net increase/decrease in operating assets and liabilities	**7 102 275**	**-6 360 817**	**-3 251 821**
Net cash flow from operating activities	**14 084 527**	**4 659 853**	**1 790 110**
+/- Flows relating to financial assets and investments	-880 259	-2 609 365	1 962 040
+/- Flows relating to investment property	-160 447	-75 423	-119 039
+/- Flows relating to plant, property and equipment and intangible assets	-212 699	-671 838	-339 506
Net cash flow from investment activities	**-1 253 405**	**-3 356 626**	**1 503 496**
+/- Cash flows from or to shareholders	-2 765 142	-2 630 629	-2 654 703
+/- Other net cash flows from financing activities	-145 990	930 931	-1 941 289
Net cash flow from financing activities	**-2 911 132**	**-1 699 698**	**-4 595 991**
Effect of changes in foreign exchange rates on cash and cash equivalents	**-98 131**	**75 864**	**7 125**
Net increase (decrease) in cash and cash equivalents	**9 821 860**	**-320 606**	**-1 295 260**

	06/30/2016	12/31/2015	06/30/2015
Cash and cash equivalents at the beginning of the period	**-997 287**	**-676 681**	**-676 681**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	12 415 251	8 707 054	8 707 054
Inter-bank balances with credit institutions and similar establishments	-13 412 538	-9 383 735	-9 383 735
Cash and cash equivalents at the end of the period	**8 824 572**	**-997 287**	**-1 971 941**
Net cash balance (assets and liabilities) with central banks, the treasury and post office accounts	15 252 492	12 415 251	9 882 166
Inter-bank balances with credit institutions and similar establishments	-6 427 920	-13 412 538	-11 854 108
Net change in cash and cash equivalents	**9 821 860**	**-320 606**	**-1 295 260**

2.1 Financial assets at fair value through income at 30 June 2016

(thousand MAD)

	Financial assets held for trading	Financial assets at fair value through income
Loans and advances to credit institutions and similar establishments		
Loans and advances to customers		
Financial assets held as guarantee for unit-linked policies		
Securities received under repo agreements		
Treasury notes and similar securities	31 585 716	
Bonds and other fixed income securities	**1 335 593**	
· listed securities	-	
· unlisted securities	1 335 593	
Shares and other equity securities	**16 995 530**	
· listed securities	16 995 530	
· unlisted securities		
Derivative instruments	**585 210**	
Related loans	**103 353**	
Fair value on the balance sheet	**50 605 404**	

2.2 Available-for-sale financial assets at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Securities valued at fair value		
· treasury notes and similar securities	**11 062 387**	**9 843 386**
· Bonds and other fixed income securities	**13 054 429**	**13 088 319**
· listed securities	8 327 984	7 593 569
· unlisted securities	4 726 445	5 494 750
· Shares and other equity securities	**4 829 421**	**3 904 388**
· listed securities	4 040 183	729 269
· unlisted securities	789 237	3 175 119
· Securities in non-consolidated affiliates	**8 105 981**	**7 057 863**
total available-for-sale securities	**37 052 217**	**33 893 956**

Available-for-sale financial assets held by Wafa Assurance totalled MAD 18,076 millions at the end of June 2016 vs. MAD 16,987 millions at the end of December 2015.

2.3 Loans and advances to credit institutions and similar establishments

2.3.1 Loans and advances to credit institutions at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Credit institutions		
Accounts and loans	16 388 211	20 585 285
Securities received under repo agreements	9 941	18 096
Subordinated loans	7 173	10 849
Other loans and advances	153 708	492 539
Total principal	**16 559 033**	**21 106 768**
Related loans	96 790	99 153
Provisions	23 343	26 260
Net value	**16 632 480**	**21 179 662**
Internal operations		
Regular accounts	6 769 645	7 350 273
Accounts and long-term advances	22 643 771	23 472 375
Related loans	226 908	227 113

2.3.2 Breakdown of loans and advances to credit institutions by geographical area at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Morocco	3 502 196	3 975 175
Tunisia	1 354 970	1 417 177
Sub-Saharan Africa	1 986 332	2 355 877
Europe	3 941 183	6 932 431
Others	5 774 353	6 426 108
Total principal	**16 559 033**	**21 106 768**
Related loans	96 790	99 153
Provisions	23 343	26 260
Net value on the balance sheet	**16 632 480**	**21 179 662**

2.4 Loans and advances to customers

2.4.1 Loans and advances to customers at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Transactions with customers		
Commercial loans	37 278 181	35 193 162
Other loans and advances to customers	192 667 799	184 905 880
Securities received under repo agreements	32 893	27 916
Current accounts in debit	29 124 493	28 171 206
Total principal	**259 103 366**	**248 298 165**
Related loans	1 953 362	1 600 192
Provisions	13 814 118	13 268 149
Net value	**247 242 610**	**236 630 208**
Leasing		
Property leasing	3 217 041	3 333 079
Leasing of movable property, long-term rental and similar activities	14 127 282	13 340 520
Total principal	**17 344 324**	**16 673 599**
Related loans	5 442	1 323
Provisions	420 057	386 316
Net value	**16 929 708**	**16 288 607**
Total	**264 172 319**	**252 918 815**

2.4.2 Loans and advances to customers by geographical area at 30 June 2016

(thousand MAD)

	06/30/2016				12/31/2015			
country	healthy outstandings	impaired outstandings	individual provisions	collective provisions	healthy outstandings	impaired outstandings	individual provisions	collective provisions
Morocco	199 174 779	14 401 429	8 384 032	1 561 103	190 742 015	13 493 447	7 862 235	1 551 774
Tunisia	19 920 527	1 395 360	803 079	87 448	19 995 518	1 458 111	850 310	94 058
Sub-Saharan Africa	36 169 624	3 915 665	2 886 044	501 644	34 209 374	4 039 348	2 797 677	489 268
Europe	203 108	11 360	10 801	-	212 467	10 873	9 142	-
Others	1 255 814	26	26	-	810 611	-	-	-
Total principal	**256 723 851**	**19 723 839**	**12 083 981**	**2 150 195**	**245 969 985**	**19 001 779**	**11 519 364**	**2 135 101**
Related loans	1 958 804				1 601 516			
Net value on the balance sheet	**258 682 655**	**19 723 839**	**12 083 981**	**2 150 195**	**247 571 501**	**19 001 779**	**11 519 364**	**2 135 101**

2.5 Plant, property and equipment and intangible assets at 30 June 2016

(thousand MAD)

	06/30/2016			12/31/2015		
	Gross value	Accumulated amortisation and impairment	Net value	Gross value	Accumulated amortisation and impairment	Net value
Land and buildings	2 989 621	1 218 251	1 771 371	3 056 073	1 185 395	1 870 677
Movable property and equipment	3 173 387	2 616 921	556 466	3 074 951	2 574 665	500 286
Leased movable property	591 730	234 932	356 798	502 570	217 040	285 531
Other property, plant and equipment	5 325 213	2 983 783	2 341 430	5 169 400	2 872 811	2 296 589
Total property, plant and equipment	**12 079 951**	**7 053 887**	**5 026 064**	**11 802 994**	**6 849 911**	**4 953 082**
It software acquired	2 979 478	1 810 097	1 169 380	2 688 223	1 701 553	986 670
Other intangible assets	1 216 222	537 741	678 481	1 254 740	533 267	721 474
Total intangible assets	**4 195 700**	**2 347 839**	**1 847 861**	**3 942 964**	**2 234 819**	**1 708 144**

2.6 Goodwill at 30 June 2016

(thousand MAD)

	12/31/2015	Perimeter variation	Translation gains and losses	Other movements	06/30/2016
Gross value	6 667 144		8 051		6 675 195
Accumulated amortisation and impairment					
Net value on the balance sheet	**6 667 144**		**8 051**		**6 675 195**

2.7 Financial liabilities at fair value through income at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Securities pledged under repo agreements	286 357	289 501
Derivative instruments	1 091 649	800 627
Fair value on the balance sheet	**1 378 007**	**1 090 129**

2.8 Amounts owing to credit institutions at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Credit institutions		
Accounts and borrowings	9 151 024	20 744 187
Securities pledged under repo agreement	18 288 461	11 613 967
Total	**27 439 484**	**32 358 154**
Related debt	73 499	152 941
Value on the balance sheet	**27 512 983**	**32 511 095**
Internal group operations		
Current accounts in credit	5 434 745	6 131 550
Accounts and long-term advances	25 479 657	25 379 247
Related debt	134 566	119 306

2.9 Amounts owing to customers at 30 June 2016

2.9.1 Amounts owing to customers

(thousand MAD)

	06/30/2016	12/31/2015
Ordinary creditor accounts	195 500 021	194 127 296
Savings accounts	63 054 690	64 278 768
Other amounts owing to customers	16 707 779	13 394 138
Securities pledged under repo agreements	3 951 256	1 553 506
Total principal	**279 213 746**	**273 353 707**
Related debt	1 228 198	1 161 029
Value on the balance sheet	**280 441 944**	**274 514 736**

2.9.2 Breakdown of amounts owing to customers by geographical area at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Morocco	207 734 927	202 555 876
Tunisia	23 331 023	23 940 401
Sub-Saharan Africa	43 560 536	42 080 312
Europe	3 903 027	4 249 603
Other	684 233	527 516
Total principal	**279 213 746**	**273 353 707**
Related debt	1 228 198	1 161 029
Value on the balance sheet	**280 441 944**	**274 514 736**

2.10 General provisions at 30 June 2016

(thousand MAD)

	Stock at 12/31/2015	Change in scope	Additional provisions	Write-backs used	Write-backs not used	Other changes	Stock at 06/30/2016
Provisions for risks in executing signature loans	142 363		3 156		19 863	612	126 268
Provisions for social benefit liabilities	464 506		57 410	27 460		-9 672	484 784
Other general provisions	906 250		158 396	10 022	31 198	-7 299	1 016 128
General provisions	**1 513 117**	**-**	**218 962**	**37 481**	**51 061**	**-16 358**	**1 627 180**

3.1 Net interest margin at 30 June 2016

(thousand MAD)

	06/30/2016			06/30/2015		
	Income	Expenses	Net	Income	Expenses	Net
Transactions with customers	**7 527 686**	**1 854 980**	**5 672 706**	**7 478 684**	**1 798 483**	**5 680 201**
Accounts and loans/borrowings	7 020 869	1 803 080	5 217 789	7 078 543	1 727 410	5 351 133
Repurchase agreements	891	51 900	-51 009	1 030	71 073	-70 043
Leasing activities	505 926		505 926	399 110		399 110
Inter-bank transactions	**235 836**	**428 424**	**-192 588**	**351 219**	**621 366**	**-270 146**
Accounts and loans/borrowings	235 456	329 304	-93 848	350 448	562 672	-212 225
Repurchase agreements	381	99 121	-98 740	772	58 693	-57 922
Debt issued by the group	**-**	**517 186**	**-517 186**	**-**	**505 921**	**-505 921**
Securities transactions	**801 511**	**-**	**801 511**	**847 135**	**-**	**847 135**
Total net interest income	**8 565 032**	**2 800 590**	**5 764 442**	**8 677 038**	**2 925 769**	**5 751 269**

3.2 Net fee income at 30 June 2016

(thousand MAD)

	Income	Expenses	Net
Net fees on transactions	**1 102 586**	**36 762**	**1 065 823**
With credit institutions	59 747	33 648	26 100
With customers	728 382		728 382
On securities	71 399	2 716	68 683
On foreign exchange	34 477	370	34 108
On forward financial instruments and other off-balance sheet transactions	208 580	29	208 551
Banking and financial services	**1 347 523**	**246 123**	**1 101 400**
Net income from mutual fund management (OPCVM)	163 717	12 056	151 661
Net income from payment services	743 659	190 774	552 886
Insurance products	4 603		4 603
Other services	435 544	43 293	392 251
Net fee Income	**2 450 109**	**282 885**	**2 167 223**

3.3 Cost of risk at 30 June 2016

(thousand MAD)

	06/30/2016	06/30/2015
Additional provisions	**-1 445 693**	**-1 626 916**
Provisions for loan impairment	-1 284 141	-1 519 097
Provisions for signature loans	-3 156	-2 241
Other general provisions	-158 396	-105 578
Provision write-backs	**648 501**	**995 813**
Provision write-backs for loan impairment	587 419	687 387
Provisions write-backs for signature loans	19 863	57 921
Provision write-backs for other general provisions	41 219	250 505
Change in provisions	**-306 838**	**-531 399**
Losses on non-provisioned irrecoverable loans and advances	-32 340	-50 852
Losses on provisioned irrecoverable loans and advances	-294 580	-501 668
Amounts recovered on impaired loans and advances	30 103	35 841
Other losses	-10 022	-14 720
Cost of risk	**-1 104 030**	**-1 162 502**

4. Information per center of activities

Attijariwafa bank's information by business activity is presented as follows:

- **Domestic banking, europe and offshore comprising** Attijariwafa bank SA, Attijariwafa bank Europe, Attijari international bank and holding companies incorporating the group's investments in the group's consolidated subsidiaries;
- **Specialised Financial Subsidiaries** comprising Moroccan subsidiaries undertaking consumer finance, mortgage loan, leasing, factoring and money transfer activities;
- **International Retail Banking** activities comprising Attijari bank tunisie and the banks located in Sub-Saharan Africa;
- **Insurance and property** comprising Wafa Assurance.

(thousand MAD)

BALANCE SHEET JUNE 2016	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	TOTAL
Balance sheet	**261 709 502**	**30 726 427**	**33 292 464**	**90 512 521**	**416 240 914**
Including					
Assets					
Financial assets at fair value through income	43 622 807	26 257	6 870 547	85 794	**50 605 404**
Available-for-sale financial assets	4 376 294	276 782	18 076 079	14 323 062	**37 052 217**
Loans and advances to credit institutions and similar establishments	12 962 536	50 579	4 258	3 615 107	**16 632 480**
Loans and advances to customers	176 299 190	27 523 192	3 443 812	56 906 124	**264 172 319**
Property, plant and equipment	2 370 600	545 354	273 539	1 836 571	**5 026 064**
Liabilities					
Amounts owing to credit institutions and similar establishments	20 399 672	799 273		6 314 038	**27 512 983**
Customer deposits	208 485 940	3 209 078	2 039	68 744 887	**280 441 944**
Technical reserves for insurance contracts			24 753 959		**24 753 959**
Subordinated debt	11 802 413	205 856		640 808	**12 649 077**
Shareholders' equity	30 943 778	2 518 689	3 960 111	3 788 539	**41 211 117**

(thousand MAD)

Income statement June 2016	Domestic banking, europe and offshore	Specialised Financial Subsidiaries	Insurance and property	International Retail Banking	Eliminations	TOTAL
Net interest margin	3 423 188	529 271	263 768	1 679 478	-131 263	**5 764 442**
Net fee income	1 010 364	449 113	-14 243	954 612	-232 623	**2 167 223**
Net banking income	5 480 134	1 142 913	838 435	2 881 297	-251 085	**10 091 693**
Operating expenses	2 257 603	415 147	262 265	1 441 624	-251 085	**4 125 553**
Operating income	2 152 306	569 262	489 519	1 200 034		**4 411 121**
Net income	1 338 723	357 207	384 379	875 707		**2 956 016**
Net income group share	1 329 177	272 713	304 768	588 761		**2 495 419**

5. Financing commitments and guarantees

5.1 Financing commitments at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Financing commitments given	**24 299 739**	**23 822 415**
To credit institutions and similar establishments	542 310	659 745
To customers	23 757 429	23 162 670
Financing commitments received	**2 593 948**	**3 369 783**
From credit institutions and similar establishments	2 593 948	3 369 783
From the State and other organisations		

5.2 Guarantee commitments at 30 June 2016

(thousand MAD)

	06/30/2016	12/31/2015
Guarantees given	**51 433 955**	**48 657 688**
To credit institutions and similar establishments	7 879 843	8 749 590
To customers	43 554 112	39 908 097
Guarantees received	**35 931 199**	**31 471 698**
From credit institutions and similar establishments	31 238 407	26 760 495
From the State and other organisations providing guarantees	4 692 792	4 711 203

6. Other complementary information:

6.1 Subordinated debts issued during 1H2016:

Attijariwafa bank issued two subordinated bond loans as of 30 June 2016

- The first subordinated bond loan, issued on 20 June 2016 for an amount of MAD 1 billion, is split up into 10,000 bonds at per value of MAD 100,000 with a maturity comprised between 7 and 10 years. It is divided into six parts, three of which are listed on the Casablanca stock exchange (sections A, B and E), the remaining three being unlisted (sections C, D and F).

The nominal interest rate is fixed for A, C, E and F. It is 2.59% for A and C plus a risk premium of 75 basis points i.e. 3.34% and 2.84% for E and F plus a premium risk of 90 basis points i.e.3.74%.

The nominal interest rate applied to B and D is annually revisable and is 1.91% plus a pemium risk of 75 basis points i.e. 2.66%.

The global income from subscription to the six sections is summarized in the below table:

(in thousand MAD)

	Section A	Section B	Section C	Section D	Section E	Section F
Amount withheld	-	-	1,200	240,800	100,000	658,000

- The second subordinated bond loan, issued by Attijari bank Tunisie on 20 June 2016 for an amount of TND 60 million, is split up into 600,000 bonds at per value of TND 100 and divided into category A with a maturity of 5 years and a fixed rate of 7.4.%.

6.2 Capital and income per share

6.2.1 Number of shares and per values :

As of 30 June 2016, Attijariwafa bank's capital amouted to MAD 2,035,272,260 and made of 203,527,226 shares at a nominal value of MAD 10.

6.2.2 Attijariwafa bank shares held by the Group :

As of 30 June 2016, Attijariwafa bank Group hold 13,514,934 shares representing a global amount of MAD 2,050 million deducted from the consolidated shareholders equity.

6.2.3 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)

	30 June 2016	31 December 2015	30 June 2015
Earnings per share	12.26	22.12	11.36
Diluted earnings per share	12.26	22.12	11.36

6.3 Scope of consolidation

name	Sector of activity	(A)	(B)	(C)	(D)	country	Method	% control	% interest
Attijariwafa bank	Bank					Morocco	Top		
ATTIJARIWAFA EUROPE	Bank					France	IG	99.78%	99.78%
ATTIJARI INTERNATIONAL BANK	Bank					Morocco	IG	100.00%	100.00%
COMPAGNIE BANCAIRE DE L'AFRIQUE DE L'OUEST	Bank					Senegal	IG	83.07%	83.01%
ATTIJARIBANK TUNISIE	Bank					Tunisia	IG	58.98%	58.98%
LA BANQUE INTERNATIONALE POUR LE MALI	Bank					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	75.00%	75.00%
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					Togo	IG	55.00%	55.00%
WAFA SALAF	Consumer credit					Morocco	IG	50.91%	50.91%
WAFA BAIL	Leasing					Morocco	IG	97.83%	97.83%
WAFA IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI IMMOBILIER	Real estate loans					Morocco	IG	100.00%	100.00%
ATTIJARI FACTORING MAROC	Factoring					Morocco	IG	80.00%	80.00%
WAFA CASH	Cash activities					Morocco	IG	99.98%	99.98%
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					Mauritius	IG	100.00%	100.00%
SAF	holding Company					France	IG	99.82%	99.82%
FILAF	holding Company					Senegal	IG	100.00%	100.00%
CAFIN	holding Company					Senegal	IG	100.00%	100.00%
ATTIJARI AFRIQUE PARTICIPATIONS	holding Company					France	IG	100.00%	100.00%
ATTIJARI MAROCO-MAURITANIE	holding Company					France	IG	67.00%	67.00%
ATTIJARI IVOIRE	holding Company			(2)		Morocco	IG	100.00%	100.00%
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					Togo	IG	100.00%	100.00%

(A) Movements occurring in second half of 2014
(B) Movements occurring in first half of 2015
(C) Movements occurring in second half of 2015
(D) Movements occurring in first half of 2016

1 - Acquisition
2 - Creation, crossing threshold
3 - Entry into IFRS perimeter
4 - Disposal
5 - Deconsolidation
6 - Merger between consolidated entities
7 - Change in method - Proportional integration to global integration
8 - Change in method - Global integration to equity method
9 - Change in method - Equity method to global integration
10 - Change in method - Global integration to propotional integration
11 - Change in method - Equity method to proportional integration
12 - Reconsolidation