PROSPECTUS SUMMARY

التجاري وفا بنك
Attijariwafa bank

ATTIJARIWAFA BANK

PERPETUAL SUBORDINATED BOND ISSUE WITH LOSS ABSORPTION AND COUPON PAYMENT CANCELLATION MECHANISM FOR A TOTAL AMOUNT OF MAD 1,000,000,000

	Tranche A (not listed)	Tranche B (not listed)
Ceiling	MAD 1,000,000,000	MAD 1,000,000,000
Maximum number of securities	10,000 perpetual subordinated bonds	10,000 perpetual subordinated bonds
Par value	MAD 100,000	MAD 100,000
Maturity	Perpetual	Perpetual
Rate	Revisable every 10 years, with reference to the secondary 10-year Treasury bill yield curve as published by Bank Al-Maghrib on May 30, 2019, i.e. 2.98%, plus a risk premium, i.e. between 5.48% and 5.58% for the first 10 years.	Revisable annually, with reference to the full 52-week rate (monetary policy rate) determined with reference to the secondary Treasury bills yield curve as published by Bank Al-Maghrib on May 30, 2019, i.e. 2.30%, plus a risk premium, i.e. between 4.60% and 4.70% for the first year.
Risk premium	Between 250 and 260 bps	Between 230 and 240 bps
Repayment guarantee	None	None
Allocation method	French auction with priority to Tranche "A" (with a rate revisable every 10 years), then to Tranche "B" (with a rate revisable annually)	
Tradability of securities	Over-the-counter (off-market)	Over-the-counter (off-market)

Subscription period: from June 24 to 26, 2019 included

Subscription to these bonds and their trading on the secondary market are strictly reserved for qualified investors under Moroccan law as listed in the prospectus

Advisory Body
Attijari Finances Corp.

Attijariwafa bank
CORPORATE FINANCE

Investment Agent

التجاري وفا بنك
Attijariwafa bank

APPROVAL OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of AMMC circular taken in pursuance of Article 5 of Dahir No. 1-12-55 of December 28, 2012, promulgating Law No. 44-12 on public offering and the information required of public issuers, this prospectus was approved by AMMC on June 14, 2019 under reference no. VI/EM/013/2019.

DISCLAIMER

The Moroccan Capital Market Authority (AMMC) approved, on June 14, 2019 a prospectus related to the issue of subordinated bonds by Attijariwafa bank.

The perpetual subordinated bond is distinguished from the classical bond, on the one hand, by the rank of claims contractually defined by the subordination clause and by its indefinite duration. The effect of the subordination clause is to condition, in the event of the liquidation of the issuer, repayment of the loan to the satisfaction of all other debts including subordinated bonds with a fixed maturity that have been issued and which could be issued later. In addition, the attention of potential investors is drawn to the fact that an investment in subordinated perpetual bonds is subject to the risk of depreciation of the nominal value of securities and cancellation of interest payments

The AMMC-approved prospectus is available at any time, or within a maximum of 48 hours, at the following places:

- **Attijariwafa bank headquarters: 2, boulevard Moulay Youssef - Casablanca. Phone: 05.22.29.88.88, and on its website:**

  www.attijariwafabank.com/ESPACEFINANCIER/Pages/Publicationsfinancières.aspx;

- **Attijari Finances Corp.: 163, avenue Hassan II - Casablanca. Phone: 05.22.47.64.35.**

The prospectus is available to the public on AMMC website (www.ammc.ma).

This summary has been translated by LISSANIAT under the joint responsibility of the said translator and Attijariwafa bank. In the event of any discrepancy between the contents of this summary and the AMMC-approved prospectus, only the approved prospectus is deemed authentic.

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PART I: PRESENTATION OF THE OPERATION

I. Objectives of the operation

Attijariwafa bank continues to carry out its development strategy:

- at the international level, notably through:
  - ✓ the continued strengthening of its presence in the Maghreb and the development of its business in Central and West Africa
  - ✓ the launch of the 2nd phase of the Group's African development through its expansion into certain high-potential English-speaking countries;
- on the domestic market by developing banking, the financing of major projects in the Kingdom and the financing of retail through housing and consumer loans.

This issue mainly aims at:

- strengthening the current regulatory capital requirements and, consequently, enhancing the solvency ratio of Attijariwafa bank;
- funding both the bank's local and international development.

In accordance with Bank Al-Maghrib's Circular 14/G/2013 on the calculation of the regulatory capital requirements of credit institutions, funds collected through this transaction will be classified as additional Tier 1 capital.

II. Structure of the offer

Attijariwafa bank intends to issue 10,000 perpetual subordinated bonds with a par value of MAD 100,000. The total amount of the transaction amounts to MAD 1,000,000,000 divided as follows

- ✓ Tranche "A" with a perpetual maturity and a rate revisable every 10 years, not listed in the Casablanca Stock Exchange, with a MAD 1,000,000,000 ceiling and a par value of MAD 100,000;
- ✓ Tranche "B" with a perpetual maturity and a rate revisable annually, not listed in the Casablanca Stock Exchange, with a MAD 1,000,000,000 ceiling and a par value of MAD 100,000

The total amount allotted on both tranches may under no circumstances exceed the amount of MAD 1,000,000,000.

This issue is reserved, both on the primary and secondary markets, for the following qualified investors under Moroccan law, subject to the laws and regulations governing them:

- Undertakings for Collective Investment in Transferable Securities (UCITS), whose investment strategy, as set out in their prospectus, authorizes the subscription to perpetual subordinated bonds with a loss-absorbing and/or interests cancellation mechanism;
- Financial companies[1];
- Credit institutions;
- Insurance and reinsurance companies;

[1] As defined by article 20 of Law No. 130-12.

- The Caisse de Dépôt et de Gestion;
- Pension and retirement funds.

Each qualified investor holding perpetual subordinated bonds subject to this prospectus undertakes not to transfer the said bonds to qualified investors other than the qualified listed in this prospectus.

Also, account holders must not accept settlement and delivery instructions of perpetual subordinated bonds covered by this prospectus made by qualified investors other than the qualified investors listed in this prospectus.

III. Information related to Attijariwafa bank's perpetual subordinated bonds

<u>Disclaimer:</u> ***Perpetual subordinated bonds differ from traditional bonds, on the one hand by virtue of the order of creditor ranking contractually defined by the subordination clause, and on the other hand by its indefinite term. The effect of the subordination clause is to determine, in the event of winding-up of the issuer, the repayment of the loan that will be subject to the repayment of all other claims, including subordinated bonds with a fixed maturity, which have been issued and which may subsequently be issued. The principal and interest relating to these securities constitute a last-rank commitment and will rank and rank higher only in relation to the equity securities of Attijariwafa bank. Furthermore, the attention of potential investors is drawn to the fact that:***

- ***This perpetual bond issue has no fixed maturity date but may be repaid at the issuer's discretion and with the agreement of Bank Al-Maghrib, which may have an impact on the expected maturity and reinvestment conditions;***
- ***Investment in perpetual subordinated bonds includes clauses for the depreciation of the nominal value of the securities and the cancellation of interest payments exposing investors to the risk presented in Part - section 8.2***

Characteristics of Tranche A (At a rate to be revised every 10 years, with a perpetual maturity not listed on the Casablanca Stock Exchange)

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the transactions of the central custodian (Maroclear).
Legal form	Bearer bond
Tranche ceiling	**MAD 1,000,000,000**
Maximum number of securities to be issued	**10,000 subordinated bonds**
Initial par value	**MAD 100,000**
Issue price	**100%, i.e. MAD 100,000**
Loan maturity	Perpetual, with the possibility of early redemption, beyond the 5th year of the interest accrual date, which can only be made at the issuer's initiative and with the agreement of Bank Al-Maghrib with a minimum notice period of five years.
Subscription period	From June 24 to 26, 2019 included
Interest accrual date	June 28, 2019
Allocation method	French auction with priority to Tranche "A" (with a rate revisable every 10 years), then to Tranche "B" (with a rate revisable annually)
Nominal interest rate	**Rate revisable every 10 years** For the first 10 years, the nominal interest rate is determined by reference to the 10-year rate calculated using the yield curve for secondary market reference rates for Treasury Bills as published by Bank Al-Maghrib on May 30, 2019, i.e. 2.98%. This rate will be increased by a risk premium ranging between 250 and 260 basis points, i.e. **between 5.48% and 5.58%**. Beyond the first 10 years and for each 10-year period, the reference rate is the 10-year rate observed or calculated using the secondary yield curve of Treasury bills as published by Bank Al-

[2] See Part VII. Risk factors – Section VIII. Risks related to perpetual subordinated bonds.

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	Maghrib, preceding the last coupon anniversary date of each 10-year period by 5 business days. The reference rate thus obtained will be increased by the risk premium set at the end of the subscription period (risk premium between 250 and 260 basis points) and will be communicated to bondholders, in a newspaper of legal announcement, 5 business days before the anniversary date of each rate revision date. In the event that the 10-year Treasury bill rate is not directly observable on the yield curve, the reference rate will be determined by linear interpolation using the two points surrounding the full 10-year maturity (actuarial basis).
Risk premium	**Between 250 and 260 basis points**
Interests	Interest will be paid annually on the anniversary dates of the interest accrual date of the loan, i.e. on June 28th of each year. Payment will be made on the same day or on the first business day following June 28 if it is not a trading day. Interest on the perpetual subordinated bonds will cease to accrue from the date on which the capital is repaid by Attijariwafa bank. Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest for an indefinite period and on a non-cumulative basis in order to meet its obligations (notably following a request from Bank Al-Maghrib). As a result of this decision, any amount of interest cancelled is no longer payable by the issuer or considered to be accrued or due to all holders of perpetual bonds issued by Attijariwafa bank. Each cancellation decision will relate to the amount of the coupon that was originally scheduled for payment on the next anniversary date. Attijariwafa bank is required to apply the provisions of Bank Al-Maghrib's circular No. 14/G/2013 of August 13, 2013 on the calculation of regulatory capital of credit institutions, including Article 10 of the aforementioned circular defining core capital instruments as shares and any other item comprising share capital and the allocation meeting a certain number of criteria (listed below), including primarily the provision stipulating that distributions in the form of dividends or other distributions are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated bonds covered by this Prospectus. All the above-mentioned criteria are described as follows: ▪ the instruments are issued directly by the institution after prior approval by its administrative body; ▪ the instruments are perpetual; ▪ the principal amount of the instruments may not be reduced or redeemed, except in the event of winding up of the institution or with the prior consent of Bank Al-Maghrib; ▪ the instruments rank after all other claims in the event of insolvency or winding-up of the institution; ▪ the instruments do not benefit from any of the related entities' sureties or guarantees that have the effect of raising the ranking of the claims; ▪ the instruments are not subject to any arrangement, contractual or otherwise, that would raise the priority of claims arising from such instruments in the event of insolvency or winding-up;

- the instruments make it possible to absorb the first part and proportionally the largest part of the losses as soon as they occur;
- the instruments give its owner a claim on the residual assets of the institution, which, in the event of winding-up and after payment of all higher-ranking claims, is proportional to the amount of the instruments issued. The amount of the said claim is neither fixed nor subject to a ceiling, except in the event of shares in the company;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or other distributions are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made. These distributions can only come from distributable items. The level of distributions is not related to the price at which the instruments were acquired at the time of issue, except in the case of shares;
- the provisions to which the core capital instruments are subject do not provide for (i) preferential rights for the payment of dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of shares, (iii) an obligation for the institution to make distributions to its holders;
- the non-payment of dividends does not constitute an event of default for the institution; and
- the cancellation of distributions does not impose any constraints on the institution.

In the event of cancellation of the payment of the interest amount, the issuer must inform the holders of perpetual bonds and the AMMC of this cancellation decision at least 60 calendar days before the payment date. Holders of perpetual bonds shall be informed by a notice published in a newspaper of legal announcement specifying the amount of interest cancelled and the reasons for this decision to cancel payment of the amount of interest and the corrective measures that have been implemented.

The distribution of interest can only come from distributable items and is not linked to the credit quality of Attijariwafa bank.

Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to increase the amount of a coupon payable which will therefore become higher than the amount of the coupon determined by using the formula below. In the event of a decision to increase the coupon amount, the issuer must inform the holders of perpetual bonds and the AMMC of this decision at least 60 calendar days before the payment date, all of the perpetual bondholders issued by Attijariwafa bank and the AMMC, of this decision. Holders of perpetual bonds shall be informed by a notice published in a newspaper of legal announcement.

In the event of other instruments having a coupon payment cancellation mechanism, the decision to cancel / increase the amount of the coupon to be paid will be prorated to the amount of the coupon between all instruments.

Interest will be calculated according to the following formula: [Nominal x face rate].

Interest will be calculated on the basis of the last nominal amount as defined in the "Loss Absorption" clause or on the basis of the

	outstanding capital as defined in the "Capital Redemption" clause.
Capital redemption	The redemption of the capital is subject to Bank Al-Maghrib's approval and is made on a straight-line basis over a minimum period of 5 years (see "early redemption" clause).
Early redemption	Attijariwafa bank undertakes not to proceed with the early redemption of the perpetual subordinated bonds, the subject of this issue, before a period of 5 years from the interest accrual date. Beyond 5 years, the early redemption of all or part of the capital may only be made at the issuer's initiative, subject to a minimum notice period of five years and after approval by Bank Al-Maghrib. Any early redemption (total or partial) will be made in proportion to all tranches of the perpetual subordinated bonds covered by this issue on a straight-line basis over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early redemption, as soon as the decision on early redemption has been taken, with a reminder at least sixty calendar days before the start date of this redemption. These notices shall be published in a newspaper of legal announcement and shall specify the amount and duration and the start date of the redemption. The issuer may not proceed with the early redemption in whole or in part of the perpetual subordinated bonds, which are the subject of this issue, as long as their par value is depreciated in accordance with the "Loss Absorption" clause. In the event that the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis, during the redemption period, the latter shall be based on the initial par value of the securities. Any early redemption (total or partial) made before the anniversary date will be made on the basis of the amount of the outstanding principal and the accrued interest on the date of redemption. Attijariwafa bank undertakes not to repurchase the perpetual subordinated bonds, the subject of this issue, as long as their par value is depreciated in accordance with the "Loss Absorption" clause. The issuer is required to inform the AMMC and all holders of the perpetual subordinated bonds subscribed to this issue of any repurchase procedure, subject to prior approval by Bank Al-Maghrib, by a notice published in a newspaper of legal announcement specifying the number of bonds to be repurchased, the timeframe and the price of the repurchase. Attijariwafa bank will redeem pro rata to the sale orders submitted (in the event that the number of securities submitted is greater than the number of securities to be repurchased). The repurchased bonds will be cancelled. In the event of a merger, spin-off or partial contribution of assets of Attijariwafa bank occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank. In the event that Attijariwafa bank is wound up, the repayment of the capital is subordinated to all other debts (see "Rank of the loan").

Loss absorption

Securities are written down[3] when the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis. Securities are written down by the amount corresponding to the difference between theoretical Tier 1 core capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and actual CET 1 capital (after taking into account the tax effect).[4]

This write-down is made within a period not exceeding one calendar month from the date on which the non-compliance with the minimum ratio of 6.0% is noted, on an individual or consolidated basis, by reducing the par value of the securities by the corresponding amount, up to a minimum par value of MAD 50 (pursuant to Article 292 of Law 17-95 on public limited companies, as amended and supplemented).

Within 30 days following each semi-annual period end (semi-annual solvency ratio publication cut-off dates) or an extraordinary or intermediate calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al Maghrib, complies with the minimum level of 6.0% of weighted risks, on an individual and consolidated basis. Attijariwafa bank will publish its CET1 ratio as well as the forecast levels of the said ratio over an 18-month horizon, after prior approval by its Board of Directors. This publication will take place before the end of April for each annual accounts closing and before the end of October for each half-year accounts closing and will be made through Attijariwafa bank's Pillar III publications (available on its website). This publication will also take place, through a newspaper of legal announcement, within thirty days of the occurrence of any significant event affecting regulatory ratios. These publications will be sent to the representative of the bondholders' group comprising the holders of the perpetual subordinated bonds covered by this issue, at the same time as to Bank Al-Maghrib and the AMMC, and must contain details of the prudential ratios (Core Capital Ratio or CET1 and Solvency Ratio), regulatory capital composition and weighted risk allocation.

In the event of non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrib and the AMMC and send the holders of perpetual bonds, within 5 business days from the date on which it is established that the minimum ratio of 6.0% has not been complied with, on an individual or consolidated basis, a notice published in a newspaper of legal announcement specifying the occurrence of events that trigger the loss absorption mechanism, the amount by which the par value of the securities has been written down, the method used to determine this amount, the corrective measures implemented and the date on which this write-down will be effective.

After a possible write-down of the par value of the securities, and if the financial situation of the issuer that required the write-down improves, Attijariwafa bank may immediately trigger, with the prior agreement of Bank Al-Maghrib, the mechanism for appreciating in whole or in part the par value that was the subject

[3] Any write-down of the par value of the securities would allow Attijariwafa bank to recognize exceptional income that would increase its net income and improve its shareholders' equity.

[4] The historical evolution of the core capital ratio (CET 1) and the solvency ratio is presented in the Prospectus' Section IX.5 Analysis of the main balance sheet items (for consolidated ratios) and in Section VIII.2.2. Risk control - Solvency ratios and Part VII. Risk factors - Section IV. Regulatory risks (for ratios on a parent-company basis).

	of the write-down. The issuer must inform the holders of perpetual subordinated bonds, within one month, by notice published in a newspaper of legal announcement, of the decision to increase the par value, the amount, the method of calculation and the effective date of such increase. In the event that other instruments with a loss absorption mechanism exist, the depreciation/appreciation of the par value will be made on a pro rata basis between all instruments whose trigger point has been exceeded, on the basis of the last par value preceding the trigger date of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal amount preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal amount). In the event of a depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.
Tradability of securities	Traded over-the-counter. Perpetual subordinated bonds, which are the subject of this issue, may only be traded between qualified investors listed in this prospectus. Each qualified investor holding perpetual subordinated bonds subject to this prospectus undertakes not to transfer the said bonds to qualified investors other than the qualified listed in this prospectus. Also, account holders must not accept settlement and delivery instructions of perpetual subordinated bonds covered by this prospectus made by qualified investors other than the qualified investors listed in this prospectus.
Assimilation clauses	There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to the securities from a previous issue. In the event that Attijariwafa bank subsequently issues new securities enjoying in all respects the same rights as this issue, it may, without requiring the consent of the holders, and provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the transactions relating to their management and trading.
Loan rank	The capital will be subject to a subordination clause. The application of this clause shall in no way affect the rules of law concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, under the conditions laid down in the contract, the payment of its securities in capital and interest. In the event of the winding-up of Attijariwafa bank, the perpetual subordinated securities of this issue will only be redeemed after all preferential or unsecured creditors have been paid. These perpetual subordinated securities will be redeemed after all other fixed-term subordinated loans that have been issued and that may subsequently be issued by Attijariwafa bank both in Morocco and internationally: ▪ the initial par value reduced by the amount of any repayments made previously; ▪ the amount available after payment of all preferential or unsecured creditors and holders of subordinated fixed-term bonds that have been issued and that may subsequently be issued by Attijariwafa bank both in Morocco and internationally;

	These perpetual subordinated securities shall rank *pari passu* with perpetual subordinated bonds of the same nature. As a reminder, Attijariwafa bank has proceeded to two perpetual subordinated bond issues in December 2016 and in December 2018 amounting to MAD 500,000,000 each.
Repayment guarantee	This issue is not the subject of any particular guarantee.
Rating	This issue has not been the subject of any rating request.
Representation of the bondholders' group	By virtue of the powers conferred on him by the Board of Directors held on May 30, 2019, and pending the holding of the General Meeting of bondholders, the Chairman of the Board of Directors of Attijariwafa bank has appointed Hdid Consultants represented by Mr. Mohamed Hdid as provisional representative. This decision will take effect as soon as the subscription period begins. It should be noted that the provisional representative appointed is identical for tranches A and B (perpetual subordinated bonds), which are grouped together in a single group. In addition, the Board of Directors undertakes to convene the General Meeting of Bondholders to appoint the final representative of the bondholders group within a period of one year from the start of the subscription period.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca

Characteristics of Tranche B (At a rate to be revised annually, with a perpetual maturity not listed on the Casablanca Stock Exchange)

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration in an account with the financial intermediaries authorized and approved for the transactions of the central custodian (Maroclear).
Legal form	Bearer bond
Tranche ceiling	**MAD 1,000,000,000**
Maximum number of securities to be issued	**10,000 subordinated bonds**
Initial par value	**MAD 100,000**
Issue price	**100%, i.e. MAD 100,000**
Loan maturity	Perpetual, with the possibility of early redemption, beyond the 5^{th} year of the interest accrual date, which can only be made at the issuer's initiative and with the agreement of Bank Al-Maghrib with a minimum notice period of five years.
Subscription period	From June 24 to 26, 2019 included
Interest accrual date	June 28, 2019
Allocation method	French auction with priority to Tranche "A" (with a rate revisable every 10 years), then to Tranche "B" (with a rate revisable annually)
Nominal interest rate	**Rate revisable annually**

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	For the first year, the nominal interest rate is the full 52-week rate (monetary policy rate) determined using the yield curve of secondary market reference rates for Treasury bills as published by Bank Al-Maghrib on May 30, 2019, i.e. 2.30%. This rate will be increased by a risk premium ranging between 230 et 240 basis points, i.e. **between 4.60% and 4.70%**. On each anniversary date, the reference rate is the full 52-week rate (monetary policy rate) determined with reference to the secondary yield curve for Treasury bills published by Bank Al-Maghrib, preceding the anniversary date of the coupon by 5 business days. The reference rate thus obtained will be increased by the risk premium set at the end of the subscription period (risk premium between 230 and 240 basis points) and will be communicated to bondholders 5 business days before the anniversary date of each rate revision date.
Method of calculating the reference rate	The reference rate will be determined by the linear interpolation method using the two points surrounding the full 52-week maturity (monetary basis). This linear interpolation will take place after the conversion of the rate immediately above the 52-week maturity (actuarial basis) into the equivalent monetary rate. The formula for this calculation is: (((Actuarial rate + 1)^ (k / exact number of days*))-1) x 360/k ; where k: maturity of the actuarial rate we wish to transform *Exact number of days: 365 or 366 days.
Risk premium	**Between 230 and 240 basis points**
Interest rate determination date	The coupon will be revised annually on the anniversary dates of the interest accrual date of the loan, i.e. on June 28 of each year. The new rate will be communicated by the issuer to bondholders in a newspaper of legal announcement, 5 business days before the anniversary date.
Interests	Interest will be paid annually on the anniversary dates of the interest accrual date of the loan, i.e. on June 28 of each year. Payment will be made on the same day or on the first business day following June 28 if it is not a business day. Interest on the perpetual subordinated bonds will cease to accrue from the date on which the capital is repaid by Attijariwafa bank. Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) the payment of interest for an indefinite period and on a non-cumulative basis in order to meet its obligations (notably following a request from Bank Al-Maghrib). As a result of this decision, any amount of interest cancelled is no longer payable by the issuer or considered to be accrued or due to all holders of perpetual bonds issued by Attijariwafa bank. Each cancellation decision will be based on the amount of the coupon originally scheduled for payment on the next anniversary date. Attijariwafa bank is required to apply the provisions of Bank Al-Maghrib's circular No. 14/G/2013 of August 13, 2013 on the calculation of regulatory capital of credit institutions, including Article 10 of the aforementioned circular defining core capital

instruments as shares and any other item comprising share capital and the allocation meeting a certain number of criteria (listed below), including primarily the provision stipulating that distributions in the form of dividends or other distributions are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made, including the perpetual subordinated bonds covered by this Prospectus. All the above-mentioned criteria are described as follows:

- the instruments are issued directly by the institution after prior approval by its administrative body;
- the instruments are perpetual;
- the principal amount of the instruments may not be reduced or redeemed, except in the event of winding up of the institution or with the prior consent of Bank Al-Maghrib;
- the instruments rank after all other claims in the event of insolvency or winding-up of the institution;
- the instruments do not benefit from any of the related entities' sureties or guarantees that have the effect of raising the ranking of the claims;
- the instruments are not subject to any arrangement, contractual or otherwise, that would raise the priority of claims arising from such instruments in the event of insolvency or winding-up;
- the instruments make it possible to absorb the first part and proportionally the largest part of the losses as soon as they occur;
- the instruments give its owner a claim on the residual assets of the institution, which, in the event of winding-up and after payment of all higher-ranking claims, is proportional to the amount of the instruments issued. The amount of the said claim is neither fixed nor subject to a ceiling, except in the event of shares in the company;
- the purchase of the instruments is not financed directly or indirectly by the institution;
- distributions in the form of dividends or other distributions are made only after all legal and contractual obligations have been met and payments on senior equity instruments have been made. These distributions can only come from distributable items. The level of distributions is not related to the price at which the instruments were acquired at the time of issue, except in the case of shares;
- the provisions to which the core capital instruments are subject do not provide for (i) preferential rights for the payment of dividends, (ii) a ceiling or other restrictions on the maximum amount of distributions, except in the case of shares, (iii) an obligation for the institution to make distributions to its holders;
- the non-payment of dividends does not constitute an event of default for the institution; and
- the cancellation of distributions does not impose any constraints on the institution.

In the event of cancellation of the payment of the interest amount, the issuer must inform the holders of perpetual bonds and the AMMC of this cancellation decision at least 60 calendar days before the payment date. Holders of perpetual bonds shall be informed by a notice published in a newspaper of legal announcement specifying the amount of interest cancelled, the reasons for this decision to cancel payment of the amount of

	interest and the corrective measures that have been implemented. The distribution of interest can only come from distributable items and is not linked to the credit quality of Attijariwafa bank. Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to increase the amount of a coupon payable which will therefore become higher than the amount of the coupon determined by using the formula below. In the event of a decision to increase the coupon amount, the issuer must inform the holders of perpetual bonds and the AMMC of this decision at least 60 calendar days before the payment date. Holders of perpetual bonds shall be informed by a notice published in a newspaper of legal announcement. In the event of other instruments having a coupon payment cancellation mechanism, the decision to cancel / increase the amount of the coupon to be paid will be prorated to the amount of the coupon between all instruments. Interest will be calculated according to the following formula: [Nominal x nominal rate x Exact number of days/360]. Interest will be calculated on the basis of the last nominal amount as defined in the "Loss Absorption" clause or on the basis of the outstanding capital as defined in the "Capital Redemption" clause.
Capital redemption	The redemption of the capital is subject to Bank Al-Maghrib's approval and is made on a straight-line basis over a minimum period of 5 years (see "early redemption" clause).
Early redemption	Attijariwafa bank undertakes not to proceed with the early redemption of the perpetual subordinated bonds, the subject of this issue, before a period of 5 years from the interest accrual date. Beyond 5 years, the early redemption of all or part of the capital may only be made at the issuer's initiative, subject to a minimum notice period of five years and after approval by Bank Al-Maghrib. Any early redemption (total or partial) will be made in proportion to all tranches of the perpetual subordinated bonds covered by this issue on a straight-line basis over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early redemption, as soon as the decision on early redemption has been taken, with a reminder at least sixty calendar days before the start date of this redemption. These notices shall be published in a newspaper of legal announcement and shall specify the amount and duration and the start date of the redemption. The issuer may not proceed with the early redemption in whole or in part of the perpetual subordinated bonds, which are the subject of this issue, as long as their par value is depreciated in accordance with the "Loss Absorption" clause. In the event that the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis, during the redemption period, the latter shall be based on the initial par value of the securities. Any early redemption (total or partial) made before the anniversary date will be made on the basis of the amount of the outstanding principal and the interest accrued on the redemption date. Attijariwafa bank undertakes not to repurchase the perpetual subordinated bonds, the subject of this issue, as long as their par

	value is depreciated in accordance with the "Loss Absorption" clause. The issuer is required to inform the AMMC and all holders of the perpetual subordinated bonds subscribed to this issue of any repurchase procedure, subject to prior approval by Bank Al-Maghrib, by a notice published in a newspaper of legal announcement specifying the number of bonds to be repurchased, the timeframe and the price of the repurchase. Attijariwafa bank will redeem pro rata to the sale orders submitted (in the event that the number of securities submitted is greater than the number of securities to be repurchased). The repurchased bonds will be cancelled. In the event of a merger, spin-off or partial contribution of assets of Attijariwafa bank occurring during the term of the loan and resulting in the universal transfer of the assets to a separate legal entity, the rights and obligations under the perpetual subordinated bonds will automatically be transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank. In the event that Attijariwafa bank is wound up, the repayment of the capital is subordinated to all other debts (see "Rank of the loan").
Loss absorption	Securities are written down [5] when the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% of the weighted risks, on an individual or consolidated basis. Securities are written down by the amount corresponding to the difference between theoretical Tier 1 core capital (CET1) allowing to reach 6.0% of the weighted risks of the CET 1 ratio and actual CET 1 capital (after taking into account the tax effect).[6] This write-down is made within a period not exceeding one calendar month from the date on which the non-compliance with the minimum ratio of 6.0% is noted, on an individual or consolidated basis, by reducing the par value of the securities by the corresponding amount, up to a minimum par value of MAD 50 (pursuant to Article 292 of Law 17-95 on public limited companies, as amended and supplemented). Within 30 days following each semi-annual period end (semi-annual solvency ratio publication cut-off dates) or an extraordinary or intermediate calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al Maghrib, complies with the minimum level of 6.0% of weighted risks, on an individual and consolidated basis. Attijariwafa bank will publish its CET1 ratio as well as the forecast levels of the said ratio over an 18-month horizon, after prior approval by its Board of Directors. This publication will take place before the end of April for each annual accounts closing and before the end of October for each half-year accounts closing and will be made through Attijariwafa bank's Pillar III publications (available on its website). This publication will also take place, through a newspaper of legal announcement, within thirty days of the occurrence of any significant event affecting regulatory ratios. These publications will be sent to the representative of the bondholders' group comprising the holders of the perpetual subordinated bonds covered by this issue, at the

[5] Any write-down of the par value of the securities would allow Attijariwafa bank to recognize exceptional income that would increase its net income and improve its shareholders' equity.

[6] The historical evolution of the core capital ratio (CET 1) and the solvency ratio is presented in the Prospectus' Section IX.5 Analysis of the main balance sheet items (for consolidated ratios) and in Section VIII.2.2. Risk control - Solvency ratios, and Part VII. Risk factors - Section IV. Regulatory risks (for ratios on a parent-company basis)

	same time as to Bank Al-Maghrib and the AMMC, and must contain details of the prudential ratios (Core Capital Ratio or CET1 and Solvency Ratio), regulatory capital composition and weighted risk allocation. In the event of non-compliance with the minimum ratio of 6.0%, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrib and the AMMC and send the holders of perpetual bonds, within 5 business days, from the date on which it is established that the minimum ratio of 6.0% has not been complied with, on an individual or consolidated basis, a notice published in a newspaper of legal announcement specifying the occurrence of events that trigger the loss absorption mechanism, the amount by which the par value of the securities has been written down, the method used to determine this amount, the corrective measures implemented and the date on which this write-down will be effective. After a possible write-down of the par value of the securities, and if the financial situation of the issuer that required the write-down improves, Attijariwafa bank may immediately trigger, with the prior agreement of Bank Al-Maghrib, the mechanism for appreciating in whole or in part the par value that was the subject of the write-down. The issuer must inform the holders of perpetual subordinated bonds, within one month, by notice published in a newspaper of legal announcement, of the decision to increase the par value, the amount, the method of calculation and the effective date of such increase. In the event that other instruments with a loss absorption mechanism exist, the depreciation/appreciation of the par value will be made on a pro rata basis between all instruments whose trigger point has been exceeded, on the basis of the last par value preceding the trigger date of the loss absorption mechanism. Interest will be calculated on the basis of the last nominal amount preceding the coupon payment date (taking into account the depreciation/appreciation of the nominal amount). In the event of a depreciation or appreciation of the nominal value of the securities, the issuer must immediately inform the AMMC.
Tradability of securities	Traded over-the-counter. Perpetual subordinated bonds, which are the subject of this issue, may only be traded between qualified investors listed in this prospectus. Each qualified investor holding perpetual subordinated bonds subject to this prospectus undertakes not to transfer the said bonds to qualified investors other than the qualified listed in this prospectus. Also, account holders must not accept settlement and delivery instructions of perpetual subordinated bonds covered by this prospectus made by qualified investors other than the qualified investors listed in this prospectus.
Assimilation clauses	There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to the securities from a previous issue. In the event that Attijariwafa bank subsequently issues new securities enjoying in all respects the same rights as this issue, it may, without requiring the consent of the holders, and provided that the issue contracts so provide, assimilate all the securities of the successive issues, thus unifying all the transactions relating to their management and trading.

Loan rank	The capital will be subject to a subordination clause. The application of this clause shall in no way affect the rules of law concerning the accounting principles for the allocation of losses, the obligations of shareholders and the rights of the subscriber to obtain, under the conditions laid down in the contract, the payment of its securities in capital and interest. In the event of the winding-up of Attijariwafa bank, the perpetual subordinated securities of this issue will only be redeemed after all preferential or unsecured creditors have been paid. These perpetual subordinated securities will be redeemed after all other fixed-term subordinated loans that have been issued and that may subsequently be issued by Attijariwafa bank both in Morocco and internationally. This redemption will be made on the basis of the lower of the following two amounts: ▪ the initial par value reduced by the amount of any repayments made previously; ▪ the amount available after payment of all preferential or unsecured creditors and holders of subordinated fixed-term bonds that have been issued and that may subsequently be issued by Attijariwafa bank both in Morocco and internationally; These perpetual subordinated securities shall rank *pari passu* with perpetual subordinated bonds of the same nature. As a reminder, Attijariwafa bank has proceeded to two perpetual subordinated bond issues in December 2016 and in December 2018 amounting to MAD 500,000,000 each.
Repayment guarantee	This issue is not the subject of any particular guarantee.
Rating	This issue has not been the subject of any rating request.
Representation of the bondholders' group	By virtue of the powers conferred on him by the Board of Directors held on May 30, 2019, and pending the holding of the General Meeting of bondholders, the Chairman of the Board of Directors of Attijariwafa bank has appointed Hdid Consultants represented by Mr. Mohamed Hdid as provisional representative. This decision will take effect as soon as the subscription period begins. It should be noted that the provisional representative appointed is identical for tranches A and B (perpetual subordinated bonds), which are grouped together in a single group. In addition, the Board of Directors undertakes to convene the General Meeting of Bondholders to appoint the final representative of the bondholders group within a period of one year from the start of the subscription period.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca

IV. Operation schedule

The schedule for this operation is as follows:

Orders	Stages	Timeframe
1	Obtaining the AMMC approval	14/06/2019
2	Publication of the excerpt from the prospectus on the issuer website (www.attijariwafabank.com/ESPACEFINANCIER/Pages/Publicationsfinancières.aspx)	14/06/2019
3	Publication by the issuer of the press release in a newspaper of legal announcement	17/06/2019
4	Opening of the subscription period	24/06/2019
5	Closing of the subscription period	26/06/2019
6	Allotment of securities	26/06/2019
7	Settlement	28/06/2019
8	Publication by the issuer of the results and interest rates selected of the transaction in a newspaper of legal announcement	28/06/2019

PART II: GENERAL OVERVIEW OF ATTIJARIWAFA BANK

I. General information

Company name	Attijariwafa bank
Head office	2, boulevard Moulay Youssef – Casablanca 20 000
Telephone / Fax	Phone: 0522.29.88.88 Fax: 0522.29.41.25
Website	www.attijariwafabank.com
Legal form	Limited company with a Board of Directors
Incorporation date	1911
Company lifetime	May 31, 2060 (99 years)
Trade register	Casablanca Trade Register No. 333
Financial year	From January 1st to December 31st
Corporate purpose (article 5 of the bylaws)	"The company's purpose is to carry out, in all countries, all banking, finance, credit and commission operations and, in general, subject only to the restrictions resulting from the legal provisions in force, all operations directly or indirectly related to them, in particular the following operations, the list of which is not exhaustive: ▪ Receive from the public deposits on accounts or otherwise, interest bearing or not, repayable on demand, upon notice or at maturity; ▪ discount all commercial paper, bills of exchange, promissory notes, checks, warrants, bills, notes issued by the Public Treasury or by Public or semi-public authorities and, in general, all kinds of commitments resulting from industrial, agricultural, commercial or financial operations or operations made by any Public Administration, trade or rediscount the aforementioned items, provide and accept all orders, bills of exchange, promissory notes, checks, etc.; ▪ grant loans in any form whatsoever, with or without guarantees, make advances on Moroccan and foreign annuities, on securities issued by the State, Public or semi-public Authorities and on securities issued by industrial, agricultural, commercial or financial companies, whether Moroccan or foreign; ▪ receive in custody all securities, instruments and objects; accept or make all payments and recoveries of bills of exchange, promissory notes, checks, warrants, interest or dividend coupons, act as an intermediary for the purchase or sale of any kind of public funds, shares, bonds or profit shares; ▪ accept, or grant in connection with loans or borrowings, any mortgage allocations and any other guarantees; underwrite any guarantee commitments, sureties or endorsements, make any acquisitions, sales of movable or immovable property and any lease or rental of buildings; ▪ proceed to or participate in the issue, placement, introduction on the market, trading of any securities of public or private entities, bid on any loans of these entities, acquire or dispose of any securities of annuities, public bills, shares, units, bonds, warrants or notes of any kind of these entities, ensure the incorporation of companies and accept accordingly any mandate or power, possibly take a share in the

	capital of these companies; ▪ establish in any place in Morocco, or outside Morocco, the branches, agencies, offices and subsidiaries necessary to carry out the operations indicated above; ▪ take stakes in existing or newly created companies, subject to compliance with the limits set, in relation to its own funds and the share capital or voting rights of the issuing company, in accordance with the regulations in force. ▪ And generally, any operation related to its corporate purpose."
Share capital as of 30/04/2019	MAD 2 098 596 790 fully paid up, consisting of 209 859 679 shares with a nominal value of MAD 10.
Legal documents	The company's legal documents, in particular the articles of association, the minutes of general meetings and the auditors' reports, may be viewed at Attijariwafa bank bank's registered office.
List of legislative texts applicable to the issuer	By virtue of its legal form, Attijariwafa bank is governed by Moroccan law and Law No. 17-95 promulgated by Dahir No. 1-96-124 of August 30, 1996 relating to public limited companies as amended and supplemented by law No. 20-05 and 78-12; By virtue of its activity, Attijariwafa bank is governed by Dahir No. 1-14-193 of Rabii I 1436 promulgating Law No. 103-12 on credit institutions and similar bodies (Banking Law). As a listed company on the Casablanca Stock Exchange and its public offering operations, it is subject to all legal and regulatory provisions relating to the financial market, in particular: ▪ Dahir providing law No. 1-93-211 of September 21, 1993 relating to the Stock Exchange, amended and supplemented by laws 34-96, 29-00, 52-01, 45-06 and 43-09; ▪ General Regulations of the Stock Exchange approved by Order No. 1268-08 of the Minister of Economy and Finance of July 7, 2008, amended and supplemented by Order No. 1156-10 of the Minister of Economy and Finance of April 7, 2010, amended and supplemented by Order No. 30-14 of the Minister of Economy and Finance of 4 Rabi I 1435 (January 6, 2014); ▪ Dahir providing law No. 1-93-212 of September 21, 1993 as amended and supplemented by law No. 23-01, 36-05 and 44-06; ▪ Law No. 44-12 on public offering and the information required of public issuers; ▪ Law No. 43-12 relating to AMMC; ▪ General Regulations of the AMMC approved by Order No. 2169-16 of the Minister of the Economy and Finance; ▪ AMMC circular; ▪ Dahir 1-95-03 of January 26, 1995 promulgating Law No. 35-94 on certain marketable debt securities and Order of the Ministry of Finance and Foreign Investment No. 2560-95 of October 09, 1995 on marketable debt securities; ▪ Dahir No. 1-96-246 of January 9, 1997 promulgating Law No. 35-96 on the creation of the central custodian and the establishment of a general regime for the book entry of certain securities, as amended and supplemented by Law No. 43-02;

	▪ General Regulations of the Central Custodian approved by Order No. 932-98 of the Minister of Economy and Finance of April 16, 1998 and amended by Order No. 1961-01 of the Minister of Economy, Finance, Privatization and Tourism of October 30, 2001; ▪ Dahir No. 1-04-21 of April 21, 2004 promulgating Law No. 26-03 on public offerings on the Moroccan stock market, as amended and supplemented by Law No. 46-06; ▪ Bank Al Maghrib Circular No. 2/G/96 of January 30, 1996 on certificates of deposit and its amendment.
Tax system	As a credit institution, Attijariwafa bank is subject to the corporate tax (37%) and VAT (10%).
Court of jurisdiction in the event of a dispute	Commercial Court of Casablanca

II. Information on the issuer's capital[7]

As of December 31, 2018, Attijariwafa bank's share capital amounted to MAD 2,098,596,790, divided into 209,859,679 shares with a nominal value of MAD 10 each. The breakdown of the capital is as follows:

Shareholders	Address	Number of shares held	% of the capital	% of voting rights
1- National shareholders		156 752 855	74.69%	74.69%
1-1- Al Mada	Angle rue d'Alger et Duhaume - Casablanca	**97 433 137**	**46.43%**	**46.43%**
1-2- Insurance companies		**33 059 222**	**15.75%**	**15.75%**
MAMDA & MCMA	16 rue Abou Inane - Rabat	15 597 202	7.43%	7.43%
RMA-Watanya	83 avenue des FAR - Casablanca	2 683 942	1.28%	1.28%
Wafa Assurance	1 rue Abdelmoumen - Casablanca	13 226 583	6.30%	6.30%
Axa Assurances Maroc	120 avenue hassan II - Casablanca	1 551 495	0.74%	0.74%
1-3- Other institutional investors		**29 360 340**	**13.99%**	**13.99%**
Caisse de Dépôt et de Gestion (CDG)	140 Place My El Hassan - Rabat	3 576 531	1.70%	1.70%
Caisse Marocaine de Retraite	Avenue Al Araar, BP 2048, Hay Riad, Rabat	4 405 769	2.10%	2.10%
CIMR	100 Bd Abdelmoumen - Casablanca	7 860 780	3.75%	3.75%
RCAR	Hay Riad - BP 2038 - Rabat	13 517 260	6.44%	6.44%
2- Foreign shareholders		10 715 614	5.11%	5.11%
Santusa Holding	Paseo de la Castellana n°24 - Madrid (Spain)	10 715 614	5.11%	5.11%
3- Float		42 391 210	18.72%	18.72%
UCITS and others	NA*	32 794 037	15.63%	15.63%
Bank staff	NA*	6 497 329	3.10%	3.10%
Total		**209 859 679**	**100.00%**	**100.00%**

Source: Attijariwafa bank - * Not applicable

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Lissasfa - Casablanca
Tél.: 0522 89 78 89
GSM : 0664 78 99 40

[7] Al Mada became Attijariwafa bank's reference shareholder with a 46.43% stake, mainly following the takeover of ONA by Al Mada, which took place on December 31, 2010.

III. Attijariwafa Bank Board of Directors

As of May 31st, 2019, Attijariwafa bank is managed by a Board of Directors composed of 9 members and chaired by Mr. Mohamed El Kettani.

Directors	Appointment date*	Expiry of the term
Mr. Mohamed El Kettani Chairman of the Board of Directors	2014	OGM called to approve the financial statements for the 2019 financial year
SIGER Represented by Mr. Mohammed Mounir El Majidi Chief Executive Officer	2015	OGM called to approve the financial statements for the 2020 financial year
Al Mada Represented by Mr. Hassan Ouriagli Chief Executive Officer	2017	OGM called to approve the financial statements for the 2022 financial year
Santander Represented by Mr. Jose Manuel Varela Deputy Managing Director	2014	OGM called to approve the financial statements for the 2019 financial year
Mr. Abed Yacoubi Soussane Director Président MAMDA-MCMA	2017	OGM called to approve the financial statements for the 2022 financial year
Mr. Abdelmjid Tazlaoui Director	2017	OGM called to approve the financial statements for the 2022 financial year
Mr. Aymane Taud Director	2016	OGM called to approve the financial statements for the 2021 financial year
Mr. José Reig Director	2018	OGM called to approve the financial statements for the 2023 financial year
Mr. Aldo Olcese Santonja Independent Director	2014	OGM called to approve the financial statements for the 2019 financial year
Mr. Lionel Zinsou Independent Director	2019	OGM called to approve the financial statements for the 2024 financial year

Source: Attijariwafa bank - * Appointment or reappointment - *the year corresponds to that of the Shareholders' Meeting called to approve the financial statements of the previous financial year*

IV. Attijariwafa Bank Group Organization Chart

The organization chart of the Attijariwafa bank group, as of May 31st, 2019, is as follows:

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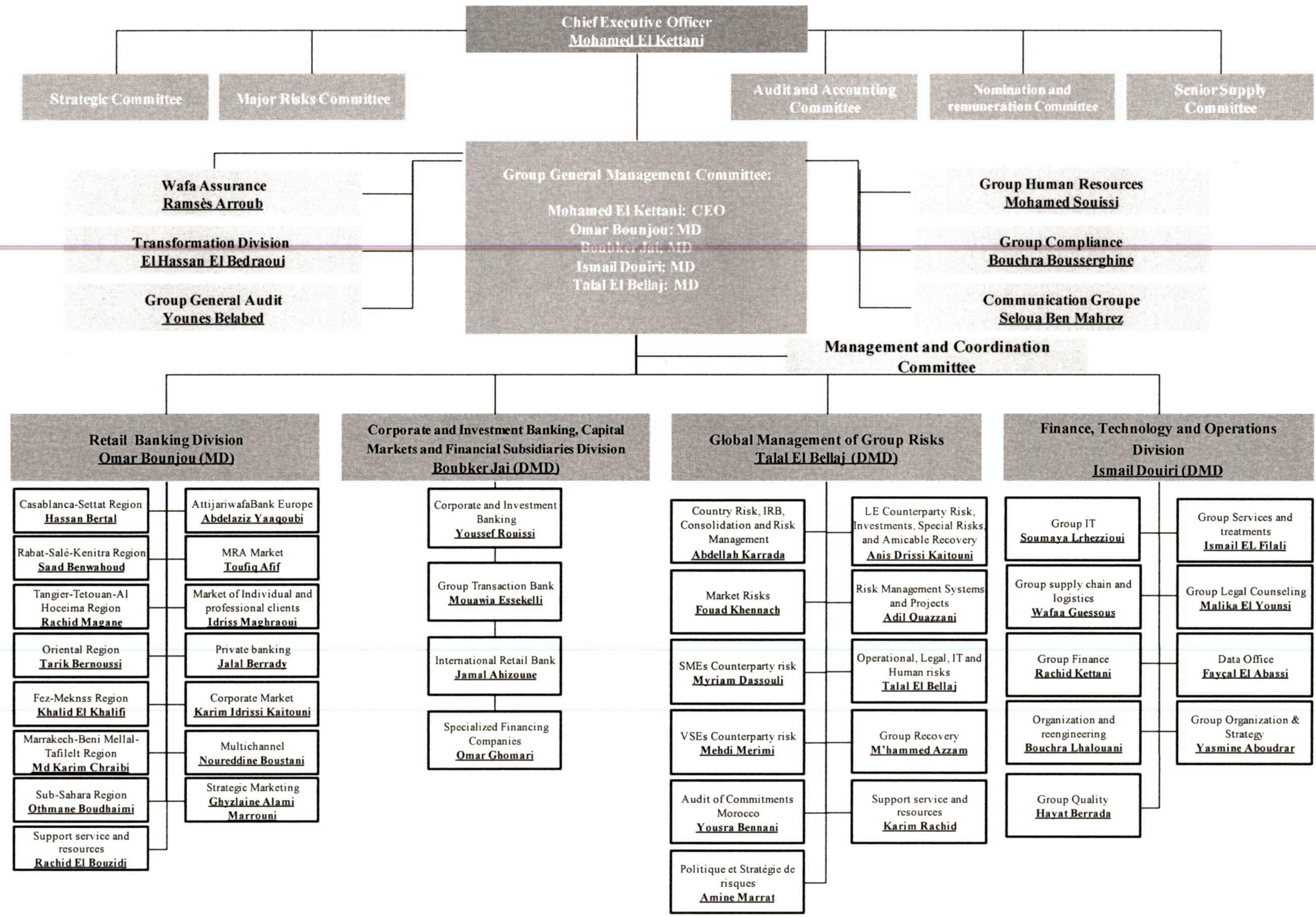

Source: Attijariwafa bank

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V. Activity of Attijariwafa bank

V.1. Evolution of loans

The outstanding loans of Attijariwafa bank evolved over the period under review as follows:

	2016	2017	2018	Var. 17/16	Var. 18/17
Loans to credit institutions and similar entities (C1)	**40 716**	**35 622**	**33 043**	**-12.5%**	**-7.2%**
Demand	10 211	6 724	4 036	-34.1%	-40.0%
Term	30 505	28 898	29 007	-5.3%	0.4%
Customer loans (C2)	**174 927**	**179 238**	**203 544**	**2.5%**	**13.6%**
Treasury and consumer loans	49 639	45 876	53 719	-7.6%	17.1%
Investment loans	56 336	61 961	64 824	10.0%	4.6%
Mortgage loans	56 253	59 193	60 948	5.2%	3.0%
Other loans	7 971	7 693	7 478	-3.5%	-2.8%
Factoring loans	-	-	10 777	0.0%	>100.0%
Past due receivables net of provision	3 323	3 040	4 217	-8.5%	38.7%
Accrued interest receivable	1 407	1 475	1 580	4.9%	7.1%
Total loans (C1) + (C2)	**215 642**	**214 860**	**236 587**	**-0.4%**	**10.1%**

MAD million - Source: Attijariwafa bank – Aggregate accounts

In 2018, Attijariwafa bank's outstanding loans amounted to nearly MAD 236.6 billion, an increase of 10.1% (+MAD 21.7 billion) compared to 2017. This evolution can be explained by the following main combined elements:

- the improvement in outstanding customer receivables from 13.6% (+MAD 24.3 billion) to more than MAD 203.5 billion as of end-2018, mainly due to:
  - ✓ the rise in cash and consumer loans by 17.1% (+MAD 7.8 billion) compared to 2017;
  - ✓ the increase in equipment loans by 4.6% (+MAD 2.9 billion) to reach MAD 64.8 billion as of end-2018;
  - ✓ the increase in outstanding mortgage loans by 3.0% (MAD 1.7 billion) to reach MAD 60.9 billion as of December 31, 2018
  - ✓ the increase of the receivables acquired by factoring of MAD 10.8 billion;
  - ✓ the increase in net provision outstanding receivables of 38.7% (+MAD 1.2 billion).
- the decline in outstanding loans to credit institutions and related institutions of 7.2% (-MAD 2.6 billion) to nearly MAD 33.0 billion as of end-2018. This situation is due to a decrease of 40.0% (-MAD 2.7 billion) of outstanding demand receivables.

For the 2017 financial year, Attijariwafa bank's outstanding loans decreased by 0.4% compared to 2016, reaching nearly MAD 214.9 billion. This decrease is mainly due to the following combined elements:

- the increase in outstanding customer loans by 2.5% (+MAD 4.3 billion) to nearly MAD 179.2 billion as of end-2017. This change is mainly due to:
  - ✓ the decrease in treasury and consumer loans by 7.6% (-MAD 3.8 billion);
  - ✓ the increase in outstanding equipment loans by 10.0% (+MAD 5.6 billion) to almost MAD 62.0 billion as of end-2017;
  - ✓ the increase in outstanding mortgage loans and the decrease in other loans by 5.2% (+MAD 2.9 billion) and 3.5% (-MAD 277 million) respectively;
  - ✓ the decrease in net provision outstanding loans 8.5%, amounting to nearly MAD 3.0 billion as of end-December 2017.

- the decline in outstanding loans to credit institutions and related institutions of 12.5% (-MAD 5.1 billion) to nearly MAD 35.7 billion as of end-2017. This situation is due to a decrease of 34.1% (-MAD 3.5 billion) of outstanding demand receivables and decline in outstanding term loans of 5.3% (-MAD 1.6 billion) in 2017.

V.2. Evolution of deposits

The outstanding debts of Attijariwafa bank evolved as follows over the period under review:

	2016	2017	2018	Var. 17/16	Var. 18/17
Debts owed to credit institutions (D1)	**21 792**	**27 433**	**38 673**	**25.9%**	**41.0%**
Demand	6 749	6 578	4 010	-2.5%	-39.0%
Term	15 044	20 855	34 663	38.6%	66.2%
Debts owed to customers (D2)	**208 834**	**225 369**	**234 508**	**7.9%**	**4.1%**
Current accounts with a positive balance	129 556	141 414	146 965	9.2%	3.9%
Savings accounts	26 911	27 861	28 407	3.5%	2.0%
Term deposits	38 366	39 040	41 060	1.8%	5.2%
Other accounts with a positive balance	13 248	16 370	17 440	23.6%	6.5%
Accrued interest payable	753	683	636	-9.3%	-6.9%
Total debt (D1+D2)	**230 626**	**252 802**	**273 181**	**9.6%**	**8.1%**

MAD million- Source: Attijariwafa bank – Aggregate accounts

For the 2018 financial year, debts owed to customers amounted to more than MAD 234.5 billion, up to 4.1% (+MAD 9.1 billion) compared to end-2017. This is mainly explained by the 3.9% rise in the current accounts payable, i.e. MAD 5.6 billion and term deposits of 5.2%, i.e. MAD 2.0 billion.

On the other hand, outstanding debts to credit institutions increased by 41.0% (+MAD 112 billion dirhams), reaching more than MAD 38.7 billion as of end-2018. The increase in term deposits of MAD 13.8 billion in 2018 remains the main reason for this evolution.

In 2017, customer deposits reached nearly MAD 225.4 billion, up to 7.9% (+MAD 16.5 billion) compared to end-2016, mainly due to:

- a 9.2% rise (MAD 11.9 billion) in current accounts payable to MAD 141.4 billion as of end-2017;
- the 3.5% increase (+MAD 950.0 billion) in savings accounts to reach more than MAD 27.9 billion as of December 31, 2017;
- the improvement in term deposits by 1.8% (+MAD 674 million) to settle at more than MAD 39.0 billion as of end-2017.

On the other hand, outstanding debts to credit institutions decreased by 27.0% (-MAD 8.1 billion) reaching nearly MAD 21.8 billion as of end-2016. This downturn is due to the decline in demand outstanding sight by 45.0% (-MAD 5.5 billion) but also to the decrease in outstanding term deposits by 14.5% (-MAD 2.5 billion).

VI. Financial statements of Attijariwafa bank's aggregate accounts

VI.1. 2016- 2018 balance sheet

	2016	2017	2018
Assets	**299 527**	**319 371**	**350 620**
Cash in hand, Central banks, Treasury, Postal cheque service	7 303	9 143	8 094
Loans to credit institutions and similar entities	40 716	35 622	33 043
Loans to customers	174 927	179 238	192 683
Factoring loans	-	-	10 861
Transaction and investment securities	46 121	59 556	66 340
Other assets	5 454	3 782	5 486
Investment securities	5 969	6 840	8 752
Equity securities and similar uses	13 645	19 105	18 833
Fixed assets held under finance leases and rental contracts	239	395	672
Intangible assets	1 812	2 088	2 121
Tangible assets	3 341	3 603	3 735
Liabilities	**299 527**	**319 371**	**350 620**
Central banks, Treasury, Postal cheque service	-	-	-
Debts owed to credit institutions and similar institutions	21 792	27 433	38 673
Customer deposits	208 834	225 369	234 508
Debt securities issued	7 592	5 879	8 547
Other liabilities	10 053	7 080	12 789
Provisions for risks and charges	3 165	3 253	3 563
Regulated provisions	-	-	-
Subordinated debts	12 770	13 320	11 043
Equity	35 321	37 038	41 498

MAD million- Source: Attijariwafa bank – Aggregate accounts

VI.2. 2016 – 2018 income statement

	2016	2017	2018
Banking operating income	**21 640**	**17 721**	**18 203**
Interest and similar income on transactions with credit institutions	966	1 030	985
Interest and income on customer transactions	8 941	8 926	9 591
Interest and similar income on debt securities	347	305	257
Income on equities and Sukuks certificates	4 588	1 513	1 610
Income on fixed assets under finance leases and rental contracts	301	24	154
Commissions on services provided	1 494	1 635	1 806
Other banking income	5 003	4 288	3 800
Banking operating expenses	**7 404**	**6 218**	**6 017**
Interest and similar expenses on transactions with credit institutions	437	592	875
Interest and expenses on customer transactions	2 718	2 451	2 413
Interest and similar charges on debt securities issued	246	207	199
Expenses on fixed assets under finance leases and rental contracts	242	31	36
Other banking expenses	3 761	2 937	2 495
Net banking income	**14 236**	**11 503**	**12 187**
Non-banking operating income	105	52	96
Non-banking operating expenses	-	- 3	- 2
General operating expenses	**4 286**	**4 508**	**4 717**
Personnel expenses	1 929	2 068	2 196
Taxes and duties	120	123	147
External expenses	1 805	1 886	1 867
Other general operating expenses	16	19	60
Depreciation, amortization and provisions for intangible assets	416	412	448
Provisions and losses on bad debts	**2 410**	**2 798**	**2 995**
Allocation to provisions on non-performing loans and commitments by signature	1 529	1 338	1 228
Losses on bad debts	351	970	1 336
Other provisions charges	530	489	430
Reversals of provisions and recoveries on amortized receivables	**1 054**	**2 046**	**1 911**
Prov. Reversal for non-performing loans & commitments by signature	808	1 310	1 725
Recoveries on amortized receivables	44	63	55
Other provisions reversals	202	673	131
Current income	**8 699**	**6 292**	**6 480**
Non-current income	12	1	12
Non-current expenses	191	531	13
Pre-tax income	**8 519**	**5 762**	**6 479**
Income tax	1 584	1 604	1 875
Net income	**6 935**	**4 158**	**4 604**

In MAD thousands

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VII. Consolidated financial statements using IFRS

VII.1. 2016 – 2018 consolidated balance sheets

	2016	2017	01.2018	12.2018
Assets	**428 766**	**475 660**	**471 475**	**509 926**
Cash in hand, Central banks, Treasury, Postal cheque service	14 141	18 225	18 225	18 537
Financial assets at fair value through profit or loss	50 455	65 875	60 765	61 567
Hedging derivative instruments	-	-	-	-
Financial assets at fair value through equity	-	-	**46 208**	**43 191**
Available-for-sale financial assets	**35 701**	**39 267**	-	-
Securities at amortized cost	-	-	**9 402**	**15 101**
Loans and receivables from credit institutions and similar entities	22 626	25 304	25 268	28 791
Customer loans and receivables	271 627	285 995	279 682	305 060
Asset revaluation difference on portfolios hedged against interest rate risk	-	-	-	-
Held-to-maturity investments	8 016	8 746	-	-
Current tax assets	39	124	124	182
Deferred tax assets	540	636	3 012	2 867
Accruals and other assets	7 585	8 675	8 649	13 667
Deferred policyholder profit sharing	2 067	2 672	-	-
Non-current assets held for sale	88	114	114	97
Investments in companies accounted for by the equity method	95	107	107	87
Investment properties	2 020	2 247	2 247	2 523
Intangible assets	5 429	5 551	5 551	5 688
Tangible assets	1 684	2 125	2 124	2 617
Goodwill on acquisitions	6 655	9 996	9 996	9 952

MAD million- Source: Attijariwafa bank – Aggregate accounts

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	2016	2017	01.2018	12.2018
Liabilities	**428 766**	**475 660**	**471 475**	**509 926**
Central banks, Treasury, Postal cheque service	161	97	97	3
Financial liabilities at fair value through profit or loss	1 034	717	717	401
Hedging derivative instruments	-	-	-	-
Amounts owed to credit institutions and similar entities	28 282	37 652	37 652	47 315
Amounts owed to customers	286 265	316 210	316 210	332 006
Debt securities issued	11 243	11 120	11 120	15 508
Passive revaluation difference on portfolios hedged against interest rate risk	-	-	-	-
Current tax liabilities	709	614	614	865
Deferred tax liabilities	2 341	2 576	2 436	1 976
Accruals and other liabilities	9 881	10 729	10 715	12 307
Liabilities related to non-current assets held for sale	-	-	-	-
Technical provisions for insurance contracts	25 961	28 635	28 635	33 639
Provisions for risks and charges	1 771	1 734	-	-
Provisions	-	-	2 446	2 608
Subsidies, allocated public funds and special guarantee funds	141	129	-	-
Subordinated debts	13 565	14 646	-	-
Subsidies and similar funds	-	-	129	361
Subordinated debts and special guarantee funds	-	0	14 646	12 466
Equity	47 411	50 801	46 059	50 471
Capital and related reserves	*10 152*	*10 152*	*10 152*	*12 552*
Consolidated reserves	30 861	33 247	33 764	29 388
Group share	*25 060*	*27 337*	*28 640*	*25 596*
Minority interests	*5 802*	*5 910*	*5 124*	*3 791*
Unrealized or deferred gains or losses	745	819	2 143	1 797
Group share	*745*	*819*	*830*	*665*
Minority interests	-	-	*1 314*	*1 132*
Net income for the financial year	5 653	6 584	-	6 735
Group share	*4 757*	*5 391*	-	*5 706*
Minority interests	*896*	*1 193*	-	*1 029*

MAD million- Source: Attijariwafa bank – Aggregate accounts

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VII.2. 2016 – 2018 consolidated income statements

	2016	2017	2018
Interest and similar income	17 117	18 819	20 911
Interest and similar expenses	5 504	5 911	6 916
Interest margin	**11 613**	**12 908**	**13 995**
Commissions received	4 992	5 405	5 836
Commissions paid	574	618	802
Commission margin	**4 418**	**4 787**	**5 034**
Net gains or losses on financial instruments at fair value through profit or loss	3 063	2 870	3 115
Net gains or losses on available-for-sale financial assets	347	1 036	726
Income from market activities	**3 410**	**3 906**	**3 841**
Income from other activities	7 175	7 926	8 699
Expenses from other activities	6 943	7 882	9 198
Net banking income	**19 673**	**21 645**	**22 371**
General operating expenses	8 247	9 044	9 648
Depreciation, amortization and impairment of intangible and tangible assets	896	937	1 065
Gross operating income	**10 530**	**11 664**	**11 658**
Cost of risk	-2 001	-2 168	-1 724
Operating income	**8 529**	**9 496**	**9 934**
Share of income from companies accounted for by the equity method	4	16	12
Net gains or losses on other assets	55	23	53
Changes in the value of goodwill	0	0	0
Pre-tax income	**8 587**	**9 536**	**9 999**
Income tax	2 934	2 952	3 263
Net income	**5 653**	**6 584**	**6 735**
Income from non-group companies	896	1 193	1 029
Net income, group share	**4 757**	**5 391**	**5 706**

In MAD thousands

VIII. Summary statements of the quarterly corporate accounts

VIII.1. Balance sheet

ASSETS	31/12/2018	31/03/2019
Cash in hand, Central banks, Treasury, Postal cheque service	**8 093 723**	**13 018 713**
Loans to credit institutions and similar entities	**33 042 666**	**30 369 802**
Demand	4 036 029	2 307 413
Term	29 006 636	28 062 390
Debts owed to customers	**192 683 277**	**192 987 472**
Participatory cash and customer Credits and Financing	54 226 667	52 685 194
Participatory equipment credits and financing	65 803 335	66 453 727
Participatory mortgage credits and financing	60 953 282	61 234 179
Other participatory credits and financing	11 699 993	12 614 371
Factoring loans	**10 861 011**	**10 383 428**
Transaction and investment securities	**66 340 133**	**72 540 608**
Bills and similar securities	44 914 479	47 991 855
Other debt securities	6 130 636	9 255 623
Equities	15 106 219	15 102 292
SUKUKUS certificates	188 799	190 839
Other assets	**5 486 261**	**5 742 418**
Investment securities	**8 751 621**	**8 817 943**
Bills and similar securities	8 751 621	8 817 943
Other debt securities	-	-
SUKUKUS certificates	-	-
Equity securities and similar uses	**18 832 707**	**18 820 207**
Participation in associated companies	17 828 403	17 828 403
Other equity securities and similar uses	1 004 304	991 804
Moudaraba and Moucharaka securities	-	-
Subordinated debt	-	-
Placed investment deposits	-	-
Fixed assets held under finance leases and rental contracts	**672 004**	**653 354**
Fixed Assets in Ijara	-	-
Intangible assets	**2 121 303**	**2 153 294**
Tangible assets	**3 735 375**	**3 735 993**
Total Assets	**350 620 082**	**359 223 232**

MAD thousand - Source: Attijariwafa bank

LIABILITIES	31/12/2018	31/03/2019
Central banks, Treasury, postal cheque service	-	-
Amounts owed to credit institutions and similar entities	**38 672 841**	**42 892 760**
Demand	4 009 934	3 942 031
Term	34 662 907	38 950 729
Customer deposits	**234 507 882**	**228 226 679**
Accounts payable	148 095 873	146 527 049
Savings accounts	28 537 587	28 717 027
Term deposits	43 595 847	41 832 910
Other accounts payable	14 278 574	11 149 693
Debts to customers on participatory products	-	-
Debt securities issued	**8 547 047**	**9 629 725**
Negotiable debt securities	8 547 047	9 629 725
Bond issues	-	-
Other debt securities issued	-	-
Other liabilities	**12 788 959**	**20 703 818**
Provisions for risks and charges	**3 562 853**	**3 616 850**
Regulated provisions	-	-
Subsidies, allocated public funds and special guarantee funds	-	-
Subordinated debts	**11 042 935**	**11 144 802**
Investment deposits received	-	-
Revaluation differences	**420**	**420**
Reserves and premiums related to capital	**34 794 175**	**34 794 175**
Capital	**2 098 597**	**2 098 597**
Shareholders. Unpaid capital (-)	-	-
Balance forward (+/-)	**389**	**389**
Net income pending allocation (+/-)	-	**4 603 983**
Net income for the financial year (+/-)	**4 603 983**	**1 511 033**
Total Liabilities	**350 620 082**	**359 223 232**

MAD thousand - Source: Attijariwafa bank

VIII.2. Income statement

	31/03/2018	31/03/2019
Banking operating income	**4 681 616**	**5 027 177**
Interest and similar income on transactions with credit institutions	251 456	267 256
Interest and income on customer transactions	2 274 585	2 444 695
Interest and similar income on debt securities	67 201	69 860
Income on equities and Sukuks certificates	626 396	651 365
Income on Moudaraba and Moucharaka equities	-	-
Income on fixed assets under finance leases and rental contracts	6 044	43 879
Income on fixed Assets in Ijara	-	-
Other banking income	425 823	456 020
Commissions on services provided	1 030 111	1 094 102
Transfer of expenses on investment deposits received	-	-
Banking operating expenses	**1 529 968**	**1 491 544**
Interest and similar expenses on transactions with credit institutions	179 717	244 026
Interest and expenses on customer transactions	624 124	556 831
Interest and similar charges on debt securities issued	44 651	63 217
Expenses on Moudaraba and Moucharaka equities	-	-
Expenses on fixed assets under finance leases and rental contracts	8 871	18 649
Expenses on fixed Assets in Ijara	-	-
Other banking expenses	672 605	608 821
Transfer of expenses on investment deposits received	-	-
Net banking income	**3 151 648**	**3 535 633**
Non-banking operating income	40 525	7 737
Non-banking operating expenses	-	-
General operating expenses	**1 142 958**	**1 188 008**
Personnel expenses	521 766	555 380
Taxes and duties	31 782	31 728
External expenses	471 722	463 033
Other general operating expenses	6 005	5 327
Depreciation, amortization and provisions for intangible assets	111 683	132 540
Provisions and losses on bad debts	**315 205**	**356 285**
Allocation to provisions on non-performing loans and commitments by signature	228 005	238 036
Losses on bad debts	20 615	21 549
Other provisions charges	66 585	96 700
Reversals of provisions and recoveries on amortized receivables	**117 602**	**104 945**
Prov. Reversal for non-performing loans & commitments by signature	98 064	87 038
Recoveries on amortized receivables	7 957	2 646
Other provisions reversals	11 581	15 261
Current income	**1 851 612**	**2 104 021**
Non-current income	7 416	4 430
Non-current expenses	1 853	33 434
Pre-tax income	**1 857 175**	**2 075 017**
Income tax	472 834	563 984
Net income of the financial year	**1 384 341**	**1 511 033**

MAD thousands - Source: Attijariwafa bank

IX. Consolidated summary statements of the quarterly accounts

IX.1. Balance sheet

ASSESTS UNDER IFRS	31/12/2018	31/03/2019
Cash in hand, Central banks, Treasury, Postal cheque service	18 536 591	25 592 055
Financial assets at fair value through profit or loss	**61 567 279**	**62 385 015**
Financial assets held for trading	61 318 331	62 142 036
Other financial assets at fair value through profit or loss	248 947	242 978
Derivatives hedging		
Financial assets at fair value through equity	**43 190 734**	**45 243 411**
Debt instruments carried at fair value through recyclable equity	10 086 448	10 151 817
Equity instruments carried at fair value through non-recyclable equity	2 328 058	2 334 029
Financial assets carried at fair value through recyclable equity (Insurance)	30 776 229	32 757 566
Securities at amortized cost	15 101 428	15 654 182
Loans and receivables on credit institutions and similar, at amortized cost	28 791 443	24 517 960
Loans and receivables from customers, at amortized cost	305 059 677	306 369 494
Asset revaluation spread of hedged portfolios		
Investments in insurance activities		
Current tax assets	181 922	160 564
Deferred tax assets	2 866 699	2 928 467
Accruals and other assets	13 667 001	11 841 726
Non-current assets held for sale	97 044	98 009
Investments in companies accounted for using the equity method	86 699	85 449
Investment properties	2 522 538	2 503 734
Property, plant and equipment *	5 687 723	7 289 357
Intangible assets	2 617 343	2 668 797
Goodwill	9 951 595	9 931 475
Total Assets under IFRS	**509 925 715**	**517 269 694**

MAD thousands. Source: Attijariwafa bank - (*) Property, plant and equipment and rental lease include the impact of the application of IFRS 16 of MAD 1.5 billion.

LIABILITIES UNDER IFRS	31/12/2018	31/03/2019
Central banks, Treasury, Postal cheque service	3 056	4 358
Financial liabilities at fair value through profit or loss	**400 624**	**610 706**
Financial liabilities held for trading	400 624	610 706
Financial liabilities at fair value through option income	-	-
Derivatives hedging	-	-
Debts due to credit institutions and similar	47 314 854	53 724 240
Debts to customers	332 005 586	324 179 248
Debt securities issued	15 508 094	17 237 963
Liability revaluation spread of hedged portfolios	-	-
Current tax liabilities	864 710	449 899
Deferred tax liabilities	1 975 571	2 294 519
Accruals and other liabilities *	12 306 933	20 254 222
Debts related to non-current assets held for sale	-	-
Liabilities relating to contracts of insurance activities	33 639 357	33 231 788
Provisions	2 608 204	2 729 318
Subsidies and similar funds	361 230	147 576
Subordinated debts and special guarantee funds	12 466 102	12 797 691
Equity	**50 471 394**	**49 608 168**
Capital and related reserves	12 551 765	12 551 765
Consolidated reserves	**29 387 656**	**33 095 919**
Group share	25 596 383	28 787 303
Minority interests	3 791 273	4 308 616
Unrealized or deferred gains or losses	**1 796 769**	**2 283 032**
Group share	665 060	882 567

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LIABILITIES UNDER IFRS	31/12/2018	31/03/2019
Minority interests	1 131 708	1 400 466
Net income for the financial year	**6 735 205**	**1 677 452**
Group share	5 706 129	1 422 932
Minority interests	1 029 075	254 520
Total Liabilities under IFRS	**509 925 715**	**517 269 694**

MAD thousands - Source: Attijariwafa bank – (*) Property, plant and equipment and rental lease include the impact of the application of IFRS 16 of MAD 1.5 billion.

IX.2. Consolidated income statements

	31/03/2018	31/03/2019
Interest and similar income	4 993 250	5 390 626
Interest and similar expenses	-1 657 607	-1 788 502
Interest margin	**3 335 643**	**3 602 124**
Commissions received	1 415 123	1 439 494
Commissions paid	-161 049	-170 866
Commission margin	**1 254 074**	**1 268 629**
Net gains or losses resulting from net position hedges	-	-
Net gains or losses on financial instruments at fair value through profit or loss	**893 670**	**928 752**
Net gains or losses on transaction assets/liabilities	893 345	928 752
Net gains or losses on other assets/liabilities at fair value through profit or loss	325	-
Net gains or losses on financial instruments at fair value through equity	**60 247**	**46 290**
Net gains or losses on debt instruments recognized in recyclable equity	60 247	7 362
Remuneration of equity instruments recognized in non-recyclable equity (dividends)	-	30 656
Remuneration of financial assets recognized at fair value through recyclable equity (Insurance)	-	8 272
Net gains or losses resulting from the derecognition of financial assets at amortized cost	-	-
Net gains or losses resulting from the reclassification of financial assets at the FV by IS as financial assets at fair value through profit or loss	-	-
Income from other activities	1 896 191	2 098 865
Expenses from other activities	-1 816 428	-1 992 632
Net banking income	**5 623 397**	**5 952 029**
General operating expenses	-2 283 917	-2 352 346
Depreciation, amortization and impairment of intangible and tangible assets	-278 856	-363 544
Gross operating income	**3 060 624**	**3 236 140**
Cost of risk	-607 267	-621 529
Operating income	**2 453 357**	**2 614 611**
Share of income from companies accounted for by the equity method	2 958	2 830
Net gains or losses on other assets	45 408	4 226
Changes in the value of goodwill	-	-
Pre-tax income	**2 501 724**	**2 621 667**
Income tax	-837 465	-944 215
Net income from tax of discontinued or discontinued operations	-	-
Net income	**1 664 259**	**1 677 452**
Income from non-group companies	-317 249	-254 520
Net income, group share *	**1 347 010**	**1 422 932**
Basic earnings per share	6,6	6,8
Diluted earnings per share	6,6	6,8

MAD thousands - Source: Attijariwafa bank – (*) Including the impact of the application of IFRS 16 of MAD 10 million.

PART III: RISK FACTORS

Attijariwafa bank's risk management is centralized at the Global Risk Management (GGR) division level, which is responsible for supervising, controlling and measuring the risks incurred by the Group, with the exception of operational risks.

The independence of this structure from other divisions and lines of business ensures optimal objectivity in the risk taking proposals it submits to the Credit Committee and to their control.

I. INTEREST RATE AND CURRENCY RISK

In 2005, Attijariwafa bank decided to set up a specific market risk control system as part of the overall Internal Control system in accordance with the provisions of Bank Al-Maghrib's circular No. 6/G/2001.

This system focuses on three action levels:

- first-level internal control, carried out by Front Office operators who are required to comply with regulatory provisions and the bank's risk monitoring and management policy;
- risk monitoring by the *Middle Office*, which ensures daily compliance with limits relating to foreign exchange, interest rate and counterparty risks. It periodically informs Management and other control entities through a reporting system. On the other hand, the "Market Risk Monitoring and Surveillance" unit is responsible for detecting, analyzing and monitoring the bank's various interest rate and currency positions, then streamlining these positions through formal authorizations and finally being notified of any deviation from these positions. This monitoring is carried out in particular through the following means:
  - ✓ monthly monitoring of currency risk exposure allows the retrospective calculation of the Value at Risk (VaR), which measures the maximum potential loss related to the institution's exposure to currency risk;
  - ✓ a monthly reporting summarizes the bank's exposure to currency risk in relation to the limits set.
- the control bodies carry out critical and independent analyses of the quality of the system, either as part of audit assignments or on an ad hoc basis at the request of the General Management.

The VaR model[8] was developed by Attijariwafa bank's global risk management department. It covers the Dirham interest rate risk as well as spot and forward exchange rate risk. The choice of the RiskMetrics method developed by JP Morgan to capture a VaR measure has several advantages: it is easy to implement, takes into account existing correlations between asset prices and takes into account recent and historical price fluctuations. Therefore, the RiskMetrics method is based on a matrix of variances and covariance of the returns on the portfolio assets and their composition within the portfolio.

Global risk management produces detailed monthly reports that track the calculation and evolution of VaR and the control of regulatory and internal limits. The model allows back-testing, which is a technique used to test the validity of the VaR calculation model. It consists in using historical operations to calculate the VaR and then seeing whether this VaR actually managed the potential loss realized by comparing it to the theoretical P&L.

Furthermore, the bank has set up a system of internal limits to measure and control market risks. These limits relate to the trading portfolio, foreign exchange position, commodities and currency options.

[8] Value at Risk represents the maximum potential loss on the value of a financial asset or portfolio of financial assets and liabilities over a holding period and a confidence interval.

I.1. Interest rate risk

Interest rate risk corresponds to the risk of changes in the value of positions or the risk of changes in future cash flows of a financial instrument due to changes in market interest rates.

The table below shows the positions of the Trading portfolio as of end-2018 as well as the 1-day and 10-day VaR of the foreign exchange, property and bond & UCITS activities:

Activities	Position	1-day VaR	Regulatory 10-day VaR
Foreign exchange	-211 668.86	916.99	2 899.76
Equities	77 895.48	1 594.36	5 041.81
Bonds and UCITS	54 209 338.00	38 925.63	123 093.64

In MAD thousand – Source: Attijariwafa bank

I.2. Currency risk

All banking institutions are exposed to currency risk arising from the bank's various activities (shareholdings, foreign subsidiaries, foreign currency loans, foreign currency securities, foreign currency borrowings, swaps, currency options, forward exchange contracts, etc.). Banks may notice a change in future exchange rates to their disadvantage and consequently record a reduction in their projected margin. Attijariwafa bank's foreign exchange risk, as of December 31, 2018, can be analyzed according to the following table:

Currencies	Position in currencies	Currency position	Exchange rate	Counter-value (MAD thousand)
EUR	218 394	11.1	2 417 491	6.95%
USD	246 536	9.5	2 342 092	6.73%
GBP	178	12.5	2 223	0.01%
CAD	193	7.2	1 384	0.00%
CHF	529	9.6	5 061	0.01%
JPY	-44 189	0.1	-3 791	-0.01%
DKK	1 996	1.5	2 964	0.01%
NOK	4 698	1.2	5 474	0.02%
SEK	899	1.1	952	0.00%
SAR	2 390	2.5	6 054	0.02%
AED	1 491	2.6	3 856	0.01%
KWD	113	31.4	3 546	0.01%
TND	-1 692	3.6	-6 142	-0.02%
DZD	3 173	0.1	256	0.00%
LYD	51	7.6	386	0.00%

In thousands – Source: Attijariwafa bank

As of end- 2018, the forward exchange position amounted to MAD 21.339 billion, broken down as follows:

	< 3 months	3 months - 6 months	> 6 months
Hedging (MAD thousand)	**9 584 274**	**2 643 745**	**9 110 937**

Source: Attijariwafa bank

As of end-December 2018, the currency options position amount to MAD 11.56 billion.

I.3. Asset and Liability Management

Structural ALM risks relate to risks of loss of economic value or decline in future interest margins due to interest rate differentials and maturities between the bank's assets and liabilities.

ALM provides indicators for monitoring the risks and expected returns on the various balance sheet items and sets out management rules to limit the bank's balance sheet exposure to risks and to manage its positions optimally.

Attijariwafa bank's Asset and Liability Management has a set of ALM models and agreements based on the reality of the bank's outstanding and taking into account market and economic factors that have an influence on the behavior of the bank's balance sheet lines.

These financial assumptions are dynamic and are reviewed regularly at least once a year to ensure that they truly reflect the evolution of the bank's uses and resources. Indeed, the measurement of liquidity, interest rate and exchange rate risks requires effective management of the intrinsic characteristics of the contracts, in this case maturity, the nature of the interest rate (fixed/revisable/variable rate) and the currency of each balance sheet item must be identified.

Moreover, in addition to the contractual characteristics of balance sheet items, hidden balance sheet options (e.g. early repayment options) and customer behavior (e.g. in terms of the holding period of deposit accounts) have been modeled.

The approach adopted is based on the production and static and dynamic projection of balance sheet items over time until the outstanding amounts in stock and new production from the bank's budget and strategic plan have been used up.

II. Liquidity risk

The transformation activity, which is specific to banking institutions, necessarily involves liquidity risk. The maturities of uses and resources, all of which differ from one another, create gaps in the bank's balance sheet between the volume of assets and liabilities that are at the origin of liquidity risk.

In the event of structural upheavals, the bank may not be able to obtain liquidity under normal volume and interest rate conditions. In such a case, future refinancing needs may reduce the projected margins.

The regulatory liquidity ratio is the ratio between, on the one hand, available assets realizable in the short term and commitments by signature received and, on the other hand, demand and short-term liabilities and commitments by signature given.

The regulatory liquidity ratio is as follows:

Date	Liquidity ratio Morocco	Evolution
31-March-06	92.80%	
30-June-06	87.20%	-5.60 pts
31-Dec-06	96.40%	+9.20 pts
31-March-07	77.60%	-18.80 pts
30-June-07	131.40%	+53.80 pts
31-Dec-07	107.90%	-23.50 pts
30-June-08	101.60%	-6.30 pts
31-Dec-08	100.60%	-1.00 pt
31-March-09	121.01%	+20.41 pts
30-June-09	100.90%	-20.11 pts
31-Dec-09	107.98%	+7.08 pts
31-March-10	94.73%	-13.25 pts
30-June-10	91.48%	-3.25 pts
31-Dec-10	94.16%	+2.68 pts
31-March-11	87.02%	-7.14 pts
30-June-11	95.04%	+8.02 pts
31-Dec-11	95.40%	0.36 pt
30-June-12	80.56%	-14.84 pts
31-Dec-12	81.63%	1.07 pt
31-Dec-13	70.18%	-11.45 pts

Source: Attijariwafa bank

In order to ensure the convergence of Morocco's prudential framework with international standards, the central bank has implemented a major reform of Basel III relating to the short-term liquidity coverage ratio (LCR), aimed at replacing the liquidity ratio.

The "LCR" ratio, which relates high quality liquid assets to net cash outflows over a 30-day period, is intended to strengthen the liquidity profile of banks and promote their resilience to a possible liquidity shock.

Thus, from July 2015 onwards, banks are required to comply with a minimum liquidity ratio of 60%, which should gradually increase by 10 points per year to reach 100% in 2019.

The short-term liquidity coverage ratio (LCR) is as follows:

Date	Short-term liquidity ratio (LCR)	Evolution
31-Dec-14	120.00%	+38.9 pts
30- June-15	114.10%	-6.0 pts
31- Dec-15	155.00%	+35.0 pts
30- June-16	131.40%	+17.3 pts
31- Dec-16	142.00%	-13.0 pts
30- June-17	120.00%	-11.4 pts
31- Dec-17	147.00%	+5.0 pts
30-June-18	118.00%	-2.0 pts
31- Dec-18	104.00%	-43.0pts

Source: Attijariwafa bank

III. Counterparty risk management

In a context of profound changes in Morocco, namely economic liberalization, the opening of borders, customs dismantling and the entry into force of several free trade agreements, the banking sector's counterparty risk could deteriorate and, consequently, lead to an increase in the overall litigation ratio. This trend could be accentuated by unfavorable economic conditions.

To manage counterparty risk, the "credit risk" entity within GGR is mainly responsible for analyzing and investigating risk-taking requests from the Group's various sales teams. It also has the prerogative to assess the consistency and validity of the guarantees, the volume of activity of the relationship and the economic justification of the financing requested. Each Business Unit has a clearly independent commitment structure and recovery structure that are hierarchically linked to the Global Risk Management division.

III.1. Breakdown of the institution's commitments[9]

By business sector

The allocation of risks by sector of the economy is the subject of particular attention and is coupled with a forward-looking analysis that allows for a dynamic management of the Bank's exposure. It is based on studies expressing an opinion on the evolution of the sectors and identifying the factors that explain the risks incurred by their main players.

The breakdown of commitments given by sector, as a proportion of the Bank's total commitments at the end-December 2018, is as follows:

- Financial-holding institutions and insurance companies representing 19%, (vs. 17% on December 31, 2017). Commitments in this sector are very good risk;
- Construction & building materials represent 12% (vs. 10% on December 31, 2017) and real estate development has stagnated at around 8% (vs. 6% on December 31, 2017).

[9] Source: Attijariwafa bank

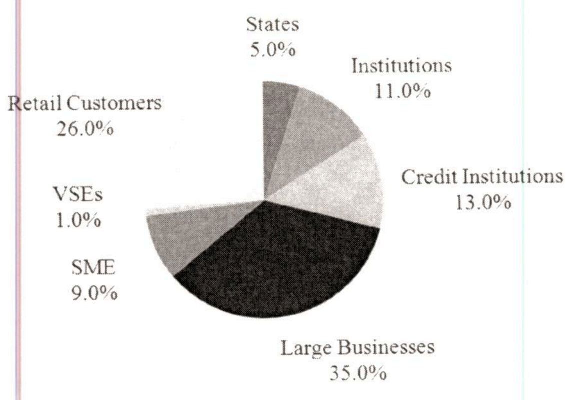
By counterparty

Assessed by taking into account all the commitments made to the same beneficiary, diversification is a permanent feature of the Bank's risk policy. The scope and variety of the Group's activities could contribute to this.

Any concentrations are subject to regular review and corrective action, if necessary.

This diversification is as follows:

Breakdown of the bank's commitments by counterparty category as of December 31, 2018

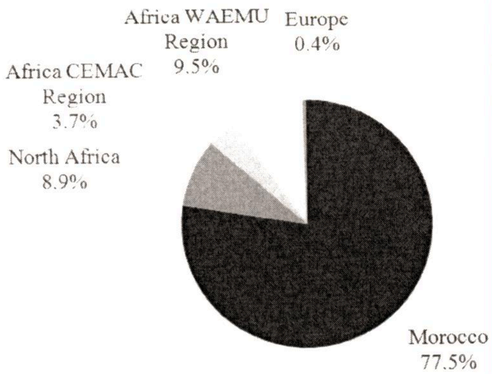


Source: Attijariwafa bank

By geographical area

The graph below shows that the Group's exposure is concentrated in Morocco with nearly 77.5%. The rest is divided between sub-Saharan African countries.

Breakdown of the bank's commitments by geographical area as of December 31, 2018



Source: Attijariwafa bank

By portfolio quality

In order to assess all its counterparties, the Group has developed a rating system in line with Basel II requirements. Thus, the implementation of the internal rating approach is based on minimum requirements that enable the Group to assess counterparty risk.

Indeed, the rating system is characterized by the probability of default. The time horizon for default risk assessments is estimated at 1 year.

This system is regularly validated and its performance monitored through a proven statistical approach. The fundamentals of the model, its design and operational procedures are formalized. In particular, the aspects of portfolio differentiation, rating criteria, responsibility of the various stakeholders, frequency of the review and management involvement are discussed in depth. The documentation system in place demonstrates to the central bank that their validation process allows it to assess, in a consistent and meaningful way, the performance of their internal rating and risk assessment systems.

Data relating to the rating system are collected and stored in historical databases allowing the periodic review and back-testing of risk models.

As early as June 2003, a first generation of Attijariwafa bank's internal rating systems was developed with the technical assistance of the International Finance Corporation and Mercer Oliver Wyman. This system took into account two parameters: a six-point rating scale (A, B, C, D, E and F) and estimated default probabilities (PD). The initial model was limited to five financial factors that explain credit risk.

In 2010, the Attijariwafa bank Group deployed a new internal rating model in the bank's operating system that is in line with Basel II requirements. This model, dedicated to companies, not only takes into account financial factors, but also qualitative and behavioral factors. It covers most of the bank's commitments. Its design is based on the analysis of homogeneous classes and proven statistical analyses.

The rating system is essentially based on the Counterparty Rating, which reflects its probability of default over a one-year observation horizon. The rating is assigned to a risk class within the rating scale, which consists of eight risk classes, one of which is in default (A, B, C, D, E, F, G, and H).
The rating system has the following characteristics:

- scope: portfolio of companies excluding local authorities, financing companies and real estate development companies;
- the rating system of the Attijariwafa bank Group is essentially based on the Counterparty's Rating, which reflects its probability of default over a one-year observation horizon;
- the calculation of the system rating results from the combination of three types of ratings: Financial rating, qualitative rating and behavioral rating;
  - ✓ the financial rating is based on several financial factors related to the size, dynamism, indebtedness, profitability and financial structure of the company;
  - ✓ the qualitative rating is based on information about the market, the environment, shareholders and company management. This information is provided by the Network;
  - ✓ the behavior rating is based on the account's physiognomy.
- any counterparty system rating is subject to approval (at each rating) by the Credit Committee in accordance with the delegations of authority in force;
- the probability of default only assesses the creditworthiness of the counterparty, regardless of the characteristics of the transaction (guarantees, ranks, clauses, etc.);
- the risk classes of the model have been calibrated against the risk classes of the international rating agencies;
- use of internal rating: the internal rating system is currently an integral part of the credit assessment and decision-making process. Indeed, when processing the credit proposal, the rating is taken into consideration. The levels of delegation of powers in terms of credit decisions are also a function of the risk rating;
- update of the rating: counterparty ratings are reviewed at each file renewal and at least once a year. However, for clients falling within the scope of the files of companies under supervision (Class F, G or pre-recovery), the Counterparty rating must be reviewed on a semi-annual basis. In general, any significant new information must be an opportunity to question the relevance of the Counterparty's rating for an upward or downward adjustment.
- As part of its risk quality monitoring, the Risk Management Systems unit produces periodic reporting on risk mapping according to various analytical areas (Commitment, business sector, pricing, networks, expired files, etc.) and ensures that the portfolio's coverage rate is improved.

In 2017, following the completion of back-testing, which aims to test the predictive power of the rating model and ensure that the probabilities of default are correctly calibrated, a new rating model was developed to assess the counterparty risk of companies, while maintaining the same process. The system rating is still based on a combination of three types of ratings (Financial, Qualitative and Behavioral), but is adjusted by a series of qualitative criteria and decision rules. The rating grid remains structured into eight classes (A to H), including the H class reserved for default.

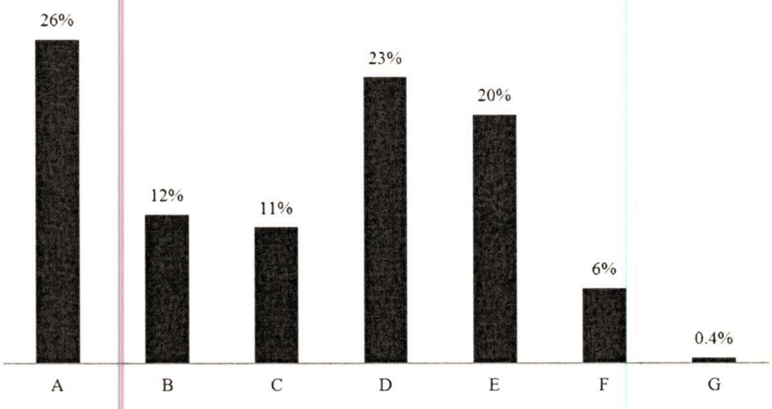
- the rating is assigned to a risk class of the rating scale, which consists of 8 classes grouped into 3 categories:
  - ✓ healthy counterparties: classes A to E;
  - ✓ sensitive counterparties: F and G;
  - ✓ defaulting counterparties: class H.

Rating	Risk level
A	Very good
B	Good
C	Quite good
D	Average
E	Fair
F	Poor
G	Very poor
H	Default

Source: Attijariwafa bank

In terms of commitments as of end-December 2018, the breakdown of risks relating to the corporate scope is as follows:

Breakdown of the bank's commitments (corporate scope) by risk class as of December 31, 2018*



Source: Attijariwafa bank

* Financing companies, public administrations, real estate development companies and litigation cases are outside the scope.

A rating system for real estate development based on two main dimensions (client / project) is operational.

This approach is part of the process to align with the advanced Basel II approaches and the new IFRS 9 accounting standard in force since January 2018.

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Interest rate risk

The net book value of Attijariwafa bank's marketable and investment securities as of December 31, 2018 stood as follows:

	Gross book value	Present value	Repayment value	Unrealized capital gains	Unrealized capital losses	Provisions
Trading securities	**66 143 173**	**66 143 173**	-	-	-	-
Bills and similar securities	44 857 134	44 857 134	-	-	-	-
Bonds	104 129	104 129	-	-	-	-
Other debt securities	5 922 402	5 922 402	-	-	-	-
Equities	15 070 709	15 070 709	-	-	-	-
SUKUKUS certificates	188 799	188 799				
Investment securities	**224 226**	**193 153**	-	**16 657**	**31 073**	**31 073**
Bills and similar securities	54 748	54 748	-	2 123	-	-
Bonds	102 896	102 896	-	3 310	-	-
Other debt securities	-	-	-	-	-	-
Equities	66 582	35 509	-	11 224	31 073	31 073
SUKUKUS certificates	-	-	-	-	-	-
Investment securities	**8 593 052**	**8 593 052**	-	-	-	-
Bills and similar securities	8 521 311	8 521 311	-	-	-	-
Bonds	-	-	-	-	-	-
Other debt securities	71 741	71 741	-	-	-	-
SUKUKUS certificates						

Source: Attijariwafa bank

It should be noted that the book value of trading securities is equal to the market value. For investment securities, the book value is the historical value while the present value corresponds to the market value. In the event of an unrealized capital loss, a provision is recorded.

IV. Regulatory risks

2016 – 2018 solvency ratio

Attijariwafa bank has a solid financial base enabling it to meet all its commitments, as evidenced by the solvency ratio achieved over the 2016 – 2018 period:

	2016	2017	2018	Var. 17/16	Var. 18/17
Core capital (Tier 1) (1)	27 154	23 861	27 074	-12.1%	13.5%
Regulatory capital (2)	32 662	30 209	35 253	-7.5%	Ns
Weighted risks (3)	229 322	237 420	248 423	3.5%	4.6%
Core capital ratio (1) / (3)	**11.84%**	**10.05%**	**10.90%**	**-1.79pt**	**+0.85pt**
Solvency ratio (2) / (3)	**14.24%**	**12.72%**	**14.19%**	**-1.52pt**	**+1.47pt**

MAD million - Source: Attijariwafa bank – Aggregate accounts

The preparation of solvency ratios on an individual and consolidated basis complies with the international standards of the Basel Committee and is governed by Bank Al-Maghrib's regulatory guidelines:

- Circular 26/G/2006 (detailed in the technical notice NT 02/DSB/2007) on the calculation of capital requirements for credit, market and operational risks using the standard approach;
- Circular 14/G/2013 (detailed in the technical notice NT 01/DSB/2014) on the calculation of banks' and credit institutions' regulatory capital according to the Basel III standard.

Attijariwafa bank group is required to comply with, on an individual and consolidated basis:

- a core capital ratio of at least 8.0% (this threshold includes the obligation to build a retention buffer from core capital equivalent to 2.5% of weighted risks);
- a Tier 1 capital ratio of at least 9.0%;
- a ratio of total Tier 1 and Tier 2 capital of at least 12.0%.

Attijariwafa bank is also required to build up an additional capital base to absorb the shocks of regulatory and internal stress tests and to ensure compliance with the thresholds described above after stress tests:

- stress tests on credit risk: default of the most vulnerable counterparties, migration from 10% to 15% of high-risk receivables;
- stress tests on market risk: depreciation of the MAD against the EUR, shift in the yield curve, depreciation of the net asset value of the various UCITS (bonds, money market funds, etc.);
- country risk stress tests: Stress tests on non-resident loans in countries with risks of political instability;
- scenarios combining several hypotheses.

From January 2019, for macro-prudential supervision considerations, Bank Al-Maghrib may ask credit institutions to set up a so-called "counter-cyclical capital cushion" on an individual and/or consolidated basis. The said cushion, the level of which is within a range of 0% to 2.5% of the weighted risks, is composed of core Tier 1 capital. Compliance with this additional threshold is preceded by a 12-month notice period.

The frequency of reporting solvency ratios to the regulator is half-yearly. This is accompanied by the publication of Pillar III, which is designed to ensure transparency of financial information: details of prudential ratios, composition of regulatory capital, distribution of weighted risks, etc.

Projected solvency ratio

Attijariwafa bank's projected ratios on an individual and consolidated basis over the next 18 months are well above the regulatory minimum in force: 9.0% for the solvency ratio on core Tier 1 capital and 12.0% on total capital thanks to the internal capital management policy.

The table below shows the evolution of Attijariwafa bank's projected solvency ratio over the period running from December 2017 to December 2019:

	June. 18	Dec. 18	June. 19 F	Dec. 19 F	June. 20 F
Tier 1 capital (1)	24.05	27.07	28.04	29.21	28.87
Tier 2 capital	8.48	8.18	9.06	8.68	10.13
Regulatory capital (2)	**32.53**	**35.25**	**37.09**	**37.89**	**39.00**
Weighted risks (3)	240.48	248.42	254.36	260.52	262.48
Core Tier 1 ratio (1) / (3)	**10.00%**	**10.90%**	**11.02%**	**11.21%**	**11.00%**
Overall solvency ratio (2) / (3)	**13.53%**	**14.19%**	**14.58%**	**14.54%**	**14.86%**

MAD billion - Source: Attijariwafa bank – On an individual basis

The evolution of the projected solvency ratio of the Attijariwafa bank Group over the period from December 2017 - December 2019 is as follows:

	June. 18	Dec. 18	June. 19 F	Dec. 19 F	June. 20 F
Tier 1 capital (1)	35.99	38.58	39.40	41.67	42.49
Tier 2 capital 2	10.86	10.77	10.62	10.14	11.52
Regulatory capital (2)	**46.86**	**49.34**	**50.03**	**51.81**	**54.00**
Weighted risks (3)	374.60	378.50	393.24	407.66	424.73
Core Tier 1 ratio 1 (1) / (3)	**9.61%**	**10.19%**	**10.02%**	**10.22%**	**10.00%**
Overall solvency ratio (2) / (3)	**12.51%**	**13.04%**	**12.72%**	**12.71%**	**12.71%**

MAD billion - Source: Attijariwafa bank – On an individual basis

V. COUNTRY RISK MANAGEMENT

The study conducted by the Country Risk entity with the support of an external consultant, to automate the country risk management has allowed:

- the diagnosis of the system in place and its adequacy with regulatory requirements while identifying the necessary actions for change in relation to an international benchmark;
- the development of a conceptual model for optimal country risk management (functional blocks and dedicated information system) for IT implementation with a gradual extension of the system to foreign subsidiaries.

The process of strengthening the regulatory framework and the implementation of the new organization have had the combined effect of strengthening the monitoring of BDI risks and consolidating the country risk management system. Similarly, the establishment of the Country Risks committee, the adoption of the Country Risk appetite framework and the project to set up a Risk database will contribute decisively to the culmination of this consolidation trend.

In addition, investments are tested for impairment at each closing date. The result of this test is sensitive to the different hypotheses (rate, volatility, fiscal framework, prudential system, regulatory environment, etc.) which leads to a sensitivity of the participating interests..

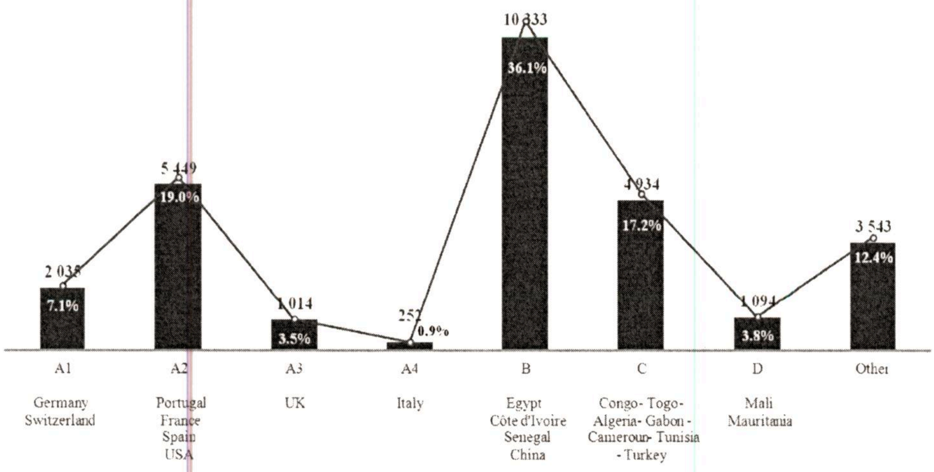
<u>Country risk management system:</u>

The roll-out of the bank's international growth strategy and the provisions of Bank Al Maghreb's Directive 1/G/2008 prompted the implementation of a country risk management system in view of the ever-increasing importance of international business in the group's overall exposure.

This system is structured around the following areas:

- a country risk charter adopted by the management body and approved by the administrative body, which constitutes the reference framework governing the bank's international risk generating activities;
- the identification and assessment of international risks: the Attijariwafa bank group carries out its banking and para-banking activities both on its domestic market and in foreign countries through subsidiaries and even branches. As such, its exposure to international risks includes all types of commitments made by the bank as a creditor entity towards non-resident counterparties in both dirhams and foreign currencies;
- the restatement and calculation of country risk exposure according to the risk transfer principle. This makes it possible to highlight the areas and countries with high exposure (in value and as a % of the bank's equity) and the corresponding risk typologies. Thus, as indicated in the graph below, we note that 30.5% of the bank's exposure to international risks at the end of December 2018 is concentrated in countries with a graduated risk profile ranging from very good (A1) to acceptable (A4), i.e. the equivalent of Moroccan risk. Otherwise, it mainly concerns the bank's strategic investments in the context of the acquisitions of African banking subsidiaries;

Distribution of country risk exposures by Coface scale – Social Exposure – December 31, 2018



Source: Attijariwafa bank

- rules for consolidating country risk exposures that allow, in addition to an individual analysis of the commitment by country of each subsidiary and headquarters, an overview of the group's total commitment;
- the preparation and distribution of a weekly report on the evolution of country risk summarizing all the highlights that occurred during the week (agency rating changes and others...) with an update of the "World" database on country ratings by Standard & Poor's, Moody's, Fitch, Coface, OECD, the bank's internal score and the countries' CDS;
- the development of an internal economic country risk score reflecting the vulnerability index by country. This score is based on a multi-criteria evaluation approach combining macroeconomic indicators, agency ratings and market data, mainly CDS (Credit Default Swap), as a barometer of the probability of default associated with each issuer;
- the development of an internal political country risk score reflecting a country's vulnerability to political instability. This score is based on a multi-criteria evaluation approach combining the assessment of qualitative indicators relating to justice (legal guarantee, regulatory environment), administration and bureaucracy, redistribution of wealth, the Democracy Index as well as the Doing Business score which makes it possible to study regulations that promote economic activity and those that limit it;
- the allocation of limits, calibrated according to the country's risk profile and the level of the bank's equity capital and broken down by zone, country, sector, type of activity, maturity...);
- monitoring and surveillance of compliance with limits;
- the provisioning of country risk based on the deterioration of exposures (materialization of risk, debt rescheduling, default, benefit of debt relief initiatives, etc.) or due to highly significant negative alerts;
- stress testing, a half-yearly process that consists of ensuring the bank's ability to withstand extreme risk factors (such as the materialization of political risk in Tunisia and Côte d'Ivoire) and measuring its impact on capital and profitability.

Ultimately, country risk management is governed by a system that ensures the coverage of international risks from their origination to their final unwinding.

Country risk management system

Source: Attijariwafa bank

VI. Operational risk and BCP

VI.1. Operational risk

The implementation of the operational risk management (ORM) system is in line with the "Basel 2" reform and its implementation for Morocco by Directive DN/29/G/2007, issued by Bank Al Maghrib on April 13, 2007. The latter defines operational risk as "a risk of loss resulting from deficiencies or failures attributable to internal procedures, personnel and systems or external events". This definition includes legal risk but excludes strategic and reputation risks.

For Attijariwafa bank, this operational risk management system is managed by the "Operational, Legal, IT and Human Risks" entity created within the "Global Risk Management" department. This entity has drawn up a risk map for each of the business lines based on the Bank's process reference framework. Each of the risks in the mapping is defined according to a frequency of occurrence and an impact in the event of an occurrence.

For major risks in risk mapping, action plans are defined to mitigate or prevent risks.

This risk mapping is regularly updated on the basis of incidents identified in each of the entities and/or changes in the Bank's products and services.

The methodological approach to risk mapping adopted by the Attijariwafa bank group is presented in the following 6 steps:

- process validation;
- risk identification and assessment;
- identification of risk monitoring indicators;
- development of a risk reduction action plan;
- collection of incidents and monitoring of risks to be monitored;
- Back-Testing & risk reassessment.

I.1. Business Continuity Plan (BCP)

The implementation of the BCP, which is the responsibility of the "Operational, legal, IT and human risks" entity, enables the bank to complete the operational risk management system set up in 2009, which resulted in the drafting of a charter and a complete mapping of operational risks.

The establishment of the BCP is in line with the provisions of the second pillar of Basel II and BAM Circular No. 47/G/2007, which stipulates that the BCP is a regulatory obligation.

The implementation of a Business Continuity Plan ensures the continuity of the bank's activities and the respect of its commitments when there is an occurrence of:

- a major crisis or operational disruption affecting a large urban or geographical area;
- a disruption affecting physical infrastructure;
- a natural disaster;
- an external attack;
- a major failure of information systems;
- a dysfunction resulting from a significant rate of absenteeism (e.g. Pandemic);
- a failure of a critical service.

VII. CONCENTRATION OF RISKS ON THE SAME BENEFICIARY[10]

The concentration of credit risk is the risk inherent in an exposure to a small group of counterparties likely to generate significant losses, in the event of default by these counterparties that could threaten the financial strength of an institution or its ability to continue its essential operations.

In accordance with Circular 3 / G / 2001 on the maximum risk division ratio of credit institutions, credit institutions must at all times, on an individual and consolidated basis, comply with a maximum ratio of 20% between the total risks incurred on the same beneficiary impacted by a weighting rate according to their degree of risk, excluding the risks incurred on the State, and on the other hand, their net equity.

This coefficient is used to identify potential sources of risk concentration and to measure, manage, monitor and control them.

VIII. RISK RELATED TO PERPETUAL SUBORDINATED BONDS

The risk factors listed below should not be considered exhaustive and may not cover all the risks associated with an investment in perpetual subordinated bonds.

The attention of potential investors who may subscribe to the perpetual subordinated bonds, which are the subject of this prospectus, is drawn to the fact that an investment in this type of bond is subject to the following main risks:

- Risk related to the introduction of a new instrument on the Moroccan financial market: Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Circular No. 14/G/2013 of Bank AL-Maghrib, as additional capital instruments. These instruments are regularly issued by international banks, but remain new for some Moroccan investors. Each potential investor should determine the suitability of such investment in light of its own circumstances and should have sufficient financial resources and liquidity to bear the risks of such an investment, including the possibility of a depreciation of the par value of such securities (see risk associated with the depreciation of the par value of the securities below) as well as the possibility of canceling the payment of the amount of interest (see risk associated with the possibility of cancellation of the payment of the amount of interest below);

- Risk related to the instrument's complexity: Bonds subject of the present issue are complex instruments insofar as the "pay-offs" associated with them are not entirely foreseeable. Indeed, the issuer has the sole discretion to cancel the payment of interests for an indefinite period and on a non-cumulative basis. Also, the nominal value of the bonds can be depreciated in the case where the trigger threshold is reached. In addition, a nominal appreciation is foreseen but remains subject to the approval of Bank Al-Maghrib. Finally, an increase in the coupon is possible, but it remains at the sole discretion of the issuer and there is no deterministic mechanism of its activation. These aspects make the future cash flows of the bonds hard to predict. Their forecasts are based on several

[10] See. table B 23 (Annexes)

assumptions and parameters (financial health of the issuer, predictive level of prudential ratios, other commitments and obligations of the issuer, etc.). The complexity of bonds thus means that their management, and their valuation notably, is complex;

- Risk related to the perpetual nature of these securities: Perpetual subordinated bonds are issued for an indefinite maturity and, consequently, the redemption of the capital can only be made at the issuer's initiative and with the prior agreement of Bank Al-Maghrib. This redemption may not be made before a period of 5 years from the date of issue, subject to a minimum notice period of five years;

- Risk related to the subordination clause: The capital is subject to a subordination clause, according to which, in the event of winding-up of the issuer, the perpetual subordinated bonds will be redeemed at a price equal to the nominal value that may be depreciated (see risk related to the depreciation of the nominal value of the securities below). This redemption will only take place after payment of all preferential or unsecured creditors and after all other subordinated loans that have been issued and that may subsequently be issued by the issuer;

- Risk related to the depreciation of the nominal value of the securities (loss absorption mechanism): As soon as the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below the trigger set by the issuer (set at 6.0% for the purposes of this prospectus, in accordance with the provisions of Bank Al-Maghrib's technical notice setting out the terms of application of circular no. 14/G/2013 on credit institutions' own funds), on an individual or consolidated basis, securities are depreciated by the amount corresponding to the difference between theoretical core Tier 1 capital (CET1) allowing to reach 6.0% of the CET1 ratio and actual CET1 capital.

  Interest will therefore be calculated on the basis of the nominal amount, which is subject to change as defined in the loss absorption mechanism.

  However, after a possible depreciation of the nominal value of the securities, and if the financial situation of the issuer that caused the depreciation improves, Attijariwafa bank may immediately trigger, with the prior agreement of Bank Al-Maghrib, the mechanism for appreciating in whole or in part the nominal value that was the subject of the depreciation.

  Attijariwafa bank continuously monitors compliance with the international standards of the Basel Committee and the regulatory guidelines of Bank AL-Maghrib. To this end, the Group has a regulatory risk management policy that allows it to:

  ✓ have a solid financial base to meet all its commitments;

  ✓ comply with all regulatory ratios required by Bank Al-Maghrib;

  ✓ provide an additional capital cushion to absorb shocks from regulatory and internal stress tests and ensure compliance with post-stress tests, namely:

    - a Tier 1 capital ratio of at least 9.0% (vs. a ratio of 10.90% on a parent-company basis and 10.19% on a consolidated basis for Attijariwafa bank as at December 31, 2018);

    - a total Tier 1 and Tier 2 capital ratio of at least 12.0% (vs. a ratio of 14.19% on a parent-company basis and 13.04% on a consolidated basis for Attijariwafa bank as at December 31st, 2018).

  ✓ meet the regulator's requirements for reporting solvency ratios (half-yearly publications of Pillar III to ensure transparency of financial information: details of prudential ratios, composition of regulatory capital, allocation of weighted risks).

  Moreover, in the event of non-compliance with the aforementioned regulatory ratios, Bank Al-Maghrib may, either instead of or in addition to the disciplinary sanctions provided for in Law 103-12 (Banking Law), prohibit or limit the distribution by a credit institution of dividends to shareholders, in accordance with the provisions of Article 91 of the aforementioned Law.

- Risk associated with the possibility of cancellation of the payment of the amount of interest: The investor is subject to the risk of interest payment cancellation (in whole or in part) for an indefinite period of time and on a non-cumulative basis. The decision to cancel is at the issuer's discretion, after prior approval by Bank Al-Maghrib, with a view to meeting its obligations.

  Nevertheless, Attijariwafa bank may decide at its discretion to increase the amount of the coupon to be paid, which will therefore become higher than the amount of the coupon determined in accordance with the calculation method presented in this prospectus.

  Furthermore, the annual amount of interest to be paid in connection with this transaction remains very small in relation to the bank's capital levels and, consequently, their contribution to compliance with regulatory ratios remains very limited or even insignificant.

- Risk factors impacting the CET 1 ratio: the deterioration of the Common Equity Tier 1 ratio (CET 1), as defined by Bank Al Maghrib, at a level below 6.0%, thus triggering the depreciation of the nominal value of the securities, could be caused by several factors, mainly:

  - ✓ the occurrence of substantial losses following a possible increase in claims or an adverse and material change in the interest rate environment;
  - ✓ the introduction of new accounting standards;
  - ✓ the coming into force of new regulatory requirements.

In the event of the occurrence of one or more of these risk factors, the level of the CET 1 ratio may only deteriorate if Attijariwafa bank and its shareholders do not implement all the corrective measures enabling it to comply with all the regulatory ratios required by Bank Al-Maghrib, namely: a minimum CET 1 ratio of 9.0% and a minimum solvency ratio of 12.0%.

- Risk related to liquidity and tradability of securities: Due to their complexity, the bonds subject to this prospectus are not suitable for unqualified investors. Also, the trading of these bonds is strictly reserved for qualified investors, even on the secondary market. This limitation could reduce the liquidity of the bonds subject of this issue in relation to other bonds whose tradability is not restricted.

- Risk related to the presence of several options in favor of the issuer: The bonds subject of this prospectus contain several options in favor of the issuer, namely:

  - ✓ Early repayment option;
  - ✓ Depreciation/appreciation option of the nominal value of securities;
  - ✓ Payment cancellation option of interest amount.

  Any potential investor must take these options into account when making an investment based on its own objectives and constraints. The issuer must also integrate its options into its bid submission proposal and into the determination of the fair value of securities.

- Risk related to additional indebtedness: The issuer may subsequently issue other debts having a rank that is equal or above that of the bonds described in this prospectus. Such issues would reduce the amount recoverable by the holders of these bonds in the event of the liquidation of the issuer.

DISCLAIMER

The aforementioned information constitutes only part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under the reference VI/EM/013/2019 on June 14, 2019. AMMC recommends that the entire prospectus, which is available to the public in French, be read in its entirety.