

# PROSPECTUS SUMMARY



التجاري وفا بنك  
Attijariwafa bank

## ATTIJARIWAFABANK S.A

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

The AMMC-approved prospectus consists of:

- The Operation Prospectus
- Attijariwafa bank's Reference Document registered by the AMMC on June 10, 2020 under reference EN/EM/004/2020

	Tranche A (not listed)	Tranche B (not listed)
<b>Ceiling</b>	MAD 1,000,000,000	MAD 1,000,000,000
<b>Maximum number of securities</b>	10,000 perpetual subordinated bonds	10,000 perpetual subordinated bonds
<b>Nominal value</b>	MAD 100,000	MAD 100,000
<b>Maturity</b>	Perpetual	Perpetual
<b>Face interest rate</b>	<u>Revisable every 10 years</u> , with reference to the secondary 10-year Treasury bill yield curve as published by Bank Al-Maghrib on June 2, 2020, i.e. 2.81%, plus a risk premium, i.e. between 5.31% and 5.41% for the first 10 years.	<u>Revisable annually</u> , 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 June 2, 2020, i.e. 2.18%, plus a risk premium, i.e. between 4.48% and 4.58% for the first year.
<b>Risk premium</b>	Between 250 and 260 bps	Between 230 and 240 bps
<b>Repayment guarantee</b>	None	None
<b>Allocation method</b>	French auction with priority to tranche A (at a revisable rate every 10 years), then to tranche B (at an annually-revisable rate)	
<b>Tradability of securities</b>	Over-the-counter (off-market)	Over-the-counter (off-market)

**Subscription period: from June 18 to 22, 2020 included**

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

**Advising Agency**  
Attijari Finances Corp.



**Agency in charge of the placement**



#### APPROVAL OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of the AMMC circular, issued pursuant to Article 5 of the Dahir Law No. 1 -12-55 dated December 28, 2012, promulgating Law No. 44-12 on public offerings and information required of legal entities and savings organizations, this prospectus has been approved by the AMMC on June 10, 2020 under reference VI/EM/008/2020.

The AMMC-approved prospectus consists of the following documents:

- The Operation Prospectus
- Attijariwafa bank's Reference Document registered by the AMMC on June 10, 2020 under reference EN/EM/004/2020

LISCANIAT  
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## **DISCLAIMER**

The Moroccan Capital Market Authority (AMMC) approved, on December June 10, 2020 a prospectus summary related to the issue of perpetual 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 at the following places:

- Attijariwafa bank headquarters: 2, boulevard Moulay Youssef -Casablanca.  
Phone: 05.22.29.88.88, and on its website:  
<http://ir.attijariwafabank.com/>;
- 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](http://www.ammc.ma))c ([www.casablancaourse.com](http://www.casablancaourse.com))

This summary has been translated by LISSANIAT SARL 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 will prevail.

## **PARTI: PRESENTATION OF THE OPERATION**

### **I. OBJECTIVES OF THE OPERATION**

The main objective of this issue is to:

- strengthen the current regulatory capital and, consequently, strengthen the solvency ratio of Attijariwafa bank;
- finance the bank's organic development in Morocco and abroad;
- anticipate the various regulatory changes in the countries of presence.

In accordance with Bank Al-Maghrib's Circular 14/G/2013 on the calculation of the regulatory capital requirements of credit institutions, as amended and supplemented, funds collected through this operation 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.

### III. INFORMATION RELATED TO ATTIJARIWAFABANK'S PERPETUAL SUBORDINATED BONDS

**Disclaimer:** *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 section IV of this Part.<sup>1</sup>*

Characteristics of Tranche A (At a rate to be revised every 10 years, with a perpetual maturity and 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 repayment, beyond the 5 <sup>th</sup> 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 18 to 22, 2020 included
Interest accrual date	June 25, 2020
Allocation method	French auction with priority to tranche A (at a revisable rate every 10 years), then to tranche B (at an annually-revisable rate).
Face interest rate	<p><b>Rate revisable every 10 years</b></p> <p>For the first 10 years, the face 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 June 2, 2020, i.e. 2.81%. This rate will be increased by a risk premium ranging between 250 and 260 basis points, i.e. <b>between 5.31% and 5.41%</b>.</p> <p>Reference rate is the 10-year rate observed or calculated using the secondary yield curve of Treasury bills as published by Bank Al-Maghrib, preceding the last coupon anniversary date of each 10-</p>

<sup>1</sup>See Part II. Presentation of the operation - Section IV. Risks related to perpetual subordinated bonds.

year period by 5 business days.

The reference rate thus obtained will be increased by the risk premium set at the end of the auction (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 by Attijariwafa bank will be determined by linear interpolation using the two points surrounding the full 10-year maturity (actuarial basis).

## Risk premium

### Entre 250 et 260 points de base

## Interests

Interest will be paid annually on the anniversary dates of the interest accrual date of the loan, i.e. on June 25 of each year. Payment will be made on the same day or on the first business day following June 25 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 by Attijariwafa bank on its website and 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 by Attijariwafa bank on its website and 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 Repayment” clause.

#### **Capital repayment**

The repayment 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 repayment” clause).

#### **Early repayment**

Attijariwafa bank undertakes not to proceed with the early repayment 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 repayment 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 repayment (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 repayment, as soon as the decision on early repayment has been taken, with a reminder at least sixty calendar days before the start date of this repayment. These notices shall be published in a newspaper of legal announcement and on the issuer's website and shall specify the amount and duration and the start date of the repayment.

The issuer may not proceed with the early repayment 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 repayment period, the latter shall be based on the initial par value of the securities.

Any early repayment (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 repayment.

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 its website and 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<sup>2</sup> 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).<sup>3</sup>

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 on its website and 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

<sup>2</sup> 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.

<sup>3</sup> The historical evolution of the core capital ratio (CET 1) and the solvency ratio is presented in the Prospectus' Section II.4 Analysis of the balance sheet under IFRS (for consolidated ratios) and in Section I.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 on its website and 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 the perpetual subordinated bonds covered by this prospectus undertakes to transfer the said bonds only to the qualified investors listed in this prospectus. In addition, account keepers must under no circumstances accept settlement instructions for the perpetual subordinated bonds covered by this prospectus from qualified investors other than the 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 / Subordination**

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 classical, secured 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 repayment will be made on the basis of the lesser 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 secured or unsecured creditors and holders of subordinated fixed-term bonds that have been issued and that may subsequently be issued by

	<p>Attijariwafa bank both in Morocco and internationally;</p> <p>These perpetual subordinated securities shall rank <i>pari passu</i> with perpetual subordinated bonds of the same nature. As a reminder, Attijariwafa bank has proceeded to two perpetual subordinated bond issues in December 2016, in December 2018, in June 2019 and in December 2019 for an overall amount of MAD 3,000,000,000.</p>
<b>Repayment guarantee</b>	This issue is not the subject of any particular guarantee.
<b>Rating</b>	This issue has not been the subject of any rating request.
<b>Representation of the bondholders' group</b>	<p>The Board of Directors held on June 4, 2020, and pending the holding of the General Meeting of bondholders, 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.</p> <p>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.</p> <p>Moreover, Attijariwafa bank has no capital or business ties with Hdid Consultants represented by Mr. Mohamed Hdid.</p> <p>Furthermore, Hdid Consultants represented by Mr. Mohamed Hdid is the permanent representative of the bondholders of the issues made by Attijariwafa bank between 2014 and 2018. He is also the provisional representative of the bondholders of the issue carried out by Attijariwafa bank in June 2019</p> <p>Furthermore, Hdid Consultants represented by Mr. Mohamed Hdid is the permanent representative of the bondholders of the issues made by Attijariwafa bank between 2014 and 2018. He is also the provisional representative of the bondholders of the issue carried out by Attijariwafa bank in June and in December 2019.<sup>4</sup></p>
<b>Applicable law</b>	Moroccan law
<b>Competent jurisdiction</b>	Commercial Court of Casablanca
<b>Characteristics of Tranche B (At a rate to be revised annually, with a perpetual maturity and not listed on the Casablanca Stock Exchange)</b>	
<b>Nature of securities</b>	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).
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	<b>MAD 1,000,000,000</b>
<b>Maximum number of securities to be issued</b>	<b>10,000 subordinated bonds</b>

<sup>4</sup> The appointment of Mr. Mohammed Hdid as representative of the group of the three 2019-subordinated bond issues is proposed to the general meetings of bondholders on June 22, 2020.

<b>Initial par value</b>	<b>MAD 100,000</b>
<b>Issue price</b>	<b>100%, i.e. MAD 100,000</b>
<b>Loan maturity</b>	Perpetual, with the possibility of early repayment, beyond the 5 <sup>th</sup> 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.
<b>Subscription period</b>	From June 18 to 22, 2020 included
<b>Interest accrual date</b>	June 25, 2020
<b>Allocation method</b>	French auction with priority to tranche A (at a revisable rate every 10 years), then to tranche B (at an annually-revisable rate).
<b>Face interest rate</b>	<p><b>Annually-revisable rate</b></p> <p>For the first year, the face 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 June 2, 2020, i.e. 2.18%. This rate will be increased by a risk premium ranging between 230 et 240 basis points, i.e. <b>between 4.48% and 4.58%</b>.</p> <p>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.</p> <p>The reference rate thus obtained will be increased by the risk premium set at the end of the auction (risk premium between 230 and 240 basis points) and will be communicated by Attijariwafa bank, via its website) to bondholders 5 business days before the anniversary date of each rate revision date.</p>
<b>Method of calculating the reference rate</b>	<p>The reference rate will be determined by Attijariwafa bank by the linear interpolation method using the two points surrounding the full 52-week maturity (monetary basis).</p> <p>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.</p> <p>The formula for this calculation is:</p> $(((\text{Actuarial rate} + 1)^{(k / \text{exact number of days}^*)}) - 1) \times 360/k;$ <p>where k: maturity of the actuarial rate we wish to transform</p> <p>*Exact number of days: 365 or 366 days.</p>
<b>Risk premium</b>	<b>Between 230 and 240 basis points</b>
<b>Interest rate determination date</b>	<p>The coupon will be revised annually on the anniversary dates of the interest accrual date of the loan, i.e. on December 27 of each year.</p> <p>The new rate will be communicated by the issuer to bondholders via its website, 5 business days before the anniversary date.</p>
<b>Interests</b>	Interest will be paid annually on the anniversary dates of the interest accrual date of the loan, i.e. on June 25 of each year. Payment will be made on the same day or on the first business day following June 25 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) secured 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 on Attijariwafa bank website and 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 by Attijariwafa bank on its website and 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:  $[\text{Nominal} \times \text{nominal rate} \times \text{Exact number of days}/360]$ .

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 Repayment" clause.

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### **Capital repayment**

The repayment 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 repayment" clause).

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### **Early repayment**

Attijariwafa bank undertakes not to proceed with the early repayment 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 repayment 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 repayment (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 repayment, as soon as the decision on early repayment has been taken, with a reminder at least sixty calendar days before the start date of this repayment. These notices shall be published in a

newspaper of legal announcement and on the issuer's website and shall specify the amount and duration and the start date of the repayment.

The issuer may not proceed with the early repayment 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 repayment period, the latter shall be based on the initial par value of the securities.

Any early repayment (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 repayment 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<sup>5</sup> 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).<sup>6</sup>

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

<sup>5</sup> 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.

<sup>6</sup> The historical evolution of the core capital ratio (CET 1) and the solvency ratio is presented in the Prospectus' Section II.4 Analysis of the balance sheet under IFRS (for consolidated ratios) and in Section I.2.2. Risk control - Solvency ratios, and Part VII. Risk factors - Section IV. Regulatory risks (for ratios on a parent-company basis)

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 by Attijariwafa bank on its website and 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 by Attijariwafa bank on its website and 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

	<p>prospectus. Each qualified investor holding the perpetual subordinated bonds covered by this prospectus undertakes to transfer the said bonds only to the qualified investors listed in this prospectus. In addition, account keepers must under no circumstances accept settlement instructions for the perpetual subordinated bonds covered by this prospectus from qualified investors other than the investors listed in this prospectus.</p>
<b>Assimilation clauses</b>	<p>There is no assimilation of the perpetual subordinated bonds, subject of this prospectus, to the securities from a previous issue.</p> <p>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.</p>
<b>Loan rank / Subordination</b>	<p>The capital will be subject to a subordination clause.</p> <p>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.</p> <p>In the event of the winding-up of Attijariwafa bank, the perpetual subordinated securities of this issue will only be redeemed after all classical, secured or unsecured creditors have been paid.</p> <p>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.</p> <p>This repayment will be made on the basis of the lesser of the following two amounts:</p> <ul style="list-style-type: none"> <li>▪ the initial par value reduced by the amount of any repayments made previously;</li> <li>▪ the amount available after payment of all secured 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;</li> </ul> <p>These perpetual subordinated securities shall rank <i>pari passu</i> with perpetual subordinated bonds of the same nature. As a reminder, Attijariwafa bank has proceeded to two perpetual subordinated bond issues in December 2016, in December 2018, in June 2019 and in December 2019 for an overall amount of MAD 3,000,000,000.</p>
<b>Repayment guarantee</b>	<p>This issue is not the subject of any particular guarantee.</p>
<b>Rating</b>	<p>This issue has not been the subject of any rating request.</p>
<b>Representation of the bondholders' group</b>	<p>The Board of Directors held on June 4, 2020, and pending the holding of the General Meeting of bondholders, 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</p>



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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.

Moreover, Attijariwafa bank has no capital or business ties with Hdid Consultants represented by Mr. Mohamed Hdid.

Furthermore, Hdid Consultants represented by Mr. Mohamed Hdid is the permanent representative of the bondholders of the issues made by Attijariwafa bank between 2014 and 2018. He is also the provisional representative of the bondholders of the issue carried out by Attijariwafa bank in June 2019.<sup>7</sup>

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<b>Applicable law</b>	Moroccan law
<b>Competent jurisdiction</b>	Commercial Court of Casablanca

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D'AMMANS

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<sup>7</sup>The appointment of Mr. Mohammed Hdid as representative of the group of the three 2019-subordinated bond issues is proposed to the general meetings of bondholders on June 22, 2020.

#### IV. 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 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 repayment of the capital can only be made at the issuer's initiative and with the prior agreement of Bank Al-Maghrib. This repayment 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 repayment will only take place after payment of all secured 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 11.08% on a parent-company basis and 10.32% on a consolidated basis for Attijariwafa bank as at December 31, 2019);
  - a total Tier 1 and Tier 2 capital ratio of at least 12.0% (vs. a ratio of 14.70% on a parent-company basis and 13.14% on a consolidated basis for Attijariwafa bank as at December 31, 2019).
- ✓ 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 consider these options 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.

#### IV. OPERATION SCHEDULE

The schedule for this operation is as follows:

Orders	Stages	Timeframe
1	Receipt of the AMMC approval	June 10, 2020
2	Publication of the prospectus extract on the issuer's website ( <a href="http://ir.attijariwafabank.com/">http://ir.attijariwafabank.com/</a> )	June 10, 2020
3	Publication by the issuer of the press release in a LAG	June 12, 2020
4	Opening of the subscription period	June 18, 2020
5	Closing of the subscription period	June 22, 2020
6	Allocation of securities	June 23, 2020
7	Payment / Delivery	June 25, 2020
8	Publication by the issuer of the results and interest rates used for the transaction in an LAG and on its website	June 26, 2020

## **PART II: OVERVIEW OF ATTIJARIWAFABANK**

### **I. GENERAL INFORMATION**

<b>Company name</b>	Attijariwafa bank
<b>Headquarters</b>	2, boulevard Moulay Youssef – Casablanca 20 000
<b>Phone / Fax</b>	Phone: 0522.29.88.88 Fax: 0522.29.41.25
<b>Web site</b>	<a href="http://www.attijariwafabank.com/">www.attijariwafabank.com/</a> <a href="http://ir.attijariwafabank.com/">http://ir.attijariwafabank.com/</a>
<b>Email</b>	<a href="mailto:ir@attijariwafa.com">ir@attijariwafa.com</a>
<b>Legal form</b>	Limited Company with Board of Directors
<b>Incorporation date</b>	1911
<b>Company lifetime</b>	May 31, 2060 (99 years)
<b>Commercial Register</b>	Casablanca Commercial Register No.333
<b>Financial Year</b>	From January 1 to December 31
<b>Company objective (article 5 of bylaws)</b>	<p>“The purpose of the company is in all countries, to perform all banking, finance, credit, commission operations and generally, under the restrictions stipulated by the applicable legal provisions, any operations directly or indirectly related to this purpose, mainly, the following operations, the list of which is not exhaustive:</p> <ul style="list-style-type: none"> <li>▪ Receive from the public deposits on accounts or otherwise whether interest bearing or not, repayable on demand, upon notice or maturity;</li> <li>▪ Discount all commercial papers, exchange letters, promissory notes, checks, warrants, instruments, vouchers issued by the Public Treasury or Local or semi-public authorities, and generally any commitments resulting from industrial, agricultural, commercial or financial operations or other operations conducted by public administrations, negotiate or rediscount the aforementioned items and provide and accept all orders, exchange letters, promissory notes, or checks, etc.;</li> <li>▪ Grant all types of loans with or without guarantees, issue advances on Moroccan or foreign annuities, on securities issued by the State, public or semi-public authorities and on securities issued by Moroccan or foreign industrial, agricultural, commercial or financial companies;</li> <li>▪ Receive deposits of all securities and objects; accept or proceed to the payment and recovery of exchange letters, promissory notes, checks, warrants, interest or dividend coupons, act as intermediary for the purchase or sale of all kinds of public funds, securities, bonds or profit shares;</li> <li>▪ Accept or at times in conjunction with loans or borrowings, grant mortgages and any other types of guarantee, underwrite any guarantee sureties or endorsements commitments, proceed to all acquisitions, real estate or personal property as well as financial leases or rental of buildings;</li> <li>▪ Proceed to or participate in the issue, investment, introduction in the market, to the negotiation of any securities of the public or private authorities, submit any borrowings of these authorities, acquire or dispose of any annuities, public sector securities, shares, bonds or securities of all kinds belonging to the said authorities, ensure the creation of corporate entities and consequently accept any offices or powers, and when possible contribute to the capital of the said companies;</li> <li>▪ Establish in any place inside or outside Morocco, subsidiaries, branches, offices and affiliates required to perform the aforementioned operations;</li> <li>▪ Acquire stakes in already existing businesses or companies in the process of creation, provided adherence to the limits set with regard to shareholders’ equity and registered capital or voting rights of the issuing company in accordance with the applicable regulations.</li> <li>▪ And generally, all operations that fall under its corporate purpose.”</li> </ul>
<b>Share capital as of 31/12/2019</b>	209,859,679 shares with a nominal value of MAD 10 per share.

<b>Legal documents</b>	The company's legal documents and in particular the bylaws, the minutes of the general meetings and the auditors' reports can be consulted at Attijariwafa bank's Headquarters.
<b>List of legislation applicable to the issuer</b>	<p>Due to 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<sup>th</sup>, 1996 on public limited Companies as amended and supplemented by law;</p> <p>Due to its activity, Attijariwafa bank is governed by the Dahir No. 1-14-193 of Rabii I 1<sup>st</sup>, 1436 promulgating Law No. 103-12 on credit institutions and similar bodies (Banking Act).</p> <p>Due to its listing on the Casablanca Stock Exchange, it is subject to all applicable laws and regulations related to the financial markets, including:</p> <ul style="list-style-type: none"> <li>▪ Dahir providing Law No. 19-14 relating to the stock exchange, brokerage companies and financial investment advisors;</li> <li>▪ General Rules of the Stock Exchange approved by the Order of the Minister of Economy and Finance n°2208-19 of July 7,2019;</li> <li>▪ Law No. 44-12 relating to public offerings and the information required from legal entities and organizations making public offerings;</li> <li>▪ Law 43-12 relating to the AMMC;</li> <li>▪ General Rules of AMMC as approved by the Decree of the Minister of Economy and Finance No. 2169-16;</li> <li>▪ AMMC circulars;</li> <li>▪ Dahir No. 1-95-03 of January 26<sup>th</sup>, 1995 promulgating the Law No. 35-94 on some tradable debt securities and the Decree of the Ministry of Finance and Foreign Investments No. 2560-95 of October 9<sup>th</sup>, 1995 on tradable debt securities;</li> <li>▪ Dahir No. 1-96-246 of January 9<sup>th</sup>, 1997 promulgating the law No. 35-96 relating to the creation of the Central Depository and the establishment of a general system of registration in accounts of some securities, amended and supplemented;</li> <li>▪ General rules of the Central Depository approved by the Ordinance of the Minister of Economy and Finance No. 932-98 dated April 16<sup>th</sup>, 1998 and amended by the Ordinance of the Minister of Economy, Finance, Privatization and Tourism No. 1961-01 of October 30<sup>th</sup>, 2001;</li> <li>▪ Dahir No. 1-04-21 of April 21<sup>st</sup>, 2004 promulgating the Law No. 26-03 relating to public offerings on the stock market and amended.</li> </ul>
<b>Tax system</b>	As a credit institution, Attijariwafa bank is subject to the corporate tax (37%) and the VAT (10%).
<b>Competent court in the event of dispute</b>	Commercial Court of Casablanca

## II. INFORMATION ON THE ISSUER'S SHARE CAPITAL<sup>8</sup>

As of December 31, 2019, the capital of Attijariwafa bank amounts to MAD 2,098,596,790, broken down into 209,859,679 shares with a nominal value of MAD10 each. The capital allocation is presented as follows:

Address	Number of held securities	% of capital	% of voting rights
<b>1- National shareholders</b>	<b>154 960 974</b>	<b>73.84%</b>	<b>73.84%</b>
<b>1-1- Al Mada</b>	<b>97 433 137</b>	<b>46.43%</b>	<b>46.43%</b>
Angle rue d'Alger et Duhaume - Casablanca			
<b>1-2- Insurance companies</b>	<b>31 399 579</b>	<b>14.96%</b>	<b>14.96%</b>
MAMDA	6 958 584	3.32%	3.32%
bd Mohammed VI - Rabat			
MCMA	7 737 148	3.69%	3.69%
bd Mohammed VI - Rabat			
RMA-Watanya	2 683 942	1.28%	1.28%
83 avenue des FAR - Casablanca			
Wafa Assurance	13 226 583	6.30%	6.30%
1 rue Abdelmoumen - Casablanca			
Axa Assurances Maroc	793 322	0.38%	0.38%
120 avenue hassan II - Casablanca			
<b>1-3- Other institutions</b>	<b>26 128 258</b>	<b>12.45%</b>	<b>12.45%</b>
Caisse de Dépôt et de Gestion (CDG)	3 576 531	1.70%	1.70%
140 Place My El Hassan - Rabat			
Caisse Marocaine de Retraite	474 087	0.23%	0.23%
Avenue Al Araar, BP 2048, Hay Riad, Rabat			
CIMR	8 560 380	4.08%	4.08%
100 Bd Abdelmoumen - Casablanca			
RCAR	13 517 260	6.44%	6.44%
Hay Riad - BP 2038 - Rabat			
<b>2- Float</b>	<b>10 715 614</b>	<b>5.11%</b>	<b>5.11%</b>
Santusa Holding	10 715 614	5.11%	5.11%
Paseo de la Castellana n°24 - Madrid (Espagne)			
<b>3- Flottant</b>	<b>44 183 091</b>	<b>21.05%</b>	<b>21.05%</b>
UCITS and others	38 066 651	18.14%	18.14%
NA*			
Bank directors	700	0.00%	0.00%
NA*			
Bank staff	6 115 740	2.91%	2.91%
NA*			
<b>Total</b>	<b>209 859 679</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Attijariwafa bank - \* Non applicable. The Board of Directors of Attijariwafa bank proposes in the draft resolution of the General Meeting of June 29, 2020 to proceed to the conversion of bearer shares into registered shares.

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 Casablanca - Maroc  
 Telle : 0522 89 78 89  
 GSM : 0564 70 99 40

<sup>8</sup> Al Mada became Attijariwafa bank's reference shareholder with a 46.43% stake, mainly following the merger of ONA into Al Mada on December 31, 2010.

### III. ATTIJARIWAFABANK BOARD OF DIRECTORS

As of March 31, 2020, Attijariwafa bank is managed by a Board of Directors composed of 10 members and chaired by Mr. Mohamed El Kettani.

Directors	Appointment date <sup>1</sup>	Expiry of office term
<b>Mr. Mohamed El Kettani</b> CEO of the Attijariwafa bank Group, Chairman of the Board of Directors	2014	OGM called to approve the 2019 financial year*
<b>SIGER</b> Represented by Mr. Mounir El Majidi, CEO of SIGER <sup>2</sup> , Director - Attijariwafa bank	2015	OGM called to approve the 2020 financial year
<b>Al Mada</b> Represented by Mr Hassan Ouriagli, CEO of Al Mada, Director - Attijariwafa bank	2017	OGM called to approve the 2022 financial year
<b>Mr. Abdelmjid Tazlaoui</b> CEO of AMETYS <sup>3</sup> , Director - Attijariwafa bank	2017	OGM called to approve the 2022 financial year
<b>Mr. Aymane Taud</b> Deputy Managing Director of AL Mada, Director - Attijariwafa bank	2016	OGM called to approve the 2021 financial year
<b>Mr. José Reig</b> Director - Attijariwafa bank	2018	OGM statuant sur les comptes de l'exercice 2023
<b>Mr. Abed Yacoubi Soussane</b> Chairman of the MAMDA/MCMA Supervisory Board, Director - Attijariwafa bank	2017	OGM called to approve the 2022 financial year
<b>Mr. Aldo Olcese Santonja</b> Independent director, PhD in Financial Economics	2014	OGM called to approve the 2019 financial year*
<b>Santander</b> Represented by Mr. Jose Manuel Varela, Ex Deputy Managing Director, Director - Attijariwafa bank	2014	OGM called to approve the 2019 financial year*
<b>Mr. Lionel Zinsou</b> Managing Partner Southbridge, Independent director	2019	OGM called to approve the 2024 financial year

Source: Attijariwafa bank - \*The Board of Directors of Attijariwafa bank proposes in the draft resolution of the General Meeting of June 29, 2020 to proceed to the conversion of bearer shares into registered shares.

(1) Appointment or reappointment - the year corresponds to the year in which the General Meeting called to approve the financial statements for the previous financial year is held

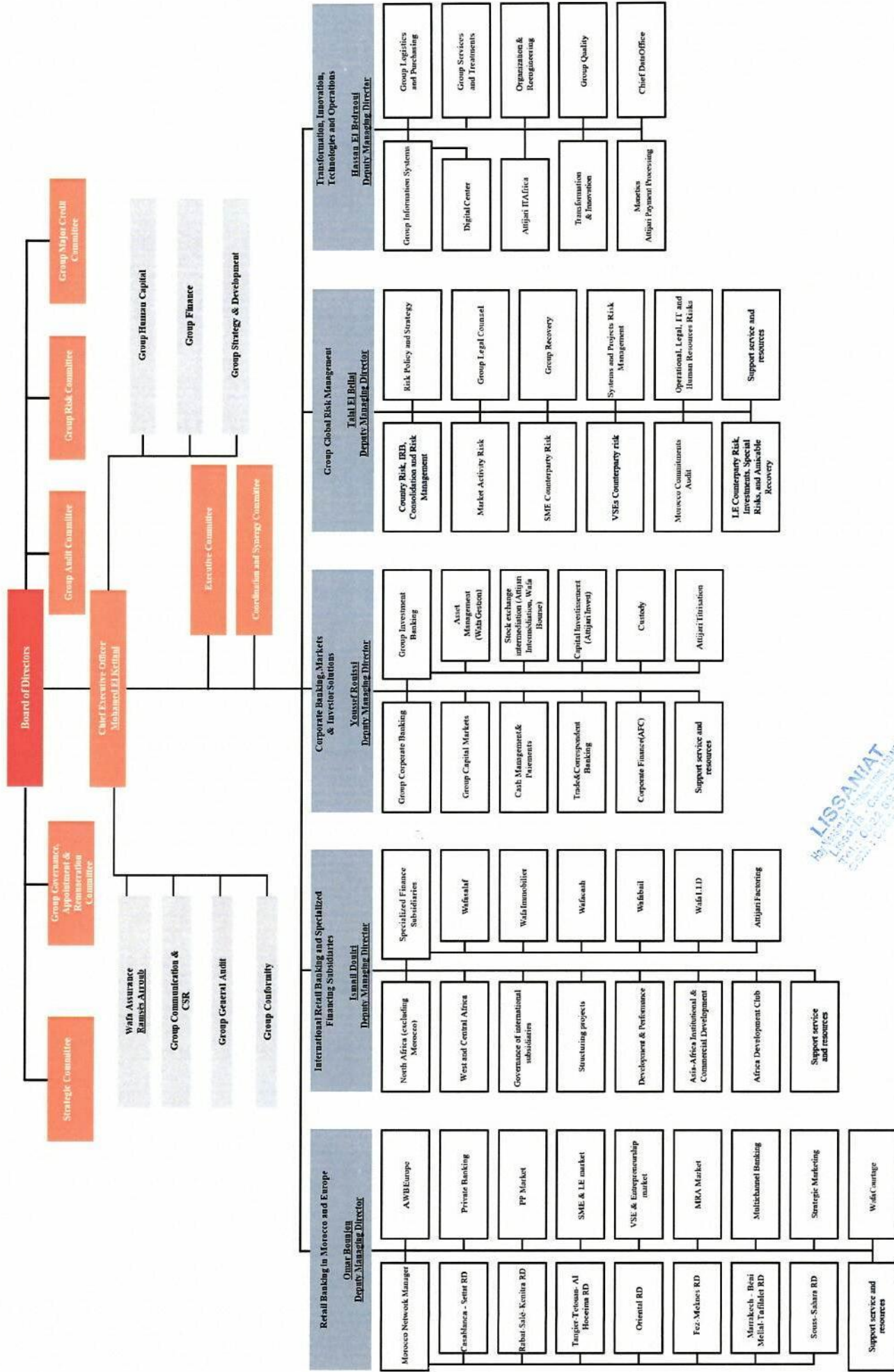
(2) Siger is a shareholder of Al Mada

(3) AMETYS is a sister company of Attijariwafa bank

### III. ATTIJARIWAFABANK ADMINISTRATIVE CHART

The administrative chart of Attijariwafa bank Group, as of March 31, 2020, is as follows:





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Registration of the company in the  
Trade Register of the Commercial  
Court of Casablanca (No. 179/13)

## IV. ACTIVITY OF ATTIJARIWAFABANK

### IV.1. Evolution of loans

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

	2017	2018	2019	Var.18/17	Var.19/18
<b>Loans to credit institutions and similar entities (C1)</b>	<b>35 622</b>	<b>33 043</b>	<b>33 288</b>	<b>-7.2%</b>	<b>0.7%</b>
Demand	6 724	4 036	5 796	-40.0%	43.6%
Term	28 898	29 007	27 492	0.4%	-5.2%
<b>Customer loans (C2)</b>	<b>179 238</b>	<b>203 544</b>	<b>210 376</b>	<b>13.6%</b>	<b>3.4%</b>
Treasury and consumer loans	45 876	53 719	55 766	17.1%	3.8%
Investment loans	61 961	64 824	63 301	4.6%	-2.4%
Mortgage loans	59 193	60 948	62 683	3.0%	2.8%
Other loans	7 693	7 478	12 176	-2.8%	62.8%
Factoring loans	-	10 777	10 940	>100.0%	1.5%
Past due receivables net of provision	3 040	4 217	4 066	38.7%	-3.6%
Accrued interest receivable	1 475	1 580	1 444	7.1%	-8.6%
<b>Total loans (C1) + (C2)</b>	<b>214 860</b>	<b>236 587</b>	<b>243 664</b>	<b>10.1%</b>	<b>3.0%</b>

MAD million - Source: Attijariwafa bank – Social accounts

As of December 31, 2019, the outstanding loans of Attijariwafa bank amounted to MAD 243.7 billion, i.e. an increase of 3.0% compared to end December 2018. This evolution is explained by the following combined elements:

- The improvement of the outstanding customer loans by 3.4% to nearly MAD 210.4 billion as of end 2019, this evolution is mainly due to:
  - ✓ the increase of 62.8% in other loans, whose outstanding amount as of end 2019 amounted to MAD 12.3 billion.
  - ✓ Mortgage loans increased by MAD 1.7 billion in 2019;
  - ✓ the 3.8% (+ MAD 2.0 billion) increase in cash and consumer loans.
- the improvement in loans to credit and similar institutions by 0.7% (+ MAD 0.2 billion) over the period under review.

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

- the improvement in outstanding customer loans by 13.6% (+ MAD 24.3 billion) to more than MAD 203.5 billion as of end 2018, this evolution is mainly due to :
  - ✓ the increase 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. billion) to reach MAD 64.8 billion as of end December 31 2018.
  - ✓ the increase in receivables acquired by factoring by MAD 10.8 billion, mainly due to the financing of the VAT credit (MAD 11 billion of production in 2018);
  - ✓ the increase in overdue receivables net of provisions by 38.7% (+ MAD 1.2 billion).
- the decrease in outstanding receivables from credit and similar institutions by 7.2% (- MAD 2.6 billion) to nearly MAD 33.0 billion as of end 2018. This situation is the result of a 40.0% (- MAD 2.7 billion) decrease in outstanding demand loans.

## IV.2. Evolution of deposits

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

	2017	2018	2019	Var.18/17	Var.19/18
<b>Debts to credit institutions (D1)</b>	<b>27 433</b>	<b>38 673</b>	<b>37 493</b>	<b>41.0%</b>	<b>-3.1%</b>
Demand	6 578	4 010	3 759	-39.0%	-6.3%
Term	20 855	34 663	33 734	66.2%	-2.7%
<b>Debts to customers (D2)</b>	<b>225 369</b>	<b>234 508</b>	<b>233 129</b>	<b>4.1%</b>	<b>-0.6%</b>
Current accounts payable	141 414	146 965	152 229	3.9%	3.6%
Savings accounts	27 861	28 407	29 213	2.0%	2.8%
Term deposits	39 040	41 060	36 462	5.2%	-11.2%
Other accounts payable	16 370	17 440	14 637	6.5%	-16.1%
Accrued interest payable	683	636	587	-6.9%	-7.7%
<b>Total debts (D1+D2)</b>	<b>252 802</b>	<b>273 181</b>	<b>270 622</b>	<b>8.1%</b>	<b>-0.9%</b>

MAD million- Source: Attijariwafa bank – Social accounts

At the end of the 2019 financial year, debts to customers stood at nearly MAD 270.6 billion, a decrease of 0.9% compared to the end of December 2018. This evolution is mainly explained by the following combined elements:

- The increase in demand payable accounts by 3.6% (+5.3 billion MAD)
- The increase of MAD 806.0 million in savings accounts to reach more than MAD 29.2 billion as of end 2019;
- The decrease of 11.2% in term deposits (- MAD 4.6 billion);
- The decrease in other accounts payable by 16.1% (- MAD 2.8 billion).

Outstanding debts to credit institutions fell by 3.1% (- MAD 1.2 billion) to reach more than MAD 37.5 billion as of end 2019. The decrease in the outstanding term deposits by MAD 0.93 billion to reach MAD 33.7 billion in 2019 remains the main reason for this evolution.

At the end of the 2018 financial year, debts to customers amounted to more than MAD 234.5 billion, up 4.1% (+MAD 9.1 billion) compared to 2017. This change is mainly due to the following combined factors:

- the increase in term deposits by 5.2% (+MAD 2.0 billion);
- the increase in credit current accounts by 3.9% (+MAD 5.6 billion);
- the evolution of other accounts payable by 6.5% (+MAD 1.1 billion) to reach more than MAD 17.4 billion in 2018;

On the other hand, outstanding debts to credit institutions increased by 41.0% (+MAD 11.2 billion), to reach nearly MAD 38.7 billion in 2018. The increase in outstanding term deposits by MAD +13.8 billion to MAD 34.7 billion remains the main reason for this change. This increase is mainly explained by the increase in 7-day repos at Bank Al Maghrib.

## V. FINANCIAL STATEMENTS OF ATTIJARIWafa BANK'S SOCIAL ACCOUNTS

### V.1. 2017- 2019 balance sheet

	2017	2018	2019	Var.18/17	Var.19/18
<b>Assets</b>	<b>319 371</b>	<b>350 620</b>	<b>360 798</b>	<b>9.8%</b>	<b>2.9%</b>
Cash in hand, Central banks, Treasury, Postal cheque service	9 143	8 094	10 466	-11.5%	29.3%
Loans to credit institutions and similar entities	35 622	33 043	33 288	-7.2%	0.7%
Loans to customers	179 238	192 683	199 390	7.5%	3.5%
Factoring loans	0	10 861	10 986	>100.0%	1.2%
Transaction and investment securities	59 556	66 340	67 908	11.4%	2.4%
Other assets	3 782	5 486	3 885	45.1%	-29.2%
Investment securities	6 840	8 752	8 489	27.9%	-3.0%
Equity securities and similar uses	19 105	18 833	19 272	-1.4%	2.3%
Fixed assets held under finance leases and rental contracts	395	672	997	70.1%	48.4%
Intangible assets	2 088	2 121	2 413	1.6%	13.8%
Tangible assets	3 603	3 735	3 703	3.7%	-0.9%
<b>Liabilities</b>	<b>319 371</b>	<b>350 620</b>	<b>360 798</b>	<b>9.8%</b>	<b>2.9%</b>
Central banks, Treasury, Postal cheque service	-	-	-	Ns	Ns
Debts owed to credit institutions and similar institutions	27 433	38 673	37 493	41.0%	-3.1%
Customer deposits	225 369	234 508	233 129	4.1%	-0.6%
Debt securities issued	5 879	8 547	12 969	45.4%	51.7%
Other liabilities	7 080	12 789	16 877	80.6%	32.0%
Provisions for risks and charges	3 253	3 563	3 677	9.5%	3.2%
Regulated provisions	-	-	-	Ns	Ns
Subordinated debts	13 320	11 043	13 044	-17.1%	18.1%
Equity	37 038	41 498	43 609	12.0%	5.1%

MAD million- Source: Attijariwafa bank – Social accounts

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## V.2. 2017 – 2019 income statement

	2017	2018	2019	Var.18/17	Var.19/18
<b>Banking operating income</b>	<b>17 721</b>	<b>18 203</b>	<b>18 791</b>	<b>2.7%</b>	<b>3.2%</b>
Interest and similar income on transactions with credit institutions	1 030	985	1 022	-4.3%	3.7%
Interest and income on customer transactions	8 926	9 591	9 960	7.4%	3.9%
Interest and similar income on debt securities	305	257	295	-15.9%	14.8%
Income on equities and Sukuks certificates	1 513	1 610	1 666	6.4%	3.5%
Income on fixed assets under finance leases and rental contracts	24	154	251	>100.0%	62.5%
Commissions on services provided	1 635	1 806	1 937	10.4%	7.2%
Other banking income	4 288	3 800	3 661	-11.4%	-3.7%
<b>Banking operating expenses</b>	<b>6 218</b>	<b>6 017</b>	<b>5 946</b>	<b>-3.2%</b>	<b>-1.2%</b>
Interest and similar expenses on transactions with credit institutions	592	875	888	47.6%	1.5%
Interest and expenses on customer transactions	2 451	2 413	2 221	-1.6%	-8.0%
Interest and similar charges on debt securities issued	207	199	313	-3.9%	57.4%
Expenses on fixed assets under finance leases and rental contracts	31	36	110	15.4%	>100.0%
Other banking expenses	2 937	2 495	2 413	-15.1%	-3.3%
<b>Net banking income</b>	<b>11 503</b>	<b>12 187</b>	<b>12 844</b>	<b>5.9%</b>	<b>5.4%</b>
Non-banking operating income	52	96	52	84.6%	-45.8%
Non-banking operating expenses	- 3	- 2	-	-45.6%	-98.3%
<b>General operating expenses</b>	<b>4 508</b>	<b>4 717</b>	<b>4 935</b>	<b>4.7%</b>	<b>4.6%</b>
Personnel expenses	2 068	2 196	2 314	6.2%	5.4%
Taxes and duties	123	147	107	20.1%	-27.5%
External expenses	1 886	1 867	1 867	-1.0%	0.0%
Other general operating expenses	19	60	75	>100.0%	25.8%
Depreciation, amortization and provisions for intangible assets	412	448	571	8.6%	27.7%
<b>Provisions and losses on bad debts</b>	<b>2 798</b>	<b>2 995</b>	<b>1 610</b>	<b>7.0%</b>	<b>-46.2%</b>
Allocation to provisions on non-performing loans and commitments by signature	1 338	1 228	1 160	-8.2%	-5.5%
Losses on bad debts	970	1 336	99	37.7%	-92.6%
Other provisions charges	489	430	350	-12.2%	-18.5%
<b>Reversals of provisions and recoveries on amortized receivables</b>	<b>2 046</b>	<b>1 911</b>	<b>648</b>	<b>-6.6%</b>	<b>-66.1%</b>
Prov. Reversal for non-performing loans & commitments by signature	1 310	1 725	330	31.6%	-80.9%
Recoveries on amortized receivables	63	55	65	-11.7%	18.5%
Other provisions reversals	673	131	253	-80.5%	92.9%
<b>Current income</b>	<b>6 292</b>	<b>6 480</b>	<b>7 000</b>	<b>3.0%</b>	<b>8.0%</b>
Non-current income	1	12	5	>100.0%	-59.5%
Non-current expenses	531	13	148	-97.5%	>100.0%
<b>Pre-tax income</b>	<b>5 762</b>	<b>6 479</b>	<b>6 857</b>	<b>12.5%</b>	<b>5.8%</b>
Income tax	1 604	1 875	2 017	16.9%	7.6%
<b>Net income</b>	<b>4 158</b>	<b>4 604</b>	<b>4 840</b>	<b>10.7%</b>	<b>5.1%</b>

In MAD thousands - Source: Attijariwafa bank – Consolidated accounts

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 Email : info@attijariwafa.ma

## VI. CONSOLIDATED FINANCIAL STATEMENTS UNDER IFRS

### VI.1. 2017 –2019 consolidated balance sheets

	12.2017	01.2018	12.2018	12.2019	Var 12.18/01.18	Var.19/18
<b>Assets</b>	<b>475 660</b>	<b>471 475</b>	<b>509 926</b>	<b>532 602</b>	<b>8.2%</b>	<b>4.4%</b>
Cash in hand, Central banks, Treasury, Postal cheque service	18 225	18 225	18 537	24 732	1.7%	33.4%
Financial assets at fair value through profit or loss	65 875	60 765	61 567	55 788	1.3%	-9.4%
Hedging derivative instruments	-	-	-	-	Ns	Ns
Financial assets at fair value through equity	-	46 208	43 191	51 845	-6.5%	20.0%
Available-for-sale financial assets	39 267	-	-	-	Ns	Ns
Securities at amortized cost	-	9 402	15 101	16 120	60.6%	6.7%
Loans and receivables from credit institutions and similar entities	25 304	25 268	28 791	23 394	13.9%	-18.7%
Customer loans and receivables	285 995	279 682	305 060	323 753	9.1%	6.1%
Asset revaluation difference on portfolios hedged against interest rate risk	-	-	-	-	Ns	Ns
Held-to-maturity investments	8 746	-	-	-	Ns	Ns
Current tax assets	124	124	182	142	47.1%	-22.1%
Deferred tax assets	636	3 012	2 867	2 935	-4.8%	2.4%
Accruals and other assets	8 675	8 649	13 667	11 112	58.0%	-18.7%
Deferred policyholder profit sharing	2 672	-	-	-	Ns	Ns
Non-current assets held for sale	114	114	97	75	-15.1%	-22.6%
Investments in companies accounted for by the equity method	107	107	87	84	-18.9%	-3.3%
Investment properties	2 247	2 247	2 523	2 466	12.2%	-2.2%
Intangible assets	5 551	5 551	5 688	7 289	2.5%	28.2%
Tangible assets	2 125	2 124	2 617	2 953	23.2%	12.8%
Goodwill on acquisitions	9 996	9 996	9 952	9 913	-0.4%	-0.4%

MAD million - Source: Attijariwafa bank – Consolidated accounts


  
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 Tel: 0522 25 78 23
   
 GSM: 0664 78 59 20

	12.2017	01.2018	12.2018	12.2019	Var 12.18/01.18	Var 19/18
<b>Liabilities</b>	<b>475 660</b>	<b>471 475</b>	<b>509 926</b>	<b>532 602</b>	<b>8.2%</b>	<b>4.4%</b>
Central banks, Treasury, Postal cheque service	97	97	3	4	-96.9%	44.2%
Financial liabilities at fair value through profit or loss	717	717	401	688	-44.1%	71.8%
Hedging derivative instruments	0	0	0	0	Ns	Ns
Amounts owed to credit institutions and similar entities	37 652	37 652	47 315	45 995	25.7%	-2.8%
Amounts owed to customers	316 210	316 210	332 006	335 577	5.0%	1.1%
Debt securities issued	11 120	11 120	15 508	21 994	39.5%	41.8%
Passive revaluation difference on portfolios hedged against interest rate risk	0	0	0	0	Ns	Ns
Current tax liabilities	614	614	865	1 179	40.9%	36.3%
Deferred tax liabilities	2 576	2 436	1 976	2 604	-18.9%	31.8%
Accruals and other liabilities	10 729	10 715	12 307	16 614	14.9%	35.0%
Liabilities related to non-current assets held for sale	-	-	-	-	Ns	Ns
Technical provisions for insurance contracts	28 635	28 635	33 639	36 482	17.5%	8.5%
Provisions for risks and charges	1 734	-	-	-	Ns	Ns
Provisions	-	2 446	2 608	2 762	6.6%	5.9%
Subsidies, allocated public funds and special guarantee funds	129	-	-	-	Ns	Ns
Subordinated debts	14 646	-	-	-	Ns	Ns
Subsidies and similar funds	-	129	361	157	>100.0%	-56.5%
Subordinated debts and special guarantee funds	0	14 646	12 466	14 622	-14.9%	17.3%
Equity	50 801	46 059	50 471	53 925	9.6%	6.8%
Capital and related reserves	10 152	10 152	12 552	12 552	23.6%	0.0%
Consolidated reserves	33 247	33 764	29 388	31 792	-13.0%	8.2%
Group share	27 337	28 640	25 596	28 210	-10.6%	10.2%
Minority interests	5 910	5 124	3 791	3 581	-26.0%	-5.5%
Unrealized or deferred gains or losses	819	2 143	1 797	2 631	-16.2%	46.4%
Group share	819	830	665	1 050	-19.8%	57.8%
Minority interests	-	1 314	1 132	1 581	-13.8%	39.7%
Net income for the financial year	6 584	-	6 735	6 951	Ns	3.2%
Group share	5 391	-	5 706	5 816	Ns	1.9%
Minority interests	1 193	-	1 029	1 135	Ns	10.3%

MAD million - Source: Attijariwafa bank – Consolidated accounts

## VI.2. 2017–2019 consolidated income statements

	2017	2018	2019	Var. 18/17	Var 19/18
Interest and similar income	18 819	20 911	21 901	11.1%	4.7%
Interest and similar expenses	5 911	6 916	6 965	17.0%	0.7%
<b>Interest margin</b>	<b>12 908</b>	<b>13 995</b>	<b>14 937</b>	<b>8.4%</b>	<b>6.7%</b>
Commissions received	5 405	5 836	5 964	8.0%	2.2%
Commissions paid	618	802	816	29.7%	1.8%
<b>Commission margin</b>	<b>4 787</b>	<b>5 034</b>	<b>5 148</b>	<b>5.2%</b>	<b>2.3%</b>
Net gains or losses on financial instruments at fair value through profit or loss	2 870	3 115	3 066	8.5%	-1.6%
Net gains or losses on available-for-sale financial assets	1 036	726	643	-29.9%	-11.4%
<b>Income from market activities</b>	<b>3 906</b>	<b>3 841</b>	<b>3 709</b>	<b>-1.7%</b>	<b>-3.4%</b>
Income from other activities	7 926	8 699	9 544	9.8%	9.7%

Expenses from other activities	7 882	9 198	9 865	16.7%	7.2%
<b>Net banking income</b>	<b>21 645</b>	<b>22 371</b>	<b>23 473</b>	<b>3.4%</b>	<b>4.9%</b>
General operating expenses	9 044	9 648	9 679	6.7%	0.3%
Depreciation, amortization and impairment of intangible and tangible assets	937	1 065	1 544	13.7%	45.0%
<b>Gross operating income</b>	<b>11 664</b>	<b>11 658</b>	<b>12 250</b>	<b>-0.1%</b>	<b>5.1%</b>
Cost of risk	-2 168	-1 724	1 589	20.5%	>100.0%
<b>Operating income</b>	<b>9 496</b>	<b>9 934</b>	<b>10 661</b>	<b>4.6%</b>	<b>7.3%</b>
Share of income from companies accounted for by the equity method	16	12	13	-27.7%	11.5%
Net gains or losses on other assets	23	53	31	>100.0%	-41.6%
Changes in the value of goodwill	0	0	0	Ns	Ns
<b>Pre-tax income</b>	<b>9 536</b>	<b>9 999</b>	<b>10 705</b>	<b>4.9%</b>	<b>7.1%</b>
Income tax	2 952	3 263	3 754	10.6%	15.0%
<b>Net income</b>	<b>6 584</b>	<b>6 735</b>	<b>6 951</b>	<b>2.3%</b>	<b>3.2%</b>
Income from non-group companies	1 193	1 029	1 135	-13.7%	10.3%
<b>Net income, group share</b>	<b>5 391</b>	<b>5 706</b>	<b>5 816</b>	<b>5.8%</b>	<b>1.9%</b>

In MAD thousands - Source: Attijariwafa bank – Consolidated accounts



## VII. SUMMARY STATEMENTS OF QUARTERLY CORPORATE ACCOUNTS

### VII.1. Balance sheet

Assets	31/12/2019	31/03/2020	Var. T1 20 /19
<b>Cash in hand, Central banks, Treasury, Postal cheque service</b>	<b>10 466</b>	<b>12 243</b>	<b>17.0%</b>
<b>Loans to credit institutions and similar entities</b>	<b>33 288</b>	<b>34 923</b>	<b>4.9%</b>
Demand	5 796	7 737	33.5%
Term	27 492	27 185	-1.1%
<b>Debts owed to customers</b>	<b>199 390</b>	<b>199 601</b>	<b>0.1%</b>
Participatory cash and customer Credits and Financing	56 296	57 361	1.9%
Participatory equipment credits and financing	64 159	64 981	1.3%
Participatory mortgage credits and financing	62 686	63 296	1.0%
Other participatory credits and financing	16 248	13 965	-14.1%
<b>Factoring loans</b>	<b>10 986</b>	<b>10 323</b>	<b>-6.0%</b>
<b>Transaction and investment securities</b>	<b>67 908</b>	<b>66 040</b>	<b>-2.8%</b>
Bills and similar securities	43 130	44 016	2.1%
Other debt securities	9 402	6 788	-27.8%
Equities	15 246	15 107	-0.9%
SUKUKUS certificates	129	129	0.0%
<b>Other assets</b>	<b>3 885</b>	<b>4 987</b>	<b>28.4%</b>
<b>Investment securities</b>	<b>8 488</b>	<b>8 501</b>	<b>0.2%</b>
Bills and similar securities	8 488	8 501	0.2%
Other debt securities	-	-	Ns
SUKUKUS certificates	-	-	Ns
<b>Equity securities and similar uses</b>	<b>19 272</b>	<b>19 298</b>	<b>0.1%</b>
Participation in associated companies	18 253	18 253	0.0%
Other equity securities and similar uses	1 019	1 045	2.6%
Moudaraba and Moucharaka securities	-	-	Ns
<b>Subordinated debt</b>	<b>-</b>	<b>-</b>	<b>Ns</b>
<b>Placed investment deposits</b>	<b>-</b>	<b>-</b>	<b>Ns</b>
<b>Fixed assets held under finance leases and rental contracts</b>	<b>997</b>	<b>931</b>	<b>-6.6%</b>
<b>Fixed Assets in Ijara</b>	<b>-</b>	<b>-</b>	<b>Ns</b>
<b>Intangible assets</b>	<b>2 413</b>	<b>2 379</b>	<b>-1.4%</b>
<b>Tangible assets</b>	<b>3 703</b>	<b>3 659</b>	<b>-1.2%</b>
<b>Total Assets</b>	<b>360 798</b>	<b>362 887</b>	<b>0.6%</b>

MAD million - Source: Attijariwafa bank

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 Chairman of the Board of Directors  
 2020/03/31 - 07/03/19  
 2020/03/31 - 07/03/19

Liabilities	31/12/2019	31/03/2020	Var. T1 20 / 19
<b>Central banks, Treasury, postal cheque service</b>	-	-	Ns
<b>Amounts owed to credit institutions and similar entities</b>	<b>37 493</b>	<b>40 842</b>	<b>8.9%</b>
Demand	3 759	3 135	-16.6%
Term	33 734	37 707	11.8%
<b>Customer deposits</b>	<b>233 129</b>	<b>230 635</b>	<b>-1.1%</b>
Accounts payable	153 597	156 410	1.8%
Savings accounts	29 344	29 304	-0.1%
Term deposits	37 017	34 564	-6.6%
Other accounts payable	13 171	10 357	-21.4%
<b>Debts to customers on participatory products</b>	-	-	Ns
<b>Debt securities issued</b>	<b>12 969</b>	<b>13 073</b>	<b>0.8%</b>
Negotiable debt securities	12 969	13 073	0.8%
Bond issues	-	-	Ns
Other debt securities issued	-	-	Ns
<b>Other liabilities</b>	<b>16 877</b>	<b>16 524</b>	<b>-2.1%</b>
<b>Provisions for risks and charges</b>	<b>3 677</b>	<b>3 739</b>	<b>1.6%</b>
Regulated provisions	-	-	Ns
Subsidies, allocated public funds and special guarantee funds	-	-	Ns
Subordinated debts	13 044	13 165	0.9%
Investment deposits received	-	-	Ns
Revaluation differences	0.42	0.42	0.0%
Reserves and premiums related to capital	34 794	34 794	0.0%
<b>Capital</b>	<b>2 099</b>	<b>2 099</b>	<b>0.0%</b>
Shareholders. Unpaid capital (-)	-	-	Ns
Balance forward (+/-)	1 876	1 876	0.0%
Net income pending allocation (+/-)	-	4 840	Ns
Net income for the financial year (+/-)	4 840	1 298	-73.2%
<b>Total Liabilities</b>	<b>360 798</b>	<b>362 887</b>	<b>0.6%</b>

MAD million - Source: Attijariwafa bank

## VII.2. Income statement

	31/03/2019	31/03/2020	Var. T1 20 / T1 19
<b>Banking operating income</b>	<b>5 027</b>	<b>5 598</b>	<b>11.4%</b>
Interest and similar income on transactions with credit institutions	267	256	-4.1%
Interest and income on customer transactions	2 445	2 510	2.7%
Interest and similar income on debt securities	70	74	5.7%
Income on equities and Sukuks certificates	651	833	28.0%
Income on Moudaraba and Moucharaka equities	-	-	Ns
Income on fixed assets under finance leases and rental contracts	44	24	-45.5%
Income on fixed Assets in Ijara	-	-	Ns
Other banking income	456	491	7.7%
Commissions on services provided	1 094	1 408	28.7%
Transfer of expenses on investment deposits received	0	0	Ns
<b>Banking operating expenses</b>	<b>1 491</b>	<b>2 250</b>	<b>50.9%</b>
Interest and similar expenses on transactions with credit institutions	244	185	-24.2%
Interest and expenses on customer transactions	557	533	-4.3%
Interest and similar charges on debt securities issued	63	89	41.3%
Expenses on Moudaraba and Moucharaka equities	-	-	Ns
Expenses on fixed assets under finance leases and rental contracts	19	35	84.2%
Expenses on fixed Assets in Ijara	-	-	Ns
Other banking expenses	609	1 408	131.2%
Transfer of expenses on investment deposits received	-	-	Ns
<b>Net banking income</b>	<b>3 536</b>	<b>3 347</b>	<b>-5.3%</b>
Non-banking operating income	8	29	262.5%
Non-banking operating expenses	-	-	Ns
<b>General operating expenses</b>	<b>1 189</b>	<b>1 209</b>	<b>1.7%</b>
Personnel expenses	555	562	1.3%
Taxes and duties	32	24	-25.0%
External expenses	463	462	-0.2%
Other general operating expenses	5	17	240.0%
Depreciation, amortization and provisions for intangible assets	132	144	9.1%
<b>Provisions and losses on bad debts</b>	<b>356</b>	<b>679</b>	<b>90.7%</b>
Allocation to provisions on non-performing loans and commitments by signature	238	579	143.3%
Losses on bad debts	21	22	4.8%
Other provisions charges	97	78	-19.6%
<b>Reversals of provisions and recoveries on amortized receivables</b>	<b>105</b>	<b>155</b>	<b>47.6%</b>
Prov. Reversal for non-performing loans & commitments by signature	87	110	26.4%
Recoveries on amortized receivables	3	30	900.0%
Other provisions reversals	15	15	0.0%
<b>Current income</b>	<b>2 104</b>	<b>1 643</b>	<b>-21.9%</b>
Non-current income	4	0.3	>100%
Non-current expenses	33	39	18.2%
<b>Pre-tax income</b>	<b>2 075</b>	<b>1 604</b>	<b>-22.7%</b>
Income tax	564	306	-45.7%
<b>Net income of the financial year</b>	<b>1 511</b>	<b>1 298</b>	<b>-14.1%</b>

MAD million- Source: Attijariwafa bank

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## VIII. SUMMARY STATEMENTS OF CONSOLIDATED QUARTERLY CORPORATE ACCOUNTS

### VIII.1. Balance sheet

ASSETS UNDER IFRS	31/12/2019	31/03/2020	Var. T1 20 /19
Cash in hand, Central banks, Treasury, Postal cheque service	24 732	29 860	20.7%
<b>Financial assets at fair value through profit or loss</b>	<b>55 788</b>	<b>55 147</b>	<b>-1.1%</b>
Financial assets held for trading	54 324	53 686	-1.2%
Other financial assets at fair value through profit or loss	1 464	1 460	-0.3%
Hedging derivatives	-	-	Ns
<b>Financial assets at fair value through equity</b>	<b>51 845</b>	<b>54 921</b>	<b>5.9%</b>
Debt instruments recognized at fair value through recyclable equity	13 756	17 283	25.6%
Equity instruments carried at fair value through non-recyclable equity	2 184	2 271	4.0%
Financial assets at fair value through recyclable equity (Insurance)	35 905	35 366	-1.5%
Securities at amortized cost	16 120	16 121	0.0%
Loans and receivables from credit institutions and similar, at amortized cost	23 394	23 935	2.3%
Loans and receivables from customers, at amortized cost	323 753	327 044	1.0%
Asset revaluation difference on portfolios hedged against interest rate risk	-	-	Ns
Insurance business investments	-	-	Ns
Current tax assets	142	298	109.9%
Deferred tax assets	2 935	3 095	5.5%
Deferred policyholder profit sharing	11 112	11 256	1.3%
Non-current assets held for sale	75	77	2.7%
Investments in companies accounted for by the equity method	84	85	1.2%
Investment properties	2 466	2 570	4.2%
Intangible assets	7 289	7 185	-1.4%
Tangible assets	2 953	2 973	0.7%
Goodwill on acquisitions	9 913	9 979	0.7%
<b>TOTAL ASSETS UNDER IFRS</b>	<b>532 602</b>	<b>544 549</b>	<b>2.2%</b>

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

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LIABILITIES UNDER IFRS	31/12/2019	31/03/2020	Var. T1 20/19
Central banks, Treasury, Postal cheque service	4	4	0.0%
Financial liabilities at fair value through profit or loss	<b>688</b>	<b>1074</b>	<b>56.1%</b>
Financial liabilities held for trading	688	1 074	56.1%
Financial liabilities at fair value through profit or loss under option	-	-	Ns
Hedging derivative instruments	-	-	Ns
Amounts owed to credit institutions and similar entities	45 995	52 805	14.8%
Amounts owed to customers	335 577	336 830	0.4%
Debt securities issued	21 994	23 743	8.0%
Passive revaluation difference on portfolios hedged against interest rate risk	-	-	Ns
Current tax liabilities	1 179	854	-27.6%
Deferred tax liabilities	2 604	2 062	-20.8%
Accruals and other liabilities	16 614	16 895	1.7%
Liabilities related to non-current assets held for sale	-	-	Ns
Liabilities related to insurance contracts	36 482	37 100	1.7%
Provisions	2 762	2 796	1.2%
Subsidies and similar funds	157	386	145.9%
Subsidies, allocated public funds and special guarantee funds	14 622	14 569	-0.4%
<b>Equity</b>	<b>53 925</b>	<b>55 429</b>	<b>2.8%</b>
Capital and related reserves	12 552	12 552	0.0%
<b>Consolidated reserves</b>	<b>31 791</b>	<b>39 550</b>	<b>24.4%</b>
Group share	28 210	34 615	22.7%
Minority interests	3 581	4 935	37.8%
<b>Gains and losses recognized directly in equity</b>	<b>2 631</b>	<b>1 987</b>	<b>-24.5%</b>
Group share	1 049	820	-21.8%
Minority interests	1 581	1 167	-26.2%
<b>Net income for the financial year</b>	<b>6 951</b>	<b>1 341</b>	<b>&gt; 100%</b>
Group share	5 816	1 085	>100%
Minority interests	1 135	256	>100%
<b>TOTAL LIABILITIES UNDER IFRS</b>	<b>532 602</b>	<b>544 549</b>	<b>2.2%</b>

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

## VIII.2. Consolidated income statements

	31/03/2019	31/03/2020	Var. T1 20/T1 19
Interest and similar income	5 391	5 643	4.7%
Interest and similar expenses	-1 788	-1 745	-2.4%
<b>Interest margin</b>	<b>3 602</b>	<b>3 897</b>	<b>8.2%</b>
Commissions received	1 439	1 464	1.7%
Commissions paid	-171	-198	15.8%
<b>Commission margin</b>	<b>1 269</b>	<b>1 266</b>	<b>-0.2%</b>
<b>Net gains or losses on financial instruments at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>Ns</b>
<b>Net gains or losses on available-for-sale financial assets</b>	<b>929</b>	<b>596</b>	<b>-35.8%</b>
Net gains or losses on trading assets/liabilities	929	596	-35.8%
Net gains or losses on other assets/liabilities at fair value through profit or loss	-	1	>100%
<b>Net gains or losses on financial instruments at fair value through equity</b>	<b>46</b>	<b>-23</b>	<b>-150.0%</b>
Net gains or losses on debt instruments recognized in recyclable equity	7	3	-57.1%
Remuneration of equity instruments recognized in non-recyclable equity (dividends)	31	38	22.6%
Remuneration of financial assets recognized at fair value through recyclable equity (Insurance)	8	-64	<100%
<b>Net gains or losses resulting from the derecognition of financial assets at</b>	<b>-</b>	<b>-</b>	<b>Ns</b>

<b>amortized cost</b>			
<b>Net gains or losses resulting from the reclassification of financial assets at JV by CP to financial assets at fair value</b>	-	-	Ns
<b>Income from other activities</b>	<b>2 099</b>	<b>2 402</b>	<b>14.4%</b>
<b>Expenses from other activities</b>	<b>-1 993</b>	<b>-2 097</b>	<b>5.2%</b>
<b>Net banking income</b>	<b>5 952</b>	<b>6 041</b>	<b>1.5%</b>
General operating expenses	-2 352	-2 447	4.0%
Depreciation, amortization and impairment of intangible and tangible assets	-363	-376	3.6%
<b>Gross operating income</b>	<b>3 236</b>	<b>3 219</b>	<b>-0.5%</b>
Cost of credit risk	-621	-1 134	82.6%
<b>Operating income</b>	<b>2 615</b>	<b>2 084</b>	<b>-20.3%</b>
Share of net income of associates and joint ventures accounted for by the equity method	3	1	-66.7%
Net gains or losses on other assets	5	4	-20.0%
Changes in the value of goodwill	-	-	Ns
<b>Pre-tax income</b>	<b>2 622</b>	<b>2 090</b>	<b>-20.3%</b>
Income tax expense	-944	-750	-20.6%
Net income from discontinued operations or operations in the process of being sold	-	-	Ns
<b>Net income</b>	<b>1 677</b>	<b>1 341</b>	<b>-20.0%</b>
Minority interests	-254	-256	0.8%
<b>Net income of the group</b>	<b>1 423</b>	<b>1 085</b>	<b>-23.8%</b>
Earnings per share	0.068	0.052	-23.5%
Diluted earnings per share	0.068	0.052	-23.5%

MAD million - Source: Attijariwafa bank - (\*) including the impact of the application of IFRS 16 of MAD 10 million.

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## **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<sup>9</sup> 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.

#### **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.

<sup>9</sup> 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.

The table below shows the positions of the Trading portfolio as of end 2019 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	-820 480	1 778	5 622
Equities	203 442	3 148	9 957
Bonds and UCITS	51 751 313	46 598	147 356

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, 2019, can be analyzed according to the following table:

Currencies	Position in currencies	Exchange rate	Counter-value (MAD thousand)	% of equity
EUR	18 002	10.8	193 783	0.50%
USD	337 798	9.6	3 240 564	8.30%
GBP	207	12.6	2 618	0.01%
CAD	387	7.4	2 849	0.01%
CHF	349	9.9	3 463	0.01%
JPY	-15 314	0.1	-1 354	0.00%
DKK	3 871	1.4	5 577	0.01%
NOK	7 257	1.1	7 922	0.02%
SEK	-63	1.0	-65	0.00%
SAR	941	2.6	2 406	0.01%
AED	5 114	2.6	13 356	0.03%
KWD	-28	31.7	-886	0.00%
TND	-2 722	3.4	-9 315	-0.02%
DZD	13 117	0.1	1 056	0.00%
LYD	51	7.6	389	0.00%

In thousands – Source: Attijariwafa bank

As of end 2019, forward exchange position amounted to MAD 39. 044 billion, broken down as follows:

	< 3 months	3 months - 6 months	> 6 months
<b>Hedging (MAD thousand)</b>	<b>13 930 942</b>	<b>2 379 541</b>	<b>7 783 964</b>

Source: Attijariwafa bank

As of end 2019, the currency options position amount to MAD 5.047 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.


  
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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
30-June-19	115.00%	+11.0pts
31-Dec-19	127.00%	+23.0pts

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<sup>10</sup>

##### **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 as of end 2019, is as follows:

- Financial-holding institutions and insurance companies representing 14.0%, (vs. 19% as of December 31, 2018). Commitments in this sector are very good risk;
- Construction & building materials represent 10% (vs. 12% on December 31, 2018) and real estate development has stagnated at around 7% (vs. 8% on December 31, 2018).

##### **By counter party**

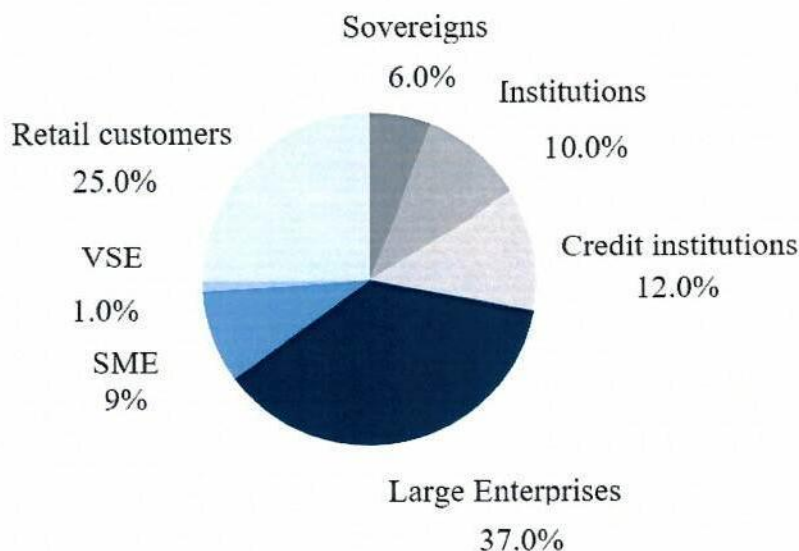
Assessed by taking into account all the commitments made to the same beneficiary, diversification is a permanent feature of the Bank's risk policy. The scope and variety of the Group's activities could contribute to this.

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

<sup>10</sup> Source: Attijariwafa bank

This diversification is as follows:

**Breakdown of the bank's commitments by counterparty category as of December 31, 2019**

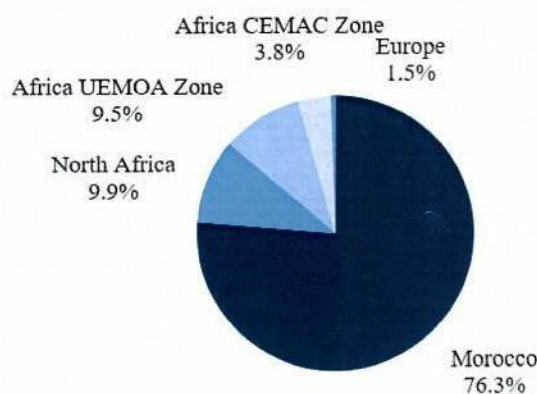


Source: Attijariwafa bank

**By geographical area**

The graph below shows that the Group's exposure is concentrated in Morocco with nearly 76.3%. The rest is divided between sub-Saharan African countries.

**Breakdown of the bank's commitments by counterparty category as of December 31, 2019**



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.

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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.

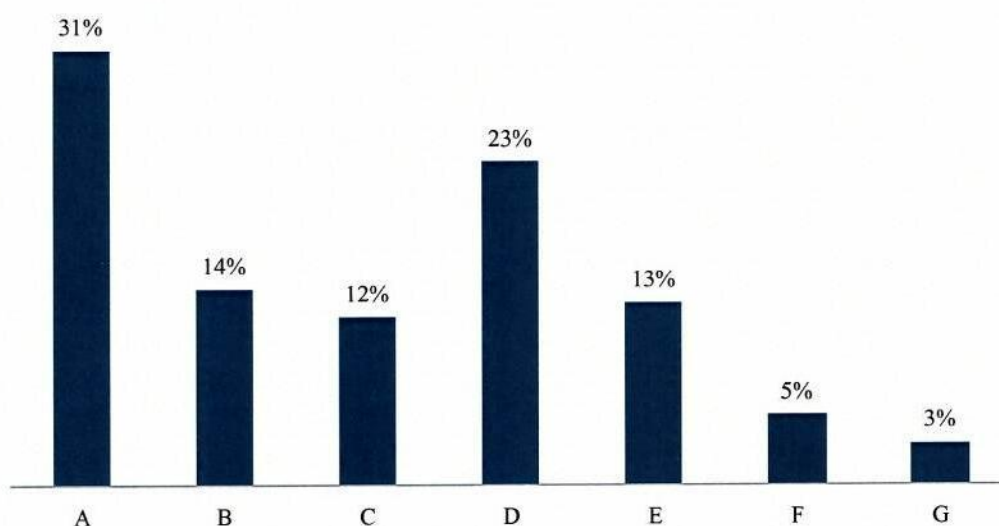
- the rating is assigned to a risk class of the rating scale, which consists of 8 classes grouped into 3 categories:
  - ✓ healthy counterparties: classes A to E;
  - ✓ sensitive counterparties: F and G;
  - ✓ defaulting counterparties: class H.

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 2019, 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, 2019\***



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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## **Rate risk**

The net book value of Attijariwafa bank's marketable and investment securities as of December 31, 2019 stood as follows:

	Gross book value	Present value	Repayment value	Unrealized capital gains	Unrealized capital losses	Provisions
<b>Trading securities</b>	<b>65 479 998</b>	<b>65 479 998</b>	-	-	-	-
Bills and similar securities	45 226 552	45 226 552		-	-	-
Bonds	101 807	101 807		-	-	-
Other debt securities	4 812 321	4 812 321		-	-	-
Equities	15 210 341	15 210 341		-	-	-
SUKUKUS certificates	128 977	128 977		-	-	-
<b>Investment securities</b>	<b>2 437 607</b>	<b>2 407 049</b>	-	<b>17 182</b>	<b>30 558</b>	<b>30 558</b>
Bills and similar securities	54 524	54 524		1 037	-	-
Bonds	1 616 285	1 616 285		4 204	-	-
Other debt securities	700 214	700 214		-	-	-
Equities	66 584	36 026		11 941	30 558	30 558
SUKUKUS certificates	0			-	-	-
<b>Investment securities</b>	<b>8 323 935</b>	<b>8 323 935</b>	-	-	-	-
Bills and similar securities	8 251 986	8 251 986		-	-	-
Bonds	-	-		-	-	-
Other debt securities	71 949	71 949		-	-	-
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**

### **2017 – 2019 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 2017 –2019 period:

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	2017	2018	2019	Var.18/17	Var.19/18
Core capital (Tier 1) (1)	23 861	27 074	29 303	13.5%	8.2%
Regulatory capital (2)	30 209	35 253	38 870	16.7%	10.3%
Weighted risks (3)	237 420	248 423	264 449	4.6%	6.5%
<b>Core capital ratio (1) / (3)</b>	<b>10.05%</b>	<b>10.90%</b>	<b>11.08%</b>	<b>+0.85pt</b>	<b>+0.18pt</b>
<b>Solvency ratio (2) / (3)</b>	<b>12.72%</b>	<b>14.19%</b>	<b>14.70%</b>	<b>+1.47pt</b>	<b>+0.51pt</b>

MAD million - Source: Attijariwafa bank – Social 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 forecast 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 Tier 1 core capital and 12.0% on overall capital thanks to the internal capital management policy.

The capital trajectory below corresponds to the central scenario of the COVID-19 crisis as presented to the Board of Directors on May 7, 2020, which also integrates the projected June 2020 capital raising at the level of additional Tier 1 capital as well as complementary capital.

Prudential capital is calculated in accordance with Circular 14 G 2013 and the technical notice 01/DSB/2018 integrating IFRS9 impacts.



Taking into account the uncertainties related mainly to the sanitary context of the "Covid-19" epidemic, the Attijariwafa bank group proceeded to the review and revision of its projections over a period of 12 months. In this context, the table below presents the evolution of the projected solvency ratio of Attijariwafa bank over the next 12 months.

The table below presents the evolution of Attijariwafa bank's projected solvency ratio over the next 12 months:

	Dec-19	Dec-20 F
Tier 1 capital (1)	29.3	31.0
Tier 2 capital	9.6	8.9
<b>Regulatory capital (2)</b>	<b>38.9</b>	<b>39.9</b>
Weighted risks (3)	264.4	254.0
<b>Core Tier 1 ratio (1) / (3)</b>	<b>11.1%</b>	<b>12.2%</b>
<b>Overall solvency ratio (2) / (3)</b>	<b>14.7%</b>	<b>15.7%</b>

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

The evolution of the projected solvency ratio of Attijariwafa bank Group over the next 12 months is as follows:

	Dec-19	Dec-20 F
Tier 1 capital (1)	41.4	41.4
Tier 2 capital	11.3	10.4
<b>Regulatory capital (2)</b>	<b>52.7</b>	<b>51.7</b>
Weighted risks (3)	401.6	407.0
<b>Core Tier 1 ratio (1) / (3)</b>	<b>10.32%</b>	<b>10.16%</b>
<b>Overall solvency ratio (2) / (3)</b>	<b>13.14%</b>	<b>12.71%</b>

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.

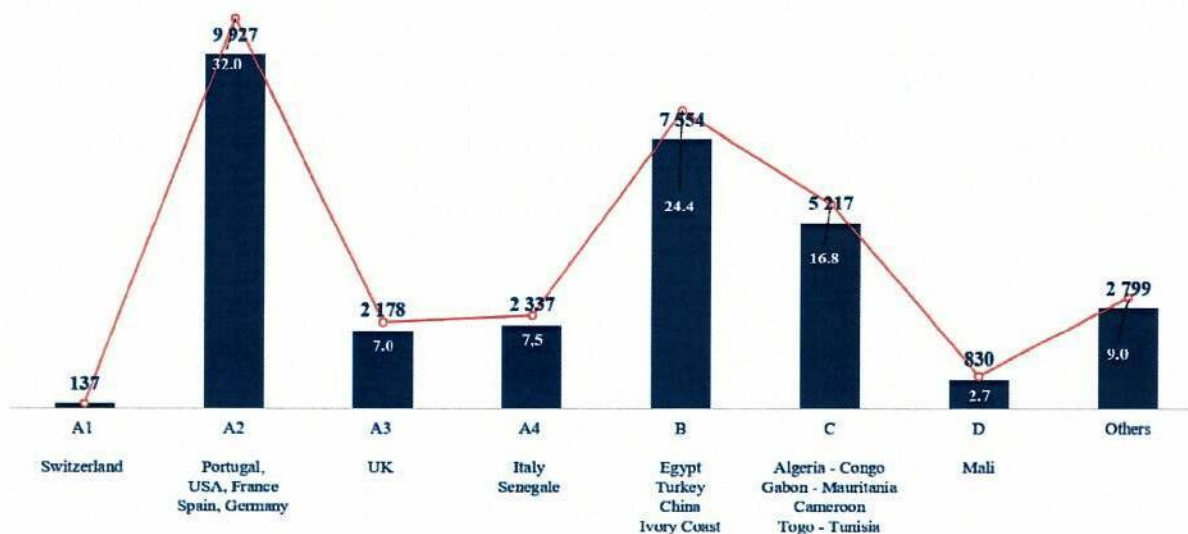
### **Country risk management system:**

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, 2019**



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

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.

#### **Risk concentration table for the same beneficiary 2017- 2019**

Years	NUMBER OF BENEFICIARIES	TOTAL COMMITMENT (in MAD thousand)
2017	17	54 763 809
2018	20	63 272 712
2019	16	56 302 225

Source : Attijariwafa bank – comptes sociaux

## **DISCLAIMER**

**The aforementioned information constitutes only part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under the reference VI/EM/008/2020 on June 10, 2020. AMMC recommends that the entire prospectus, which is available to the public in French, be read in its entirety.**

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