SUMMARY PROSPECTUS

ATTIJARIWAFA BANK

CAPITAL INCREASE BY CASH CONTRIBUTION RESERVED FOR THE EMPLOYEES OF ATTIJARIWAFA BANK AND OF ITS SUBSIDIARIES IN MOROCCO, WAFA ASSURANCE AND WAFA IMA ASSISTANCE

Approved by the Extraordinary General Meeting of November 12th, 2018 and resolved by the Board of Directors on November 23rd, 2018

Total amount of the transaction: MAD 2,399,999,687

	Tranche 1	Tranche 2
Amount	MAD 1,899,999,389	MAD 500,000,298
Subscription price	MAD 379	MAD 379
Par value	MAD 10	MAD 10
Number of shares offered	5,013,191 shares	1,319,262 shares

Subscription period: from 04 to 14 December 2018, included

Advisory Body and Global Coordinator
Attijari Finances Corp.

Agent in charge of registering the transaction with the Casablanca Stock Exchange

Attijari Intermédiation
(Buy side)

Wafa Bourse
(Sell side)

Placement agent

Attijariwafa bank

APPROVAL OF THE MOROCCAN CAPITAL MARKETS AUTHORITY

In accordance with the provisions of the circular of the AMMC, based on article 14 of the Dahir providing Law No. 1-93-212 of September 21st, 1993 as amended and supplemented, the original version of this prospectus was approved by the AMMC on November 26th 2018 under reference No. VI/EM/28/2018.

WARNING

The AMMC (Moroccan Capital Market Authority) approved on November 26th 2018 a prospectus relating to the capital increase by cash contribution reserved for the employees of Attijariwafa bank and of its subsidiaries in Morocco, Wafa Assurance and Wafa IMA Assistance.

- **The prospectus approved by the AMMC is available at any time at the following places :**
  - ✓ Attijariwafa bank headquarters : 2, boulevard Moulay Youssef -Casablanca. Tél : 05.22.29.88.88 ;
  - ✓ Attijariwafa bank headquarters : Avenue Hassan II – Casablanca ;
  - ✓ Attijariwafa bank headquarters : Yacoub El Mansour – Casablanca ;
  - ✓ Attijari Finances Corp., 163, avenue Hassan II - Casablanca.
    Tél : 05.22.47.64.35.
- **It is available on the AMMC website (www.ammc.ma).**
- **It is also at the disposal of the public at the headquarters of the Casablanca Stock Exchange and on its website www.casablanca-bourse.com.**

PART I: TRANSACTION OVERVIEW

I. Objectives of the transaction

Attijariwafa bank has put in place a strategic plan for 2020 (Energy 2020), which requires the mobilization of all the Group's employees and their support for the company's project.

Thus, the objectives of this capital increase transaction consist mainly in implementing the bank's development strategy and sharing the fruits of growth and performance with its employees. .

II. Structure of the capital increase

Attijariwafa bank will carry out a capital increase reserved exclusively for the employees of the Company, its subsidiaries, as well as the employees of Wafa Assurance and Wafa IMA Assistance.

This transaction will involve an amount of MAD 63,324,530 by issuing a maximum of 6,332,453 new shares with a nominal value of MAD 10 each, to be issued at a subscription price (including issue premium) of MAD 379 per share.

The amount of the global contribution corresponding to the nominal value of the share capital increase, i.e. MAD 63,324,530, and to the global issue premium, i.e. MAD 2,336,675,157, will amount to MAD 2,399,999,687.

III. Breakdown of the capital increase

This transaction will involve the issue of 6,332,453 new shares of Attijariwafa bank, representing 3.0% of the share capital after the capital increase reserved for the employees of Attijariwafa bank, its subsidiaries, as well as the employees of Wafa Assurance and Wafa IMA Assistance.

The capital increase is structured according to two offers which are detailed in the following table and reserved for employees meeting the following conditions:

- be an active employee of Attijariwafa bank, one of its Subsidiaries, Wafa Assurance or Wafa IMA Assistance on the eve of the opening of the subscription period;
- be expected to be tenured (or to have obtained the status of tenured employee) by December 31, 2018 at the latest within Attijariwafa bank, one of its Subsidiaries, Wafa Assurance or Wafa IMA Assistance.

Are qualified as employees of the Company, Subsidiaries, Wafa Assurance or Wafa IMA Assistance within the meaning of this prospectus and may therefore participate in the Reserved Capital Increase: employees seconded from Attijariwafa bank to its subsidiaries abroad as well as employees seconded from Subsidiaries, Wafa Assurance or Wafa IMA Assistance to their subsidiaries abroad, or companies in Morocco which have an employment and secondment agreement with the Company, the relevant Subsidiaries, Wafa Assurance or Wafa IMA Assistance.

Traditional offer	Reserved for employees participating in the “Traditional offer”
	The shares offered as part of the “Traditional offer” are offered to employees at a price of **MAD 379 per share**.
	Subscription to the “Traditional offer” depends on the seniority to be acquired, as at December 31, 2018, by the employee on a discontinuous basis within the Attijariwafa bank Group, i.e: ▪ seniority strictly less than 2 years: subscription of 250 shares; ▪ seniority between [2 and 5 years[: subscription of 350 shares; ▪ seniority between [5 and 12 years[: subscription of 450 shares; ▪ seniority between [12 and 20 years[: subscription of 550 shares; ▪ seniority between [20 and 25 years[: subscription of 650 shares

	▪ seniority greater than or equal to 25 years: subscription of 750 shares.

Premium offer	Reserved for employees participating in the "Premium offer" The shares offered as part of the "Premium offer" are offered to employees at a price of **MAD 379 per share**. The maximum subscription to the "Premium offer" corresponds to 16 months of the gross fixed remuneration (excluding allowances and annual bonus) for all categories combined.

It should be noted that this breakdown concerns all employees of Attijariwafa bank, and of its subsidiaries in Morocco, Wafa Assurance and Wafa IMA Assistance and that no direct allocation has been made on behalf of one or more Group companies.

IV. INFORMATION RELATING TO THE SECURITIES TO BE ISSUED

Nature of securities	Shares of Attijariwafa bank, all of the same class
Form of securities	The shares are registered and fully dematerialized and registered in an account with Maroclear.
Maximum number of shares to be issued	6,332,453 new shares broken down as follows: ▪ Traditional offer: 5,013,191 shares ▪ Premium offer: 1,319,262 shares
Nominal value	MAD 10
Subscription price	Traditional offer: MAD 379 per share Premium offer: MAD 379 per share
Issue premium	Traditional offer: MAD 369 per share Premium offer: MAD 369 per share
Subscription period	From 04 to 14 December 2018, included
Ex-dividend date	Current dividend eligibility on new shares, fully assimilated to existing shares[1]
Paying-up of securities	Shares issued are fully paid up and free of any commitment.
Rights issue	The EGM cancelled the shareholders' rights issue for the benefit of the employees of the Company and its subsidiaries in Morocco as well as for the employees of Wafa Assurance and Wafa IMA Assistance.
Trading regime for new securities	The shares allocated as part of the Reserved Capital Increase must be held by the employees in accordance with the conditions set out herein and in particular the following: ▪ Prohibition of transfer of 100% of the shares allocated under the "Traditional offer" and "Premium offer" for a minimum period of 3 years from the listing date of said shares, i.e. until December 25, 2021 inclusive; ▪ Possibility of selling 20% of the shares allocated under the "Traditional offer" and / or 20% per year of the shares allocated under the "Premium offer" from the end of the 3rd year , according to the schedule described below: ✓ Possibility of selling 20% per year of the shares allocated under the "Traditional offer" and / or 20% per year of shares allocated under the "Premium offer" for the third year, ie from

[1] The new shares will give entitlement to any distribution made by the Company after the completion of the Reserved Capital Increase and, consequently, to dividends relating to the 2018 financial year.

	December 26th, 2021 inclusive; ✓ Possibility of selling 20% per year of the shares allocated under the "Traditional offer" and / or 20% of shares allocated under the "Premium offer" for the fourth year, ie from December 26th, 2022 inclusive; ✓ Possibility of selling 20% per year of the shares allocated under the "Traditional offer" and / or 20% per year of shares allocated under the "Premium offer" for the fifth year, ie from December 26th, 2023 inclusive; ✓ Possibility of selling 20% per year of the shares allocated under the "Traditional offer" and / or 20% per year of shares allocated under the "Premium offer" for the sixth year, ie from December 26th, 2024 inclusive; ✓ Possibility of selling 20% per year of the shares allocated under the "Traditional offer" and / or 20% per year of shares allocated under the "Premium offer" for the seventh year, ie from December 26th, 2025 inclusive;
Listing of new securities	The shares resulting from this Reserved Capital Increase will be listed on the first line[2] and fully assimilated to the old shares.
Rights attached to acquired shares	All shares have the same rights: ▪ Voting rights at General Shareholders' Meetings: The subscribers to the Reserved Capital Increase will have voting rights at General Shareholders' Meetings; ▪ Rights to distribution of profits: the subscribers to the Reserved Capital Increase will be entitled to dividends, the distribution of which falls within the sovereign decision of the Ordinary General Meeting of Shareholders; it being specified that a delegation of payment will be granted by each employee to the Company in order to deduct from the amount of dividends received, all sums necessary to settle any unpaid instalments under the loan that may have been granted by the Company to the relevant employee in order to purchase all or part of the securities covered by the Reserved Capital Increase; ▪ Right to distribution of winding-up bonus: All shares will have the same rights in the distribution of the winding-up bonus.

[2] The new shares will be entitled to dividends relating to the 2018 financial year.

V. TRANSACTION SCHEDULE

The schedule for this transaction is as follows:

Order	Stages	No later than
1	Receipt by the Casablanca Stock Exchange of the complete transaction file	23/11/2018
2	Issuance by the Casablanca Stock Exchange of the approval notice for the transaction	26/11/2018
3	Receipt by the Casablanca Stock Exchange of the prospectus approved by the AMMC	26/11/2018
4	Publication of the transaction notice in the Listing Bulletin	27/11/2018
5	Publication of the excerpt from the Prospectus by Attijariwafa bank	28/11/2018
6	Opening of the subscription period	04/12/2018
7	Closing of the subscription period	14/12/2018
8	Allocation of subscriptions by Attijariwafa bank	19/12/2018
8	Ratification of the transaction by the relevant body	20/12/2018
9	Receipt by the Casablanca Stock Exchange of the minutes of the body that ratified the capital increase in cash Submission to the Casablanca Stock Exchange of the overall results of the transaction	21/12/2018
10	Delivery of new securities	24/12/2018
12	Admission of new shares Registration of the transaction on the stock exchange Announcement of the results of the transaction in the listing bulletin by the Casablanca Stock Exchange Publication of the results of the transaction by Attijariwafa bank	25/12/2018

PART II: GGENERAL OVERVIEW OF ATTIJARIWAFA BANK

I. General information

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

	possibly take a share in the capital of these companies; ▪ establish in any place in Morocco, or outside Morocco, the branches, agencies, offices and subsidiaries necessary to carry out the operations indicated above; ▪ take stakes in existing or newly created companies, subject to compliance with the limits set, in relation to its own funds and the share capital or voting rights of the issuing company, in accordance with the regulations in force. ▪ And generally, any operation related to its corporate purpose.”
Share capital as at 30/06/2018	MAD 2 035 272 260 fully paid up, consisting of 203 527 226 shares with a nominal value of MAD 10.
Legal documents	The company's legal documents, in particular the articles of association, the minutes of general meetings and the auditors' reports, may be viewed at Attijariwafa bank bank's registered office.
List of legislative texts applicable to the issuer	By virtue of its legal form, Attijariwafa bank is governed by Moroccan law and Law No. 17-95 promulgated by Dahir No. 1-96-124 of August 30, 1996 relating to public limited companies as amended and supplemented by law No. 20-05 and 78-12; By virtue of its activity, Attijariwafa bank is governed by Dahir No. 1-14-193 of Rabii I 1436 promulgating Law No. 103-12 on credit institutions and similar bodies (Banking Law). As a listed company on the Casablanca Stock Exchange, it is subject to all legal and regulatory provisions relating to the financial market, in particular: ▪ the Dahir providing law No. 1-93-211 of September 21, 1993 relating to the Stock Exchange, amended and supplemented by laws 34-96, 29-00, 52-01, 45-06 and 43-09; ▪ the General Regulations of the Stock Exchange approved by Order No. 1268-08 of the Minister of Economy and Finance of July 7, 2008, amended and supplemented by Order No. 1156-10 of the Minister of Economy and Finance of April 7, 2010, amended and supplemented by Order No. 30-14 of the Minister of Economy and Finance of 4 Rabi I 1435 (January 6, 2014); ▪ the Dahir providing law No. 1-93-212 of September 21, 1993 as amended and supplemented by law No. 23-01, 36-05 and 44-06; ▪ The General Regulations of the AMMC approved by Order No. 2169-16 of the Minister of the Economy and Finance; ▪ the AMMC circular; ▪ Dahir 1-95-03 of January 26, 1995 promulgating Law No. 35-94 on certain marketable debt securities and Order of the Ministry of Finance and Foreign Investment No. 2560-95 of October 09, 1995 on marketable debt securities; ▪ Dahir No. 1-96-246 of January 9, 1997 promulgating Law No. 35-96 on the creation of the central custodian and the establishment of a general regime for the book entry of certain securities, as amended and supplemented by Law No. 43-02; ▪ the General Regulations of the Central Custodian approved by Order No. 932-98 of the Minister of Economy and Finance of April 16, 1998 and amended by Order No. 1961-01 of the Minister of Economy, Finance, Privatization and Tourism of October 30, 2001; ▪ Dahir No. 1-04-21 of April 21, 2004 promulgating Law No. 26-03 on

	public offerings on the Moroccan stock market, as amended and supplemented by Law No. 46-06; ▪ Bank Al Maghrib Circular No. 2/G/96 of January 30, 1996 on certificates of deposit and its amendment.
Tax system	As a credit institution, Attijariwafa bank is subject to the corporate tax (37%) and VAT (10%).
Court of jurisdiction in the event of a dispute	Commercial Court of Casablanca

II. INFORMATION ON THE ISSUER'S CAPITAL[3]

As of June 30, 2018, Attijariwafa bank's share capital amounted to MAD 2,035,272,260, divided into MAD 203,527,226 shares with a nominal value of MAD 10 each. The breakdown of the capital is as follows:

Shareholders	Address	Number of shares held	% of the capital	% of voting rights
1- National shareholders		**156 752 855**	**77.02%**	**77.02%**
1-1- Al Mada	Angle rue d'Alger and Duhaume - Casablanca	**97 433 137**	**47.87%**	**47.87%**
1-2- Compagnies d'assurances		**33 059 222**	**16.24%**	**16.24%**
Groupe MAMDA & MCMA	16 rue Abou Inane - Rabat	15 597 202	7.66%	7.66%
RMA-Watanya	83 avenue des FAR - Casablanca	2 683 942	1.32%	1.32%
Wafa Assurance	1 rue Abdelmoumen - Casablanca	13 226 583	6.50%	6.50%
Axa Assurances Maroc	120 avenue hassan II - Casablanca	1 551 495	0.76%	0.76%
1-3- Other institutional investors		**26 260 496**	**12.90%**	**12.90%**
Caisse de Dépôt et de Gestion (CDG)	140 Place My El Hassan - Rabat	3 576 531	1.76%	1.76%
Caisse Marocaine de Retraite	Avenue Al Araar, BP 2048, Hay Riad, Rabat	4 405 769	2.16%	2.16%
CIMR	100 Bd Abdelmoumen - Casablanca	7 860 780	3.86%	3.86%
RCAR	Hay Riad - BP 2038 - Rabat	10 417 416	5.12%	5.12%
2- Foreign shareholders		**10 715 614**	**5.26%**	**5.26%**
Santusa Holding	Paseo de la Castellana n°24 - Madrid (Spain)	10 715 614	5.26%	5.26%
3- Float		**36 058 757**	**17.72%**	**17.72%**
UCITS and other	NA*	34 726 943	17.06%	17.06%
Bank employees	NA*	1 331 814	0.65%	0.65%
Total		**203 527 226**	**100.00%**	**100.00%**

Source: Attijariwafa bank - * Not applicable

[3] Al Mada became Attijariwafa bank's reference shareholder with a 47.87% stake, mainly following the takeover of ONA by Al Mada, which took place on December 31, 2010.

III. ATTIJARIWAFA BANK BOARD OF DIRECTORS

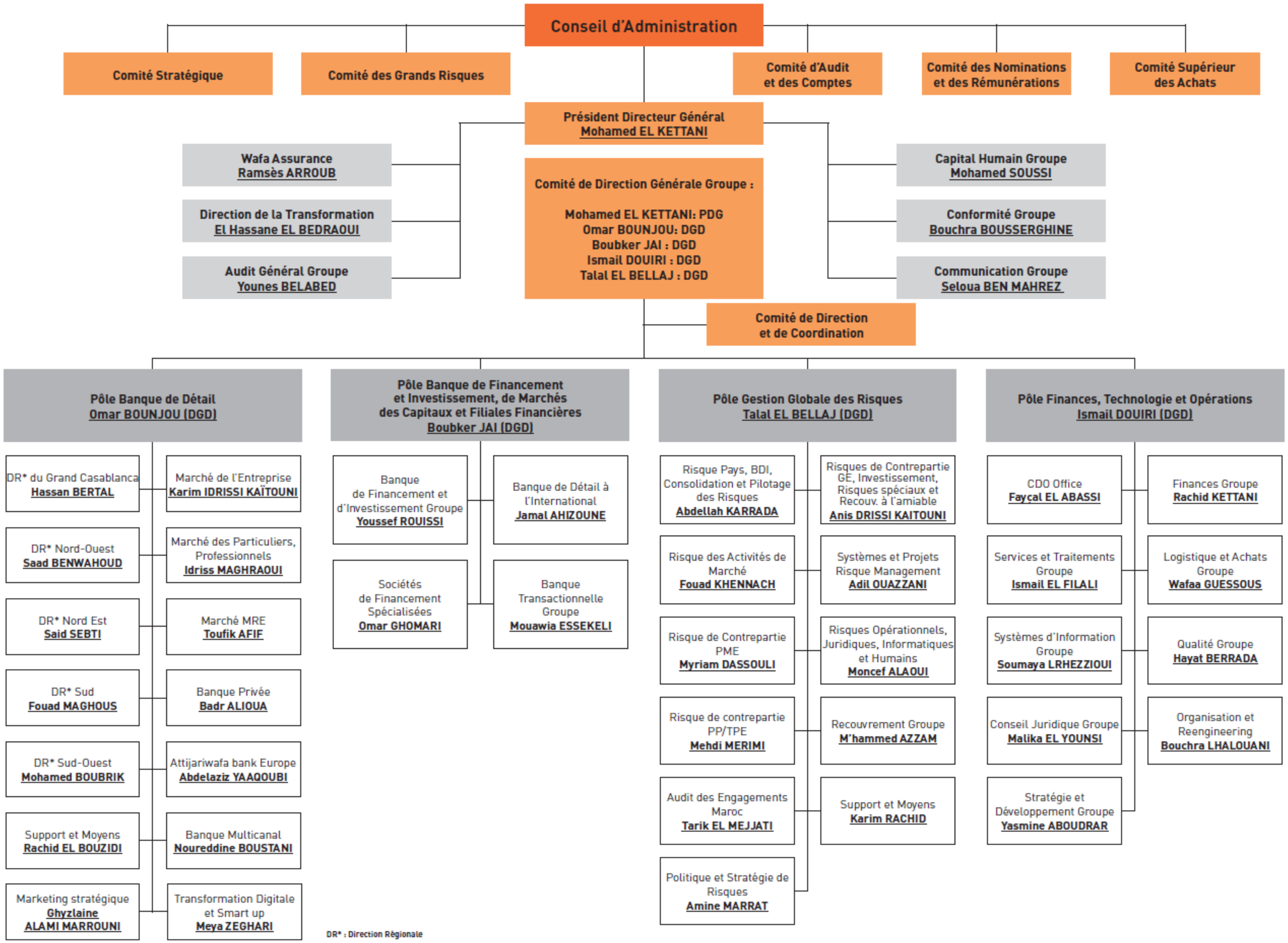
As of June 30, 2018, Attijariwafa bank is managed by a Board of Directors composed of 9 members and chaired by Mr. Mohamed EL KETTANI.

Directors	Appointment date*	Expiry of the term
Mr. Mohamed EL KETTANI Chairman of the Board of Directors	2014	OGM called to approve the financial statements for the 2019 financial year
SIGER Represented by Mr. Mohammed Mounir EL MAJIDI Chief Executive Officer	2015	OGM called to approve the financial statements for the 2020 financial year
Al Mada Represented by Mr. Hassan OURIAGLI Chief Executive Officer	2017	OGM called to approve the financial statements for the 2022 financial year
Mr. Abdelmjid TAZLAOUI Director	2017	OGM called to approve the financial statements for the 2022 financial year
Mr. Aymane TAUD Director	2016	OGM called to approve the financial statements for the 2021 financial year
Mr. José REIG Director	2018	OGM called to approve the financial statements for the 2023 financial year
Mr. Abed YACOUBI SOUSSANE Director, Chairman of MAMDA-MCMA	2017	OGM called to approve the financial statements for the 2022 financial year
Mr. Aldo OLCESE SANTONJA Independent Director	2014	OGM called to approve the financial statements for the 2019 financial year
Santander Represented by Mr. Jose Manuel VARELA Deputy Managing Director	2014	OGM called to approve the financial statements for the 2019 financial year
Ms. Wafaa GUESSOUS Board Secretary	2000	-

Source: Attijariwafa bank - * Appointment or reappointment

IV. ATTIJARIWAFA BANK GROUP ORGANIZATION CHART

The organization chart of the Attijariwafa bank group, on the eve of this transaction, is as follows:



Source : Attijariwafa bank

V. ACTIVITY OF ATTIJARIWAFA BANK

V.1. Evolution of loans

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

	2015	2016	2017	Var. 16/15	Var. 17/16	H1.2018	Var H1.18/17
Loans to credit institutions and similar entities (C1)	**35 049**	**40 716**	**35 622**	**16.2%**	**-12.5%**	**30 382**	**-14.7%**
Demand	11 025	10 211	6 724	-7.4%	-34.1%	5 300	-21.2%
Term	24 025	30 505	28 898	27.0%	-5.3%	25 082	-13.2%
Customer loans (C2)	**164 250**	**174 927**	**179 238**	**6.5%**	**2.5%**	**189 961**	**6.0%**
Treasury and consumer loans	49 066	49 639	45 876	1.2%	-7.6%	48 501	5.7%
Investment loans	54 607	56 336	61 961	3.2%	10.0%	65 933	6.4%
Mortgage loans	54 570	56 253	59 193	3.1%	5.2%	61 969	4.7%
Other loans	1 652	7 971	7 693	>100.0%	-3.5%	6 732	-12.5%
Factoring loans	-	-	-	Ns	0.0%	2190	>100.0%
Past due receivables net of provision	3 051	3 323	3 040	8.9%	-8.5%	2 978	-2.0%
Accrued interest receivable	1 304	1 407	1 475	7.8%	4.9%	1 659	12.5%
Total loans (C1) + (C2)	**199 300**	**215 642**	**214 860**	**8.2%**	**-0.4%**	**220 343**	**2.6%**

MAD million - Source: Attijariwafa bank – Aggregate accounts

As at June 30, 2018, Attijariwafa bank's outstanding loans amounted to MAD 220.3 billion, up 2.6% compared to the end of December 2017. This trend is explained by an improvement in outstanding customer loans by 6.0% to nearly MAD 190.0 billion at the end of June 2018, as well as an improvement in outstanding customer loans which offset the 14.7% (-MAD 5.2 billion) decrease in loans to credit institutions and similar entities over the period under review.

For the 2017 financial year, Attijariwafa bank's outstanding loans decreased by 0.4% compared to 2016, to reach nearly MAD 214.9 billion. This decrease is mainly due to the increase in outstanding customer loans by 2.5% (+MAD 4.3 billion) to nearly MAD 179.2 billion at the end of 2017, and the decrease in outstanding loans to credit institutions and similar entities by 12.5% (-MAD 5.1 billion) to nearly MAD 35.7 billion at the end of 2017. This situation is the result of a 34.1% (-MAD 3.5 billion) decline in outstanding demand receivables and a 5.3% (-MAD 1.6 billion) decline in outstanding term receivables in 2017.

In 2016, Attijariwafa bank's outstanding loans amounted to more than MAD 215.6 billion, up 8.2% (+MAD 16.3 billion) compared to 2015. This trend is explained by an improvement in outstanding loans to customers by 6.5% (+MAD 10.7 billion) to nearly MAD 174.9 billion at the end of 2016, as well as a 16.2% increase in loans to credit institutions and similar institutions, which stood at nearly MAD 40.7 billion at the end of 2016. This situation is the result of a 27.0% increase (+MAD 6.5 billion) in outstanding term receivables, which was offset by a 7.4% decrease (-MAD 814 million) in outstanding demand receivables over the period under review.

V.2. Evolution of deposits

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

	2015	2016	2017	Var. 16/15	Var. 17/16	H1.2018	Var H1.18/17
Debts owed to credit institutions (D1)	**29 870**	**21 792**	**27 433**	**-27.0%**	**25.9%**	**38 926**	**41.9%**
Demand	12 281	6 749	6 578	-45.0%	-2.5%	3 806	-42.1%
Term	17 589	15 044	20 855	-14.5%	38.6%	35 121	68.4%
Debts owed to customers (D2)	**200 959**	**208 834**	**225 369**	**3.9%**	**7.9%**	**222 881**	**-1.1%**
Current accounts with a positive balance	122 338	129 556	141 414	5.9%	9.2%	142 237	0.6%
Savings accounts	25 875	26 911	27 861	4.0%	3.5%	28 202	1.2%
Term deposits	43 521	38 366	39 040	-11.8%	1.8%	36 808	-5.7%
Other accounts with a positive balance	8 303	13 248	16 370	59.6%	23.6%	14 968	-8.6%
Accrued interest payable	922	753	683	-18.4%	-9.3%	667	-2.4%
Total debt (D1+D2)	**230 829**	**230 626**	**252 802**	**-0.1%**	**9.6%**	**261 807**	**3.6%**

MAD million- Source: Attijariwafa bank – Aggregate accounts

At the end of the first half of the 2018 financial year, debts owed to customers amounted to more than MAD 222.8 billion, down -1.1% (MAD -2.5 billion) compared to the end of December 2017. This trend is mainly due to the decline in term deposits by -5.7% (MAD -2.2 billion), due to the bank's policy in 2018 to optimize its cost of resources and reduce its market share on term deposits. As such, the pricing and bonus policy has been revised accordingly. This trend is also explained by the decrease in other accounts with a positive balance to nearly MAD -1.4 billion to reach more than MAD 14.9 billion at the end of June 2018. Outstanding debts to credit institutions increased by 41.9% (MAD +11.5 billion) to reach more than MAD 38.9 billion at the end of June 2018. The increase in outstanding term deposits by MAD 35.1 billion in June 2018 remains the main reason for this change.

In 2017, customer deposits reached nearly MAD 225.4 billion, up 7.9% (MAD +16.5 bn) compared to the end of 2016, mainly due to the 9.2% (MAD 11.9 bn) increase in sight accounts with a positive balance to nearly MAD 141.4 bn, the 3.5% increase (MAD +950.0 million) in savings accounts to reach more than MAD 27.9 bn and the improvement of term deposits by 1.8% (MAD +674 million) to reach more than MAD 39.0 bn at the end of 2017. Moreover, outstanding debts owed to credit institutions increased by 25.9% (MAD +5.6 billion) to reach MAD 27.4 billion at the end of 2017. This trend is explained by a 38.6% increase (+MAD 5.8 billion) in term deposits and a slight decrease of 2.5% in demand deposits (-MAD 171 million), which reached MAD 6.6 billion at the end of 2017.

At the end of the 2016 financial year, customer deposits amounted to nearly MAD 208.8 billion, up 3.9% (+MAD 7.9 billion) compared to the end of December 2015. Outstanding debts owed to credit institutions fell by 27.0% (-MAD 8.1 billion) to nearly MAD 21.8 billion at the end of 2016. This decline is due both to the 45.0% (-MAD 5.5 billion) decrease in outstanding demand deposits and to the 14.5% (-MAD 2.5 billion) decrease in outstanding term deposits.

VI. FINANCIAL STATEMENTS OF ATTIJARIWAFA BANK'S AGGREGATE ACCOUNTS

VI.1. Balance sheet 2015- H1.2018

ASSETS	2015	2016	2017	H1.2017	H1.2018
Cash in hand, Central banks, Treasury, Postal cheque service	**5 576 214**	**7 303 483**	**9 142 735**	**10 002 461**	**8 331 441**
Loans to credit institutions and similar entities	**35 049 487**	**40 715 628**	**35 621 804**	**40 115 751**	**30 381 789**
Demand	11 024 654	10 210 911	6 724 299	8 255 143	5 299 537
Term	24 024 833	30 504 718	28 897 505	31 860 608	25 082 252
Loans to customers	**164 250 424**	**174 926 696**	**179 237 875**	**178 253 958**	**187 766 282**
Treasury and consumer loans	49 066 222	50 168 125	46 406 692	49 678 093	49 002 403
Investment loans	54 606 691	57 207 000	62 898 671	60 821 719	67 077 588
Mortgage loans	54 570 189	56 254 850	59 194 993	57 970 907	61 971 492
Other loans	1 652 113	11 296 721	10 737 519	9 783 239	9 714 799
Factoring loans	**1**	**1**	**1**	**1**	**2195634**
Transaction and investment securities	**53 428 916**	**46 121 087**	**59 555 810**	**61 467 283**	**72 792 543**
Treasury bills and similar securities	37 038 022	25 251 542	38 338 338	43 544 746	50 481 478
Other loans securities	1 294 142	2 204 321	6 092 873	2 772 275	4 018 815
Equities	15 096 752	18 665 224	15 124 599	15 150 262	18 292 250
Other assets	**3 785 551**	**5 453 551**	**3 782 194**	**6 175 577**	**4 298 781**
Investment securities	**6 089 132**	**5 969 166**	**6 840 219**	**6 989 531**	**6 805 090**
Treasury bills ans similar securities	6 089 132	5 969 166	6 840 219	6 989 531	6 805 090
Other loan securities	0	0	0	0	18828746
Equity securities and similar uses	**13 761 859**	**13 644 919**	**19 104 819**	**19 008 899**	**17 840 165**
Subordinated debts	**0**	**0**	**0**	**0**	**988581**
Fixed assets held under finance leases and rental contracts	**1 262 341**	**238 965**	**395 093**	**370 160**	**377 285**
Intangible assets	**1 897 711**	**1 812 149**	**2 087 698**	**1 877 714**	**2 023 760**
Tangible assets	**3 019 011**	**3 340 980**	**3 602 994**	**3 547 803**	**3 593 001**
TOTAL ASSETS	**288 120 647**	**299 526 626**	**319 371 242**	**327 809 138**	**337 394 352**

In MAD thousands

LIABILITIES	2015	2016	2017	H1.2017	H1.2018
Central banks, Treasury, Postal cheque service	**0**	**0**	**0**	**0**	**0**
Debts owed to credit institutions and similar institutions	**29 870 277**	**21 792 115**	**27 432 674**	**33 988 500**	**38 926 211**
Demand	12 281 017	6 748 610	6 578 787	3 079 741	3 805 651
Term	17 589 260	15 043 506	20 853 887	30 908 759	35 120 560
Customer deposits	**200 959 041**	**208 833 653**	**225 368 841**	**218 148 428**	**222 881 212**
Current accounts with a positive balance	122 356 505	130 692 299	145 722 889	141 279 929	143 024 020
Savings accounts	26 010 094	27 020 923	27 988 582	27 277 292	28 330 037
Term deposits	44 289 925	40 328 997	41 552 032	39 158 969	40 966 051
Other accounts with a positive balance	8 302 517	10 791 434	10 105 338	10 432 238	10 561 104
Debt securities issued	**7 048 901**	**7 592 398**	**5 878 938**	**7 546 393**	**5 893 272**
Marketable debt securities issued	7 048 901	7 592 398	5 878 938	7 546 393	5 893 272
Bonds issued	0	0	0	0	0
Other debt securities issued	0	0	0	0	0
Other liabilities	**6 096 756**	**10 052 514**	**7 080 313**	**16 268 531**	**16 593 243**
Provisions for risks and charges	**2 761 704**	**3 165 024**	**3 253 154**	**3 299 759**	**3 270 874**
Regulated provisions	**0**	**0**	**0**	**0**	**0**
Subsidies, allocated public funds and special guarantee funds	**0**	**0**	**0**	**0**	**0**
Subordinated debts	**10 760 507**	**12 770 020**	**13 319 651**	**13 115 958**	**12 611 932**
Revaluation differences	**420**	**420**	**420**	**420**	**420**
Reserves and premiums related to the share capital	**24 916 000**	**26 350 000**	**30 843 500**	**30 843 500**	**32 457 500**
Capital	**2 035 272**	**2 035 272**	**2 035 272**	**2 035 272**	**2 035 272**
Shareholders, unpaid capital (-)	**0**	**0**	**0**		
Retained earnings (+/-)	**6 351**	**160**	**468**	**468**	**389**
Net income pending allocation (+/-)	**0**	**0**	**0**	**0**	
Net income of the financial year (+/-)	**3 665 418**	**6 935 048**	**4 158 011**	**2 561 909**	**2 724 027**
TOTAL LIABILITIES	**288 120 647**	**299 526 626**	**319 371 242**	**327 809 138**	**337 394 352**

In MAD thousands

Income statement 2015 – H1.2018

INCOME STATEMENT	2015	2016	2017	H1.2017	H1.2018
I. BANK ING OPERATING INCOME					
Interest and similar income on transactions with credit institutions	1 093 373	966 137	1 030 084	502 023	490 902
Interest and income on customer transactions	9 201 032	8 941 326	8 926 121	4 351 395	4 648 587
Interest and similar income on debt securities	482 483	347 179	305 196	167 961	124 260
Income on equities	1 419 320	4 587 637	1 512 834	1 255 677	1 253 336
Income on fixed assets under finance leases and rental contracts	394 119	301 048	23 726	11 546	12 411
Commissions on services provided	1 355 915	1 493 786	1 635 220	770 445	846 773
Other banking income	4 903 198	5 002 750	4 288 009	2 172 527	2 281 636
TOTAL I	**18 849 440**	**21 639 862**	**17 721 190**	**9 231 574**	**9 657 905**
II. BANKING OPERATING EXPENSES					
Interest and similar expenses on transactions with credit institutions	799 578	436 578	592 376	254 114	390 613
Interest and expenses on customer transactions	2 936 838	2 718 007	2 451 394	1 184 354	1 249 848
Interest and similar charges on debt securities issued	282 806	246 466	207 086	108 289	88 285
Expenses on fixed assets under finance leases and rental contracts	359 451	241 802	30 853	12 916	17 805
Other banking expenses	3 629 997	3 761 407	2 936 757	1 551 032	1 631 765
TOTAL II	**8 008 670**	**7 404 260**	**6 218 466**	**3 110 705**	**3 378 316**
III. NET BANKING INCOME	**10 840 770**	**14 235 602**	**11 502 724**	**6 120 869**	**6 279 589**
Non-banking operating income	162 247	104 797	52 074	20 334	53 118
Non-banking operating expenses	0	0	3 469	3 469	7
IV. GENERAL OPERATING EXPENSES					
Personnel expenses	1 854 299	1 929 338	2 068 105	1 010 088	1 068 509
Taxes and duties	119 315	119 829	122 812	63 029	63 570
External expenses	1 723 759	1 804 780	1 885 578	919 785	933 759
Other general operating expenses	21 229	15 649	18 863	9 609	18 410
Depreciation, amortization and provisions for intangible assets and property, plant and equipment	403 363	415 918	412 389	193 135	216 815
TOTAL IV	**4 121 965**	**4 285 515**	**4 507 747**	**2 195 646**	**2 301 063**
V. PROVISIONS AND LOSSES ON BAD DEBTS					
Allocation to provisions on non-performing loans and commitments by signature	1 724 473	1 529 038	1 338 046	590 763	633 282
Losses on bad debts	563 457	351 404	970 324	153 242	50 043
Other provisions charges	486 528	529 771	489 406	149 877	122 803
TOTAL V	**2 774 458**	**2 410 213**	**2 797 776**	**893 882**	**806 128**
VI. REVERSALS OF PROVISIONS AND RECOVERIES ON AMORTISED RECEIVABLES					
Prov. Reversal for non-performing loans & commitments by signature	791 275	807 898	1 310 261	302 532	218 731
Recoveries on amortised receivables	69 391	44 317	62 564	22 072	20 949
Other provisions reversals	240 470	201 756	673 172	318 674	100 582
TOTAL VI	**1 101 136**	**1 053 971**	**2 045 997**	**643 278**	**340 262**
VII. CURRENT INCOME	**5 207 730**	**8 698 642**	**6 291 803**	**3 691 484**	**3 565 771**
Non-current income	5 442	11 999	695	260	7830
Non-current expenses	94 764	191 171	530 893	299 279	3 564
VIII. PRE-TAX INCOME	**5 118 408**	**8 519 470**	**5 761 605**	**3 392 465**	**3 570 037**
Income tax	1 452 990	1 584 422	1 603 594	830 556	846 010
IX. NET INCOME FOR THE FINANCIAL YEAR	**3 665 418**	**6 935 048**	**4 158 011**	**2 561 909**	**2 724 027**

In MAD thousands

VII. Consolidated financial statements using IFRS

VII.1. Consolidated balance sheets 2015 – H1.2018

	2015	2016	2017	H1.2017	H1.2018
ASSETS					
Cash in hand, Central banks, Treasury, Postal cheque service	12 580 486	14 141 202	18 224 849	16 096 082	19 972 202
Financial assets at fair value through profit or loss	58 297 966	50 454 731	65 875 084	61 802 784	67 250 720
Hedging derivative instruments	0	0	0	0	0
Available-for-sale financial assets	33 000 427	35 701 001	39 266 654	37 995 496	0
Loans and receivables from credit institutions and similar entities	21 179 662	22 625 866	25 304 396	28 131 961	19 782 190
Customer loans and receivables	252 918 815	271 627 179	285 995 046	281 851 516	291 604 732
Asset revaluation difference on portfolios hedged against interest rate risk	0	0	0	0	0
Held-to-maturity investments	7 916 008	8 015 501	8 746 253	8 846 111	0
Current tax assets	395 789	39 319	123 659	80 743	42 750
Deferred tax assets	516 412	539 849	636 262	572 318	2 949 532
Accruals and other assets	7 973 730	7 585 194	8 674 655	9 927 208	12 197 273
Non-current assets held for sale	893 528	87 538	2 672 478	2 318 055	0
Deferred policyholder profit sharing	98 622	2 066 502	114 322	85 743	0
Investments in companies accounted for by the equity method	102 952	94 908	106 949	94 097	116 420
Investment properties	1 875 923	2 020 107	2 247 468	2 310 972	2 210 380
Intangible assets	1 708 144	1 683 656	5 550 721	5 578 556	5 942 925
Property, plant and equipment	4 953 082	5 428 512	2 125 180	1 595 655	2 311 755
Goodwill on acquisitions	6 667 144	6 655 000	9 996 150	9 832 805	9 975 378
Total assets	**411 078 691**	**428 766 067**	**475 660 126**	**467 120 102**	**490 471 710**

In MAD thousands

	2015	2016	2017	H1.2017	H1.2018
LIABILITIES					
Central banks, Treasury, Postal cheque service	165 236	160 715	97 064	110 927	9 292
Financial liabilities at fair value through profit or loss	1 090 129	1 033 814	716 739	993 970	513 544
Hedging derivative instruments	0	0	0	0	0
Amounts owed to credit institutions and similar entities	32 511 095	28 282 255	37 651 602	39 711 263	44 976 709
Amounts owed to customers	274 514 736	286 264 527	316 210 403	306 844 870	321 257 311
Debt securities issued	13 743 666	11 243 383	11 120 406	12 768 983	12 144 846
Passive revaluation difference on portfolios hedged against interest rate risk	0	0	0	0	0
Current tax liabilities	296 624	709 425	613 644	316 305	367 853
Deferred tax liabilities	1 782 425	2 340 944	2 576 416	2 434 696	2 175 643
Accruals and other liabilities	8 848 300	9 881 260	10 728 982	12 847 249	14 851 031
Liabilities related to non-current assets held for sale	0	0	0	0	0
Technical provisions for insurance contracts	23 873 972	25 960 939	28 634 562	27 409 907	31 869 785
Provisions for risks and charges	1 513 117	1 771 087	1 734 104	1 861 863	2 734 249
Subsidies, allocated public funds and special guarantee funds	153 865	141 392	129 252	133 152	155 356
Subordinated debts	11 356 370	13 565 244	14 645 903	14 072 831	13 831 014
Capital and related reserves	10 151 765	10 151 765	10 151 765	10 151 765	10 151 765
Consolidated reserves	24 905 872	30 861 381	33 246 804	33 549 293	30 089 365
Group share	*21 420 642*	*25 059 651*	*27 337 070*	*27 389 250*	*25 845 262*
Minority interests	*3 485 230*	*5 801 729*	*5 909 734*	*6 160 043*	*4 244 103*
Unrealized or deferred gains or losses, Group share	871 352	744 812	818 514	649 225	1 897 799
Net income for the financial year	5 300 168	5 653 125	6 583 965	3 263 803	706 951
Group share	*4 501 781*	*4 757 421*	*5 390 902*	*2 629 904*	*1 190 848*
Minority interests	*798 387*	*895 705*	*1 193 064*	*633 899*	*3 446 150*
Total liabilities	**411 078 692**	**428 766 067**	**475 660 126**	**467 120 102**	**490 471 710**

In MAD thousands

VII.2. Consolidated income statements 2015 – H1.2018

	2015	2016	2017	H1.2017	H1.2018
Interest and similar income	17 336 355	17 117 126	18 819 180	8 912 951	10 234 227
Interest and similar expenses	5 935 421	5 504 228	5 910 854	2 730 420	3 386 301
Interest margin	**11 400 934**	**11 612 899**	**12 908 326**	**6 182 531**	**6 847 926**
Commissions received	4 566 042	4 991 813	5 405 347	2 562 698	2 856 037
Commissions paid	525 758	573 539	618 350	317 206	342 032
Commission margin	**4 040 284**	**4 418 274**	**4 786 997**	**2 245 492**	**2 514 005**
Net gains or losses on financial instruments at fair value through profit or loss	2 944 577	3 063 010	3 329 684	1 452 093	1 604 197
Net gains or losses on available-for-sale financial assets	183 561	347 472	576 110	474 878	533 139
Income from market activities	**3 128 138**	**3 410 482**	**3 905 794**	**1 926 971**	**2 137 336**
Income from other activities	6 482 827	7 174 835	7 925 769	3 911 505	4 020 556
Expenses from other activities	6 055 166	6 943 163	7 882 109	3 764 485	4 225 926
Net banking income	**18 997 017**	**19 673 327**	**21 644 776**	**10 502 014**	**11 293 897**
General operating expenses	7 959 562	8 246 893	9 043 552	4 352 004	4 692 101
Depreciation, amortization and impairment of intangible and tangible assets	851 162	896 005	937 293	444 119	553 806
Gross operating income	**10 186 293**	**10 530 429**	**11 663 931**	**5 705 892**	**6 047 990**
Cost of risk	-2 217 045	-2 001 359	-2 168 124	-912 803	-1 026 814
Operating income	**7 969 248**	**8 529 070**	**9 495 808**	**4 793 089**	**5 021 176**
Share of income from companies accounted for by the equity method	12 471	3 538	16 488	2 665	6 129
Net gains or losses on other assets	122 573	54 596	23 361	6 822	47 201
Changes in the value of goodwill	0	0	0	0	0
Pre-tax income	**8 104 292**	**8 587 204**	**9 535 657**	**4 802 576**	**5 074 506**
Income tax	2 804 127	2 934 078	2 951 691	1 538 773	1 628 354
Net income	**5 300 165**	**5 653 125**	**6 583 965**	**3 263 803**	**3 446 152**
Income from non-group companies	798 387	895 705	1 193 064	633 899	649 289
Net income, group share	**4 501 778**	**4 757 421**	**5 390 902**	**2 629 903**	**2 796 863**

In MAD thousands

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 [4] 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 covariances 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 backtesting, 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.

[4] 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 at the end of June 2018 as well as the 1-day and 10-day VaR of the foreign exchange, property and bond & UCITS activities:

Activities (in MAD thousands)	Position (KMAD)	1-day VaR	Regulatory 10-day VaR
Foreign exchange	-852 368	1 240	3 920
Equities	126 136	3 281	10 374
Bonds and UCITS	59 778 445	40 056	126 669

In k dirhams – 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 at June 30, 2018, can be analyzed according to the following table:

Devises	Currency position	Exchange rate	Counter-value (KMAD)	% of equity capital
EUR	17 955.63	11.07	198 758.00	0.61%
USD	27 985.79	9.50	265 865.00	0.82%
GBP	103.48	12.49	1 292.00	0.00%
CAD	183.42	7.17	1 315.00	0.00%
CHF	-51.01	9.57	-488.00	0.00%
JPY	-6 715 955.71	0.09	-576 229.00	-1.77%
DKK	1 776.19	1.49	2 638.00	0.01%
NOK	3 895.80	1.17	4 539.00	0.01%
SEK	4 871.17	1.06	5 161.00	0.02%
SAR	-125.93	2.53	-319.00	0.00%
AED	677.03	2.59	1 751.00	0.01%
KWD	1.34	31.38	42.00	0.00%
TND	-1 178.30	3.63	-4 277.00	-0.01%
DZD	43 184.63	0.08	3 485.00	0.01%
LYD	6.75	7.56	51.00	0.00%

In thousands – Source: Attijariwafa bank

At the end of June 2018, the forward exchange position amounted to MAD 22.694 billion, broken down as follows:

	< 3 months	3 months - 6 months	> 6 months
Hedging (KMAD)	**12 200 012**	**2 007 232**	**8 486 837**

Source: Attijariwafa bank

I.3. Asset and Liability Management

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

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

Attijariwafa bank's Asset and Liability Management has a set of ALM models and agreements based on the reality of the bank's outstandings 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 realisable 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	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

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 [5]

By business sector

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

The breakdown of commitments given by sector, as a proportion of the Bank's total commitments at the end of June 2016, is as follows:

- Financial-holding institutions and insurance companies representing 16%, up 1.0 point compared to 2015. Commitments in this sector are very good risk;
- Construction & building materials represents 8.0% and real estate development has stagnated at around 6.0% compared to 2015

By counterparty

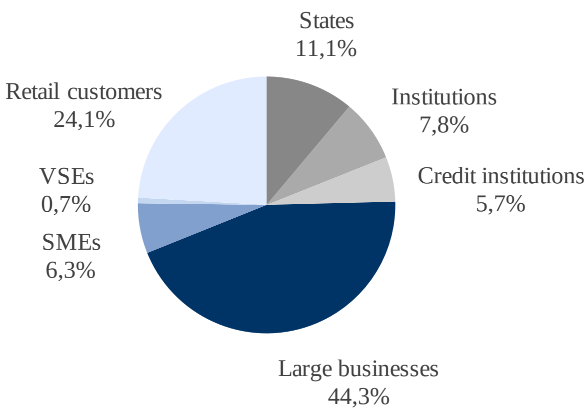
Assessed by taking into account all the commitments made to the same beneficiary, diversification is a permanent feature of the Bank's risk policy. The scope and variety of the Group's activities could contribute to this.

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

This diversification is as follows:

[5] Source: Attijariwafa bank

Breakdown of the bank's commitments by counterparty category as at June 30, 2018

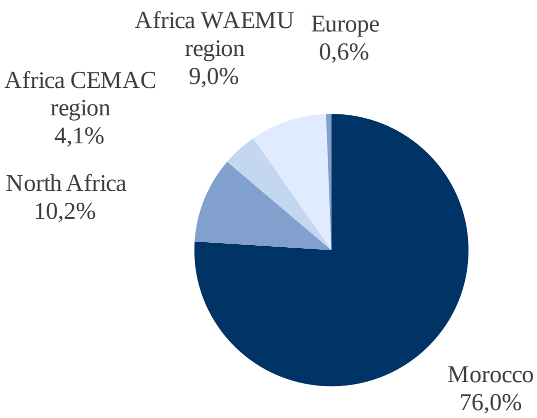


Source: Attijariwafa bank. *other than VSEs

By geographical area

The graph below shows that the Group's exposure is concentrated in Morocco with nearly 76.0%. The rest is divided between sub-Saharan African countries.

Breakdown of the bank's commitments by geographical area as at June 30, 2018



Source: Attijariwafa bank

By portfolio quality

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

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

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

Data relating to the rating system are collected and stored in historical databases allowing the periodic review and backtesting 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 backtesting, 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.

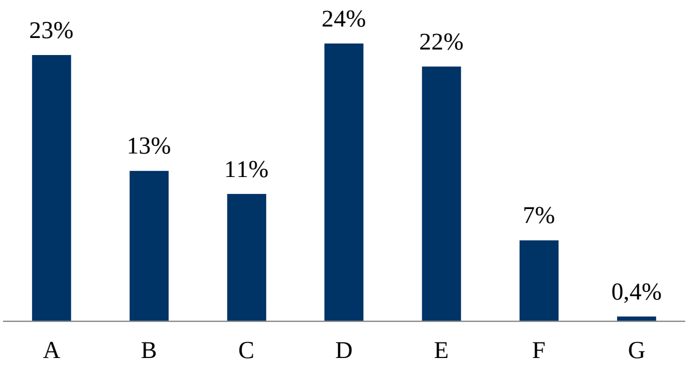
- the rating is assigned to a risk class of the rating scale, which consists of 8 classes grouped into 3 categories:
  - ✓ healthy counterparties: classes A to E;
  - ✓ sensitive counterparties: F and G;
  - ✓ defaulting counterparties: class H.

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 at the end of June 2018, the breakdown of risks relating to the corporate scope is as follows:

Breakdown of the bank's commitments (corporates scope) by risk class as at June 30, 2018*



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

A rating system for real estate development based on two main dimensions (client / project) is operational.
This approach is part of the process to align with the advanced Basel II approaches and the new IFRS 9 accounting standard in force since January 2019.

Interest rate risk

The net book value of Attijariwafa bank's marketable and investment securities as at 30 June 2018 stood as follows:

	Gross book value	Present value	Repayment value	Unrealized capital gains	Unrealized capital losses	Provisions
Trading securities	**72 566 993**	**72 566 993**	-	-	-	-
Bills and similar securities	50 425 489	50 425 489	-	-	-	-
Bonds	101 175	101 175	-	-	-	-
Other debt securities	3 785 624	3 785 624	-	-	-	-
Equities	18 254 705	18 254 705	-	-	-	-
Investment securities	**250 959**	**221 922**	-	**21 450**	**29 037**	**29 037**
Bills and similar securities	54 849	54 849	-	2 760	-	-
Bonds	129 528	129 528	-	5 696	-	-
Other debt securities	-	-	-	-	-	-
Equities	66 582	37 545	-	12 994	29 037	29 037
Investment securities	**6 738 347**	**6 738 347**	-	-	-	-
Bills and similar securities	6 738 347	6 738 347	-	-	-	-
Bonds	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-

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

Solvency ratio 2015 – June 2018

Attijariwafa bank has a solid financial base enabling it to meet all its commitments, as evidenced by the solvency ratio achieved over the 2015 - June 2018 period:

	2015	2016	2017	Var. 16/15	Var. 17/16	H1.2018	Var H1.18/17
Core capital (Tier 1) (1)	22 142	27 154	23 861	22.6%	-12.1%	24 049	0.8%
Regulatory capital (2)	26 610	32 662	30 209	22.7%	-7.5%	32 533	7.7%
Weighted risks (3)	210 337	229 322	237 420	9.0%	3.5%	240 480	1.3%
Core capital ratio (1) / (3)	**10.53%**	**11.84%**	**10.05%**	**+1.31 pt**	**-1.79 pt**	**10.00%**	**-0.05 pt**
Solvency ratio (2) / (3)	**12.65%**	**14.24%**	**12.72%**	**+1.59 pt**	**-1.52 pt**	**13.53%**	**+0.80 pt**

MAD million - Source: Attijariwafa bank – Aggregate accounts

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

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

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

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

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

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

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

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

Projected solvency ratio

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

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

	Dec. 17	June 18	Dec. 18 F	June 19 F	Dec. 19 F
Tier 1 capital (1)	23.86	24.05	27.03	27.51	27.73
Tier 2 capital	6.35	8.48	8.05	9.68	10.05
Regulatory capital (2)	**30.21**	**32.53**	**35.08**	**37.19**	**37.78**
Weighted risks (3)	237.42	240.48	246.97	253.22	259.29
Core Tier 1 ratio (1) / (3)	**10.05%**	**10.00%**	**10.94%**	**10.86%**	**10.70%**
Overall solvency ratio (2) / (3)	**12.72%**	**13.53%**	**14.20%**	**14.69%**	**14.57%**

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

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

	Dec. 17	June 18	Dec. 18 F	June 19 F	Dec. 19 F
Tier 1 capital (1)	35.66	35.99	39.35	39.90	41.61
Tier 2 capital 2	10.13	10.92	11.11	11.55	11.81
Regulatory capital (2)	**45.79**	**46.91**	**50.47**	**51.45**	**53.42**
Weighted risks (3)	368.64	372.72	387.24	401.63	416.18
Core Tier 1 ratio 1 (1) / (3)	**9.67%**	**9.66%**	**10.16%**	**9.93%**	**10.00%**
Overall solvency ratio (2) / (3)	**12.42%**	**12.59%**	**13.03%**	**12.81%**	**12.84%**

MAD billion - Source: Attijariwafa bank – On a consolidated basis

V. COUNTRY RISK MANAGEMENT

In 2016, the Country Risk entity, with the support of an external consultant, carried out a study to automate country risk management. This study focused on:

- 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.

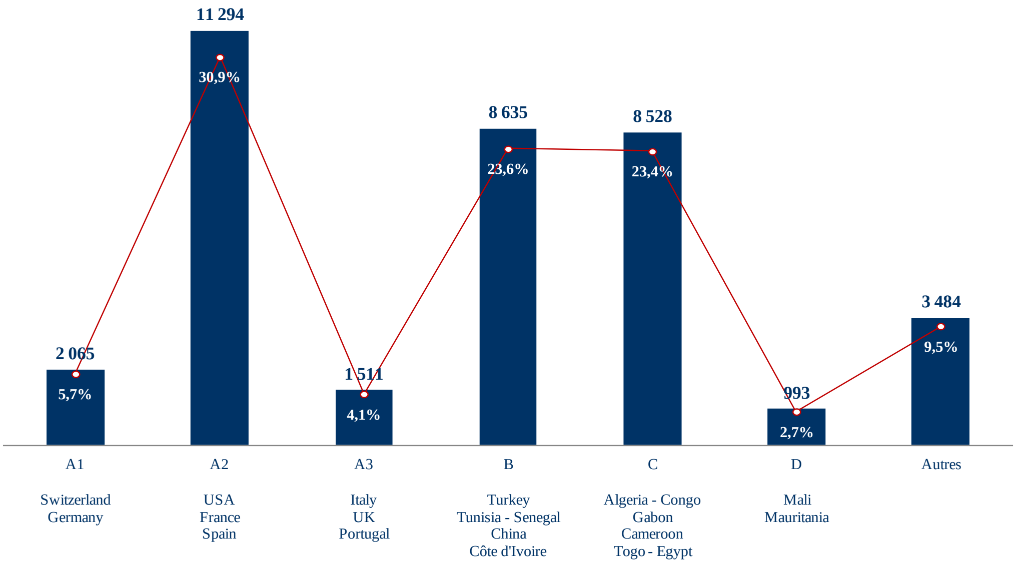
The country risk management system:

he 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 43.4% of the bank's exposure to international risks at the end of December 2016 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 – December31, 2017



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.

VI.2. 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.

DISCLAIMER

The aforementioned information constitutes only part of the prospectus approved by the Moroccan Capital Markets Authority (AMMC) under the reference VI/EM/28/2018 on November 26th, 2018. The AMMC recommends that the entire prospectus, which is available to the public in French, be read in its entirety.