

# PROSPECTUS SUMMARY



## ATTIJARIWAFABANK

### ISSUE OF SUBORDINATED BONDS FOR A TOTAL AMOUNT OF MAD 1,500,000,000

	Tranche A (Listed)	Tranche B (Listed)	Tranche C (Not listed)	Tranche D (Not listed)
<b>Ceiling</b>	MAD 1,500,000,000	MAD 1,500,000,000	MAD 1,500,000,000	MAD 1,500,000,000
<b>Number of securities</b>	15,000 subordinated bonds	15,000 subordinated bonds	15,000 subordinated bonds	15,000 subordinated bonds
<b>Nominal value</b>	MAD 100,000	MAD 100,000	MAD 100,000	MAD 100,000
<b>Maturity</b>	7 years	7 years	7 years	7 years
<b>Rate</b>	<u>Fixed</u> , the reference to the nominal rate is the 7 year Treasury Bonds rate computed on the secondary market yield curve, as published by Bank Al-Maghrib on June 1 <sup>st</sup> , 2017, i.e. 3,03% increased by a risk premium, i.e. between 3,63% and 3,73%	<u>Revisable on an annual basis</u> , the reference rate for the nominal interest rate is the 52-week Treasury Bills rate (monetary rate) as computed on the secondary yield curve as published by Bank Al-Maghrib on June 1 <sup>st</sup> , 2017, i.e. 2,26%, increased by a risk premium, i.e. between 2,81% and 2,91% for the first year	<u>Fixed</u> , the reference to the nominal rate is the 7 year Treasury Bonds rate computed on the secondary market yield curve, as published by Bank Al-Maghrib on June 1 <sup>st</sup> , 2017, i.e. 3,03% increased by a risk premium, i.e. between 3,63% and 3,73%	<u>Revisable on an annual basis</u> , the reference rate for the nominal interest rate is the 52-week Treasury Bills rate (monetary rate) as computed on the secondary yield curve as published by Bank Al-Maghrib on June 1 <sup>st</sup> , 2017, i.e. 2,26%, increased by a risk premium, i.e. between 2,81% and 2,91% for the first year
<b>Principle repayment</b>	In fine	In fine	In fine	In fine
<b>Risk premium</b>	Between 60 and 70 bps	Between 55 and 65 bps	Between 60 and 70 bps	Between 55 and 65 bps
<b>Repayment guarantee</b>	None	None	None	None
<b>Allocation method</b>	French Auction with a priority for tranche A and C (Fixed rate)			
<b>Tradability of securities</b>	Tradable in the Casablanca Stock Exchange	Tradable in the Casablanca Stock Exchange	Over-the-counter	Over-the-counter

**Subscription period: from June 19<sup>th</sup> to 21<sup>st</sup>, 2017, included**

**Issue reserved to qualified investors under Moroccan Law as defined in the present prospectus**

**Advising Agency**  
Attijari Finances Corp.



**Agency in charge of the registration**  
Attijari Intermédiation



**Agency in charge of the placement**



#### Approval of MOROCCAN AUTHORITY OF CAPITAL MARKETS (Financial Authority)

In accordance with the provisions of the circular of the AMMC, delivered in application of Section 14 of the Decree No. 1-93-212 of September 21<sup>st</sup>, 1993, the original copy of the present prospectus has been approved by the AMMC on June 9<sup>th</sup>, 2017 under Reference VI/EM/12/2017.

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## **DISCLAIMER**

The Moroccan Authority of Capital Markets (AMMC) approved, on June 9<sup>th</sup>, 2017, a prospectus summary related to the issue of subordinated bonds by Attijariwafa bank.

The prospectus approved by the AMMC is available at any time at the following places:

- **Attijariwafa bank headquarters: 2, boulevard Moulay Youssef - Casablanca.**  
**Phone: 05.22.29.88.88;**
- **Attijari Finances Corp.: 163, avenue Hassan II - Casablanca.**  
**Phone: 05.22.47.64.35.**

The prospectus is at the disposal of the public at the headquarters of Casablanca Stock Exchange and on its website [www.casablanca-bourse.com](http://www.casablanca-bourse.com). It is also available on the AMMC website ([www.ammc.ma](http://www.ammc.ma)).

## **PART I: PRESENTATION OF THE OPERATION**

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

Attijariwafa bank continues to carry out its development strategy:

- at the international level, notably through:
  - ✓ the continued strengthening of its presence in the Maghreb and the development of activities in Central and Western Africa;
  - ✓ the launch of the 2<sup>nd</sup> phase of the Group's African development through the implantation in some high-potential English-speaking countries;
- In the domestic market by developing banking facilities, financing major projects of the Kingdom and retail financing by housing and consumer loans.

The present issue mainly aims at:

- strengthening the capital requirements; and therefore, enhancing the solvency ratio of Attijariwafa bank;
- funding both local and international development of the bank.

In accordance with Bank Al-Maghrib Circular 14 / G / 2013 on the calculation of the regulatory capital of credit institutions, funds collected through this operation will be classified as category 2 equity.

### **II. STRUCTURE OF THE OFFER**

Attijariwafa bank intends to issue 15,000 subordinated bonds with a nominal value of MAD 100,000. The total amount of the operation amounts to MAD 1,500,000,000 divided as follow:

- ✓ tranche “A” with a 7-year maturity and a fixed rate, listed on the Casablanca Stock Exchange, ceiled at MAD 1,500,000,000 and with a MAD 100,000 nominal value;
- ✓ tranche “B” with a 7-year maturity and an annually revisable rate, listed on the Casablanca Stock Exchange, ceiled at MAD 1,500,000,000 and with a MAD 100,000 nominal value;
- ✓ tranche “C” with a 7-year maturity and a fixed rate, not listed on the Casablanca Stock Exchange, ceiled at MAD 1,500,000,000 and with a MAD 100,000 nominal value;
- ✓ tranche “D” with a 7-year maturity and an annually revisable rate, not listed on the Casablanca Stock Exchange, ceiled at MAD 1,500,000,000 and with a MAD 100,000 nominal value;

The total amount, allotted over the four tranches, shall in no case exceed MAD 1,500,000,000.

The present issue is reserved to qualified investors based under Moroccan law: Collective Investment in Transferable Securities (UCITS), financial companies<sup>1</sup>, credit institutions, insurance and reinsurance companies, Deposit and Management Fund (CDG), pension and retirement funds.

The limitation of the subscription to qualified investors based on Moroccan law aims at facilitating the management of subscriptions in the primary market. It remains understood that any investor willing to acquire the bonds will be able to obtain them in the secondary market.

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<sup>1</sup> As approved by the article 20 of the Law n° 103-12.

### III. INFORMATION RELATED TO ATTJARIWABA BANK'S SUBORDINATED BONDS

**Disclaimer:** *The subordinated bond is distinguished from the classical bond by the rank of loans contractually defined by the subordination clause. The effect of the subordination clause is to condition, in case of liquidation of the issuer, the repayment of the funds borrowed to all secured or unsecured creditors.*

#### Characteristics of tranche A (Fixed rate, 7 maturity and listed on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	<b>MAD 1,500,000,000</b>
<b>Maximum number of securities to be issued</b>	<b>15,000 subordinated bonds</b>
<b>Nominal value</b>	<b>MAD 100,000</b>
<b>Issue price</b>	<b>100%, i.e. MAD 100,000</b>
<b>Loan maturity</b>	7 years
<b>Subscription period</b>	From June 19 <sup>th</sup> to 21 <sup>st</sup> , 2017 included
<b>Possession date</b>	June 29 <sup>th</sup> , 2017
<b>Maturity date</b>	June 29 <sup>th</sup> , 2024
<b>Allocation method</b>	French Auction with a priority for tranche A and C (Fixed rate)
<b>Nominal interest rate</b>	<p><b>Fixed rate</b></p> <p>The nominal interest rate is determined in reference to the 7- year Treasury Bonds rate computed on the secondary market yield curve as published by Bank Al-Maghrib on June 1st, 2017, i.e. 3,03%. A risk premium ranging from 60 to 70 bps will be added, i.e. between 3,63% and 3,73%.</p> <p>The rate is determined through linear interpolation using the two points framing the full 7 maturity (actuarial basis).</p> <p>The selected interest rate will be published in an Official Gazette by Attijariwafa bank, no later than June 30, 2017.</p>
<b>Risk premium</b>	<b>Between 60 and 70 basis points</b>
<b>Interests</b>	<p>The interests will be served annually at the anniversary dates of the possession date of the loan, i.e. June 29<sup>th</sup> of each year. Their payment will take place on the same day or the first business day following June 29<sup>th</sup>, if this day is not a business day. Interest on subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal. No postponement of the interest will be possible under this operation.</p> <p>Interests will be calculated as per the following formula:</p> <p>[Nominal x nominal rate].</p>

<b>Listing of securities</b>	<p>The subordinated bonds, subject of tranche A, will be listed on the Casablanca Stock Exchange and will be subject to a request for listing in the bond compartment of the Casablanca Stock Exchange. Their listing date is planned on June 23<sup>rd</sup>, 2017 on the bond compartment under Ticker OATWO.</p> <p>In order to be listed on the Casablanca Stock Exchange, the aggregate amounts allocated to tranches A and B must be higher or equal to an amount of MAD 20,000,000.</p> <p>In case the aggregate of the amounts allocated to tranches A and B in the closing of the subscription period, is lower than MAD 20,000,000, the subscriptions relating to those tranches will be cancelled.</p>
<b>Procedure of first listing</b>	<p>The listing of tranche A will be made by direct listing in accordance with Sections 1.2.6 and 1.2.22 of the General Regulation of the Stock Exchange.</p>
<b>Amortization/ Regular repayment</b>	<p>The subordinated loan bond, stated on the present prospectus, will be subject of a repayment <i>in fine</i> of the principal amount.</p> <p>In the event of a merger, demerger or partial contribution of assets from of Attijariwafa bank taking place during the term of the loan and resulting in the universal transfer of the assets in favor of a distinct legal entity, the rights and obligations in connection with the subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.</p> <p>The repayment of capital is, in case of liquidation of Attijariwafa bank, subordinated to all other debts.</p>
<b>Early repayment</b>	<p>Attijariwafa bank undertakes not to go through an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of 5 years, advance repayment can be possible by the issuer and only following the approval of Bank Al-Maghrib.</p> <p>However, the bank keeps the right to carry out, with the prior consent of Bank Al Maghrib, the buyback of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortization schedule. The subordinated bonds thus redeemed can be cancelled only after the consent of Bank Al Maghrib.</p> <p>In case of cancellation, the issuer has to inform the stock exchange of the cancelled bonds.</p>
<b>Entity in charge of the registration of the operation in the Casablanca Stock Exchange</b>	<p>Attijari Intermédiation</p>
<b>Tradability of securities</b>	<p>The subordinated bonds, subject of tranche A, are freely tradable at Casablanca Stock Exchange.</p> <p>There is no restriction imposed by the conditions of the issue to the free tradability of the subordinated bonds.</p>

<b>Assimilation clauses</b>	<p>There is no assimilation of the subordinated bonds, subject of the present prospectus, to the subordinated bonds from a previous issue of securities.</p> <p>In case Attijariwafa bank would subsequently issue new securities enjoying, in all regards, the rights that are identical to those of the present issue, it may, without requiring the bearers' consent, carry out the assimilation of all the securities of the successive issues, thus unifying all their management and trading operations.</p>
<b>Loan rank</b>	<p>The capital and the interest will be the subject of a subordination clause.</p> <p>The application of this clause will not adversely affect and by any means whatsoever, the legal rules concerning the accounting principles of loss allocation, the obligations of the shareholders and the obtained rights of the subscribers, in accordance with the conditions set out in the contract, the payment of its securities in capital and interest.</p> <p>In case of liquidation of Attijariwafa bank, the capital and interests of the subordinated securities of the present issue will be paid back only after the compensation of all the secured or unsecured creditors. The repayment of the subordinated securities will take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Attijariwafa bank both in Morocco and abroad, proportionally to their amount, if applicable.</p>
<b>Maintenance of the loan's rank</b>	<p>Attijariwafa bank is committed, until the effective repayment of all the securities of this loan, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated securities of the present loan.</p>
<b>Repayment guarantee</b>	<p>The present issue has not been subject to a special guarantee.</p>
<b>Rating</b>	<p>The present issue has not been subject to any rating request.</p>
<b>Representation of the bondholders' body</b>	<p>By virtue of the powers conferred by the Board of Directors held on May 25<sup>th</sup>, 2017, and pending the occurrence of the General Meeting of bondholders, the Chairman of the Executive Board of Attijariwafa bank has designated HDID Consultants represented by Mr. Mohamed Hdid as a temporary representative. This decision will take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for the tranches A, B, C and D (subordinated bonds with a fixed maturity), who are grouped together in one and same body.</p> <p>In addition, the Board of Directors takes the engagement of calling a General Meeting of bondholders to appoint a permanent representative of the bondholders within a period of 1 year, starting from the opening of the subscription.</p>
<b>Applicable law</b>	<p>Moroccan law.</p>
<b>Competent jurisdiction</b>	<p>Trade Court of Casablanca.</p>

## Characteristics of tranche B (Annually revisable rate, 7 maturity and listed on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	<b>MAD 1,500,000,000</b>
<b>Maximum number of securities to be issued</b>	<b>15,000 subordinated bonds</b>
<b>Nominal value</b>	<b>MAD 100,000</b>
<b>Issue price</b>	<b>100%, i.e. MAD 100,000</b>
<b>Loan maturity</b>	7 years
<b>Subscription period</b>	From June 19 <sup>th</sup> to 21 <sup>st</sup> , 2017 included
<b>Possession date</b>	June 29 <sup>th</sup> , 2017
<b>Maturity date</b>	June 29 <sup>th</sup> , 2024
<b>Allocation method</b>	French Auction with a priority for tranche A and C (Fixed rate)
<b>Nominal interest rate</b>	<p><b>Revisable on an annual basis.</b></p> <p>For the first year, the reference rate for the nominal interest rate is the 52-week Treasury Bills rate (monetary rate) as computed on the secondary market yield curve as published by Bank Al-Maghrib on June 1<sup>st</sup>, 2017, i.e. 2,26%. A risk premium ranging from 55 to 65 basis points will be added to this rate, thus resulting in a rate between 2,81% and 2,91%.</p> <p>The selected interest rate will be published in an Official Gazette by Attijariwafa bank, no later than June 30, 2017.</p> <p>For the following years, the reference rate is the full 52-week rate (monetary rate) as computed by linear interpolation on the secondary market yield curve, as published by Bank Al-Maghrib at least 5 business days before the anniversary date of the coupon payment.</p> <p>A risk premium ranging from 55 to 65 basis points (fixed at the end of the subscription period) will then be added to this rate. The final rate will then be communicated to bondholders and to the Stock Exchange at least 5 trading days before the anniversary date.</p>

<b>Reference rate calculation</b>	<p>The rate is determined through linear interpolation using the two points covering the full maturity of 52 weeks (on a monetary basis).</p> <p>This linear interpolation will be done after the conversion of the next higher level of the 52-week maturity (actuarially) to the equivalent monetary rate.</p> <p>The formula is:</p> $(((\text{Actuarial rate} + 1) ^ {k / \text{exact number of days} *}) - 1) \times 360 / k;$ <p>k is the maturity of the actuarial rate immediately greater than 52 weeks</p> <p>* Exact number of days: 365 or 366 days.</p>
<b>Risk premium</b>	<b>Between 55 and 65 basis points</b>
<b>Interest rate determination date</b>	<p>The coupon will be revised on an annual basis on the anniversary dates of the vesting dates, i.e. June 29<sup>th</sup> of each year.</p> <p>The new rate will be communicated by the issuer to the Casablanca Stock Exchange at least 5 trading days before the anniversary date.</p> <p>The revised rate will be published in the Official Bulletin of Casablanca Stock Exchange.</p>
<b>Interests</b>	<p>Interests will be annually served at the anniversary dates of the date of possession of the loan, i.e. June 29<sup>th</sup> of each year. Payment of interests will take place on the same day or the first business day following June 29<sup>th</sup> if it is not a business day. Interests on subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal. No deferral of interests will be possible as part of this operation.</p> <p>Interests will be calculated using the following formula:</p> $[\text{Nominal} \times \text{Nominal rate} \times \text{Exact number of days} / 360].$
<b>Listing of securities</b>	<p>The subordinated bonds, subject of tranche B, will be listed on the Casablanca Stock Exchange and will be subject to a request for listing in the bond compartment of Casablanca Stock Exchange. Their listing date is planned on June 23<sup>rd</sup>, 2017 on the bond compartment under Ticker OATWP.</p> <p>In order to be listed on the Casablanca Stock Exchange, the aggregate amounts allocated to tranches A and B must be higher or equal to an amount of MAD 20,000,000.</p> <p>In case the aggregate of the amounts allocated to tranches A and B in the closing of the subscription period, is lower than MAD 20,000,000, the subscriptions relating to those tranches will be cancelled.</p>
<b>Procedure of first listing</b>	<p>The listing of tranche B will be made by direct listing in accordance with Sections 1.2.6 and 1.2.22 of the General Rules of the Stock Exchange.</p>



<b>Amortization/ Regular repayment</b>	<p>The subordinated loan bond subject of the present prospectus will be the subject of a repayment <i>in fine</i> of the principal amount.</p> <p>In the event of merger, demerger or partial contribution of assets from Attijariwafa bank taking place during the term of the loan and resulting in the full transfer of the assets in favor of a distinct legal entity, the rights and obligations in connection with the subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.</p> <p>In case of liquidation of Attijariwafa bank, The repayment of capital is subordinated to all other debts.</p>
<b>Early repayment</b>	<p>Attijariwafa bank undertakes not to go through an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of 5 years, advance repayment can be possible by the issuer and only following the approval of Bank Al-Maghrib.</p> <p>However, the bank keeps the right to carry out, with the prior consent of Bank Al Maghrib, the buyback of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortization schedule. The subordinated bonds thus redeemed can be cancelled only after the consent of Bank Al Maghrib.</p> <p>In case of cancellation, the issuer must inform the stock exchange of the cancelled bonds.</p>
<b>Entity in charge of the registration of the operation in the Casablanca Stock Exchange</b>	Attijari Intermédiation
<b>Tradability of securities</b>	<p>The subordinated bonds, subject of tranche B, are freely tradable at Casablanca Stock Exchange.</p> <p>There is no restriction imposed by the conditions of the issue to the free tradability of the subordinated bonds.</p>
<b>Assimilation clauses</b>	<p>There is no assimilation of the subordinated bonds, subject of the present prospectus, to the subordinated bonds from a previous issue of securities.</p> <p>In case Attijariwafa bank would subsequently issue new securities enjoying, in all regards, the rights that are identical to those of the present issue, it may, without requiring the bearers' consent, carry out the assimilation of all the securities of the successive issues, thus unifying all their management and trading operations.</p>

<b>Loan rank</b>	<p>The capital and the interest will be the subject of a subordination clause.</p> <p>The application of this clause will not adversely affect and by any means whatsoever, the legal rules concerning the accounting principles of loss allocation, the obligations of the shareholders and the obtained rights of the subscribers, in accordance with the conditions set out in the contract, the payment of its securities in capital and interest.</p> <p>In case of liquidation of Attijariwafa bank, the capital and interests of the subordinated securities of the present issue will be paid back only after the compensation of all secured or unsecured creditors. The repayment of the subordinated securities will take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Attijariwafa bank both in Morocco and abroad, proportionally to their amount if applicable.</p>
<b>Maintenance of the loan's rank</b>	<p>Attijariwafa bank is committed, until the effective repayment of all the securities of this loan, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated securities of this loan.</p>
<b>Repayment guarantee</b>	<p>The present issue has not been subject to a special guarantee.</p>
<b>Rating</b>	<p>The present issue has not been subject to any rating request.</p>
<b>Representation of the bondholders' body</b>	<p>By virtue of the powers conferred by the Board of Directors held on May 25<sup>th</sup>, 2017, and pending the occurrence of the General Meeting of bondholders, the Chairman of the Executive Board of Attijariwafa bank has designated HDID Consultants represented by Mr. Mohamed Hdid as a temporary representative. This decision will take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for the tranches A, B, C and D (subordinated bonds with a fixed maturity), who are grouped together in one and same body.</p> <p>In addition, the Board of Directors takes the engagement of calling a General Meeting of bondholders to appoint a permanent representative of the bondholders within a period of 1 year, starting from the opening of the subscription.</p>
<b>Applicable law</b>	<p>Moroccan law.</p>
<b>Competent jurisdiction</b>	<p>Trade Court of Casablanca.</p>
<b>Characteristics of tranche C (Fixed rate, 7-year maturity and not listed on the Casablanca Stock Exchange)</b>	
<b>Nature of securities</b>	<p>Subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.</p>
<b>Legal form</b>	<p>Bearer bond</p>
<b>Tranche ceiling</b>	<p><b>MAD 1,500,000,000</b></p>

<b>Maximum number of securities to be issued</b>	<b>15,000 subordinated bonds</b>
<b>Nominal value</b>	<b>MAD 100,000</b>
<b>Issue price</b>	<b>100%, i.e. MAD 100,000</b>
<b>Loan maturity</b>	7 years
<b>Subscription period</b>	From June 19 <sup>th</sup> to 21 <sup>st</sup> , 2017 included
<b>Possession date</b>	June 29 <sup>th</sup> , 2017
<b>Maturity date</b>	June 29 <sup>th</sup> , 2024
<b>Allocation method</b>	French Auction with a priority for tranche A and C (Fixed rate)
<b>Nominal interest rate</b>	<p><b>Fixed rate</b></p> <p>The nominal interest rate is determined in reference to the 7 year Treasury Bonds rate computed on the secondary market yield curve as published by Bank Al-Maghrib on June 1<sup>st</sup>, 2017, i.e. 3,03%. A risk premium ranging from 60 to 70 bps will be added, i.e. between 3,63% and 3,73%.</p> <p>The rate is determined through linear interpolation using the two points framing the full 7 year maturity (actuarial basis).</p> <p>The selected interest rate will be published in an Official Gazette by Attijariwafa bank, no later than June 30, 2017.</p>
<b>Risk Premium</b>	<b>Between 60 and 70 basis points</b>
<b>Interests</b>	<p>The interests will be served annually at the anniversary dates of the possession date of the loan, i.e. June 29<sup>th</sup> of each year. Their payment will take place on the same day or the first business day following June 29<sup>th</sup>, if this day is not a business day. Interest on subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal. No postponement of the interest will be possible under this operation.</p> <p>Interests will be calculated as per the following formula:</p> <p>[Nominal x nominal rate].</p>
<b>Amortization/ Regular repayment</b>	<p>The subordinated loan bond, stated on the present prospectus, will be subject of a repayment <i>in fine</i> of the principal amount.</p> <p>In the event of a merger, demerger or partial contribution of assets from of Attijariwafa bank taking place during the term of the loan and resulting in the universal transfer of the assets in favor of a distinct legal entity, the rights and obligations in connection with the subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.</p> <p>The repayment of capital is, in case of liquidation of Attijariwafa bank, subordinated to all other debts.</p>

<b>Early repayment</b>	<p>Attijariwafa bank undertakes not to go through an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of five years, advance repayment can be possible by the issuer and only following the approval of Bank Al-Maghrib.</p> <p>However, the bank keeps the right to carry out, with the prior consent of Bank Al Maghrib, the buyback of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortization schedule. The subordinated bonds thus redeemed can be cancelled only after the consent of Bank Al Maghrib.</p> <p>In case of cancellation, the issuer has to inform the stock exchange of the cancelled bonds.</p>
<b>Tradability of securities</b>	<p>Over-the-counter.</p> <p>There is no restriction imposed by the conditions of the issue to the free tradability of the subordinated bonds.</p>
<b>Assimilation clauses</b>	<p>There is no assimilation of the subordinated bonds, subject of the present prospectus, to the subordinated bonds from a previous issue of securities.</p> <p>In the case Attijariwafa bank would subsequently issue new securities enjoying, in all regards, rights that are identical to those of the present issue, it may, without requiring the bearers' consent, carry out the assimilation of all the securities of the successive issues, thus unifying all their management and trading operations.</p>
<b>Loan rank</b>	<p>The capital and the interest will be the subject of a subordination clause.</p> <p>The application of this clause will not adversely affect and by any means whatsoever, the legal rules concerning the accounting principles of loss allocation, the obligations of the shareholders and the obtained rights of the subscribers, in accordance with the conditions set out in the contract, the payment of its securities in capital and interest.</p> <p>In case of liquidation of Attijariwafa bank, the capital and interests of the subordinated securities of the present issue will be paid back only after the compensation of all secured or unsecured creditors. The repayment of the subordinated securities will take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Attijariwafa bank both in Morocco and abroad, proportionally to their amount if applicable.</p>
<b>Maintenance of the loan's rank</b>	<p>Attijariwafa bank is committed, until the effective repayment of all the securities of this loan, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated securities of this loan.</p>
<b>Payment guarantee</b>	<p>The present issue has not been subject to a special guarantee.</p>
<b>Rating</b>	<p>The present issue has not been subject to any rating request.</p>

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**Representation of bondholders' body**

By virtue of the powers conferred by the Board of Directors held on May 25<sup>th</sup>, 2017, and pending the occurrence of the General Meeting of bondholders, the Chairman of the Executive Board of Attijariwafa bank has designated HDID Consultants represented by Mr. Mohamed Hdid as a temporary representative. This decision will take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for the tranches A, B, C and D (subordinated bonds with a fixed maturity), who are grouped together in one and same body.

In addition, the Board of Directors takes the engagement of calling a General Meeting of bondholders to appoint a permanent representative of the bondholders within a period of 1 year, starting from the opening of the subscription.

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**Applicable law**

Moroccan law.

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**Competent jurisdiction**

Trade Court of Casablanca.

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## Characteristics of tranche D (Annually revisable rate, 7-year maturity and not listed on the Casablanca Stock Exchange)

<b>Nature of securities</b>	Subordinated bonds listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.
<b>Legal form</b>	Bearer bond
<b>Tranche ceiling</b>	<b>MAD 1,500,000,000</b>
<b>Maximum number of securities to be issued</b>	<b>15,000 subordinated bonds</b>
<b>Nominal value</b>	<b>MAD 100,000</b>
<b>Issue price</b>	<b>100%, i.e. MAD 100,000</b>
<b>Loan maturity</b>	7 years
<b>Subscription period</b>	From June 19 <sup>th</sup> to 21 <sup>st</sup> , 2017 included
<b>Possession date</b>	June 29 <sup>th</sup> , 2017
<b>Maturity date</b>	June 29 <sup>th</sup> , 2024
<b>Allocation method</b>	French Auction with a priority for tranche A and C (Fixed rate)
<b>Nominal interest rate</b>	<p><b>Revisable on an annual basis.</b></p> <p>For the first year, the reference rate for the nominal interest rate is the 52-week Treasury Bills rate (monetary rate) as computed on the secondary market yield curve as published by Bank Al-Maghrib on June 1<sup>st</sup>, 2017, i.e. 2,26%. A risk premium ranging from 55 to 65 basis points will be added to this rate, thus resulting in a rate between 2,81% and 2,91%.</p> <p>The selected interest rate will be published in an Official Gazette by Attijariwafa bank, no later than June 30, 2017.</p> <p>For the following years, the reference rate is the full 52-week rate (monetary rate) as computed by linear interpolation on the secondary market yield curve, as published by Bank Al-Maghrib at least 5 business days before the anniversary date of the coupon payment.</p> <p>A risk premium ranging from 55 to 65 basis points (fixed at the end of the subscription period) will then be added to this rate. The final rate will then be communicated to bondholders at least 5 business days before the anniversary date.</p>
<b>Reference rate calculation</b>	<p>The rate is determined through linear interpolation using the two points covering the full maturity of 52 weeks (on a monetary basis).</p> <p>This linear interpolation will be done after the conversion of the next higher level of the 52-week maturity (actuarially) to the equivalent monetary rate.</p> <p>The formula is:</p> $(((\text{Actuarial rate} + 1) ^ {k / \text{exact number of days} *}) - 1) \times 360 / k;$ <p>k is the maturity of the actuarial rate immediately greater than 52 weeks</p> <p>* Exact number of days: 365 or 366 days.</p>

<b>Risk premium</b>	<b>Between 55 and 65 basis points</b>
<b>Interest rate determination date</b>	<p>The coupon will be revised on an annual basis on the anniversary dates of the vesting dates, i.e. June 29<sup>th</sup> of each year.</p> <p>The new rate will be communicated by the issuer to the bondholders in a legal gazette 5 business days before the anniversary date.</p>
<b>Interests</b>	<p>Interests will be annually served at the anniversary dates of the date of possession of the loan, i.e. June 29<sup>th</sup> of each year. Payment of interests will take place on the same day or the first business day following June 29<sup>th</sup> if it is not a business day. Interests on subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal. No deferral of interests will be possible as part of this operation.</p> <p>Interests will be calculated using the following formula:                  [Nominal x Nominal rate x Exact number of days/ 360].</p>
<b>Amortization/ Regular repayment</b>	<p>The subordinated loan bond subject of the present prospectus will be the subject of a repayment <i>in fine</i> of the principal amount.</p> <p>In the event of merger, demerger or partial contribution of assets from Attijariwafa bank taking place during the term of the loan and resulting in the full transfer of the assets in favor of a distinct legal entity, the rights and obligations in connection with the subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.</p> <p>In case of liquidation of Attijariwafa bank, The repayment of capital is subordinated to all other debts.</p>
<b>Early repayment</b>	<p>Attijariwafa bank undertakes not to go through an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of 5 years, advance repayment can be possible by the issuer and only following the approval of Bank Al-Maghrib.</p> <p>However, the bank keeps the right to carry out, with the prior consent of Bank Al Maghrib, the buyback of subordinated bonds in the secondary market, provided the conditions established by the legal and regulatory provisions. This repurchase is any inconsequential to the subscriber who wishes to keep its securities until due date and without any incident on the regular amortization schedule. The subordinated bonds thus redeemed can be cancelled only after the consent of Bank Al Maghrib.</p> <p>In case of cancellation, the issuer must inform the stock exchange of the cancelled bonds.</p>
<b>Tradability of securities</b>	<p>Over-the-counter.</p> <p>There is no restriction imposed by the conditions of the issue to the free tradability of the subordinated bonds.</p>

<b>Assimilation clauses</b>	<p>There is no assimilation of the subordinated bonds, subject of the present prospectus, to the subordinated bonds from a previous issue of securities.</p> <p>In case Attijariwafa bank would subsequently issue new securities enjoying, in all regards, the rights that are identical to those of the present issue, it may, without requiring the bearers' consent, carry out the assimilation of all the securities of the successive issues, thus unifying all their management and trading operations.</p>
<b>Loan rank</b>	<p>The capital and the interest will be the subject of a subordination clause.</p> <p>The application of this clause will not adversely affect and by any means whatsoever, the legal rules concerning the accounting principles of loss allocation, the obligations of the shareholders and the obtained rights of the subscribers, in accordance with the conditions set out in the contract, the payment of its securities in capital and interest.</p> <p>In case of liquidation of Attijariwafa bank, the capital and interests of the subordinated securities of the present issue will be paid back only after the compensation of all secured or unsecured creditors. The repayment of the subordinated securities will take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Attijariwafa bank both in Morocco and abroad, proportionally to their amount if applicable.</p>
<b>Maintenance of the loan's rank</b>	<p>Attijariwafa bank is committed, until the effective repayment of all the securities of this loan, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated securities of this loan.</p>
<b>Repayment guarantee</b>	<p>The present issue has not been subject to a special guarantee.</p>
<b>Rating</b>	<p>The present issue has not been subject to any rating request.</p>
<b>Representation of the bondholders' body</b>	<p>By virtue of the powers conferred by the Board of Directors held on May 25<sup>th</sup>, 2017, and pending the occurrence of the General Meeting of bondholders, the Chairman of the Executive Board of Attijariwafa bank has designated HDID Consultants represented by Mr. Mohamed Hdid as a temporary representative. This decision will take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for the tranches A, B, C and D (subordinated bonds with a fixed maturity), who are grouped together in one and same body.</p> <p>In addition, the Board of Directors takes the engagement of calling a General Meeting of bondholders to appoint a permanent representative of the bondholders within a period of 1 year, starting from the opening of the subscription.</p>
<b>Applicable law</b>	<p>Moroccan law.</p>
<b>Competent jurisdiction</b>	<p>Trade Court of Casablanca.</p>



## I. LISTING OF TRANCHE A AND B BONDS

Orders	Stages	Deadline
1	Receipt of the complete file by the Casablanca Stock Exchange	08/06/2017
2	Approval of the issue by the Casablanca Stock Exchange	09/06/2017
3	Receipt by the the Casablanca Stock Exchange of the prospectus approved by AMMC	09/06/2017
4	Publication of a notice of the introduction of the bonds issued under the tranches listed in the official bulletin of the Casablanca Stock Exchange	12/06/2017
5	Publication of an abstract of the prospectus in an Official Gazette	12/06/2017
6	Opening of the subscription period	19/06/2017
7	Closing of the subscription period	21/06/2017
8	Receipt of the operation results by the Casablanca Stock Exchange before 10:00 am	22/06/2017
9	Listing of bonds Publication of the operation results in the official bulletin of the Casablanca Stock Exchange Registration of the transaction in the Stock Exchange	23/06/2017
10	Payment / Delivery (Advanced to 29/06/2017 if the 27/06/2017 is a business day)	30/06/2017
11	Publication by the issuer of the operation results in an Official Gazette	30/06/2017

## **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>
<b>Legal form</b>	Limited Company with Board of Directors
<b>Incorporation date</b>	1911
<b>Company lifetime</b>	May 31 <sup>st</sup> , 2060 (99 years)
<b>Trade Register</b>	Casablanca Trade Register No.333
<b>Financial Year</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Company objective (article 5 of statutes)</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> </ul>

	<ul style="list-style-type: none"> <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> </ul> <p>And generally all operations that fall under its corporate purpose.”</p>
<b>Share capital as of 30<sup>th</sup> of april 2017</b>	MAD 2,035,272,260 fully paid up, consisting of 203,527,226 shares with a face value of 10 MAD.
<b>Legal documents</b>	The legal documents of the company, including the articles of associations, companies' articles and General Meetings and auditors' reports may be consulted at Attijariwafa bank's Headquarters.
<b>List of the laws applicable on 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 No. 20-05-78-12;</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 No. 1-93-211 of September 21<sup>st</sup>, 1993 on the Stock Exchange as amended and supplemented by laws 34-96, 29-00, 52-01, 45-06 and 43-09 ;</li> <li>▪ General Rules of the Stock Exchange approved by the Ordinance of the Minister of Economy and Finance No. 1268-08 of July 7<sup>th</sup>, 2008, modified and supplemented by the Ordinance of the Minister of Economy and Finance No. 1156 -10 of April 7<sup>th</sup>, 2010, as amended and supplemented by Ordinance of the Minister of Economy and Finance No. 30-14 of 4<sup>th</sup> Rabii I, 1435 (January 6<sup>th</sup>, 2014)</li> <li>▪ Dahir No. 1-93-212 of September 21<sup>st</sup>, 1993 relating to the information required of legal entities making public offerings as amended and supplemented by Laws No. 23-01, 36-05 and 44-06;</li> <li>▪ General Rules of AMMC as approved by the Decree of the Minister of Economy and Finance No. 822-08 of April 14<sup>th</sup>, 2008;</li> <li>▪ AMMC circular;</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 by Law No. 43-02;</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 by the Law 46-06;</li> <li>▪ Bank Al Maghrib circular No. 2/G/96 of January 30<sup>th</sup>, 1996 related to the deposit certificates and its amendment.</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>	Trade Court of Casablanca

## II. INFORMATION ON THE ISSUER'S SHARE CAPITAL<sup>2</sup>

As of April 30<sup>th</sup>, 2017, the capital of Attijariwafa bank amounted to MAD 2,035,272,260, divided into 203,527,226 shares with a nominal value of MAD 10 each. The capital allocation is presented as follows:

Shareholders	Address	Number of held securities	% of capital	% of voting rights
<b>1- National shareholders</b>		<b>156 982 740</b>	<b>77.13%</b>	<b>77.13%</b>
<b>1-1- SNI Group</b>				
SNI	Angle rue d'Alger et Duhaume - Casablanca	<b>97 433 137</b>	<b>47.87%</b>	<b>47.87%</b>
<b>1-2- Insurance companies</b>		<b>33 289 107</b>	<b>16.36%</b>	<b>16.36%</b>
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	13 456 468	6.61%	6.61%
Axa Assurances Maroc	120 avenue hassan II - Casablanca	1 551 495	0.76%	0.76%
<b>1-3- Other institutions</b>		<b>26 260 496</b>	<b>12.90%</b>	<b>12.90%</b>
Caisse de Dépôt et de Gestion (CDG)	140 Place My El Hassan - Rabat	3 576 531	1.76%	1.76%
Caisse Marocaine de Retraite	2 avenue des Alaouites - 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%
<b>2- Foreign shareholders</b>		<b>10 715 614</b>	<b>5.26%</b>	<b>5.26%</b>
Santusa Holding	Paseo de la Castellana n°24 - Madrid (Spain)	10 715 614	5.26%	5.26%
<b>3- Float</b>		<b>35 828 872</b>	<b>17.60%</b>	<b>17.60%</b>
UCITS and others	NA*	33 694 776	16.56%	15.65%
Bank staff	NA*	2 134 096	1.05%	1.05%
<b>Total</b>		<b>203 527 226</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Attijariwafa bank - \* Not applicable

<sup>2</sup> SNI became the reference shareholder of Attijariwafa bank with up to 47.87%, following essentially the absorption of ONA by SNI on June 31<sup>st</sup>, 2010.

### III. ATTIJARIWAFABANK BOARD OF DIRECTORS

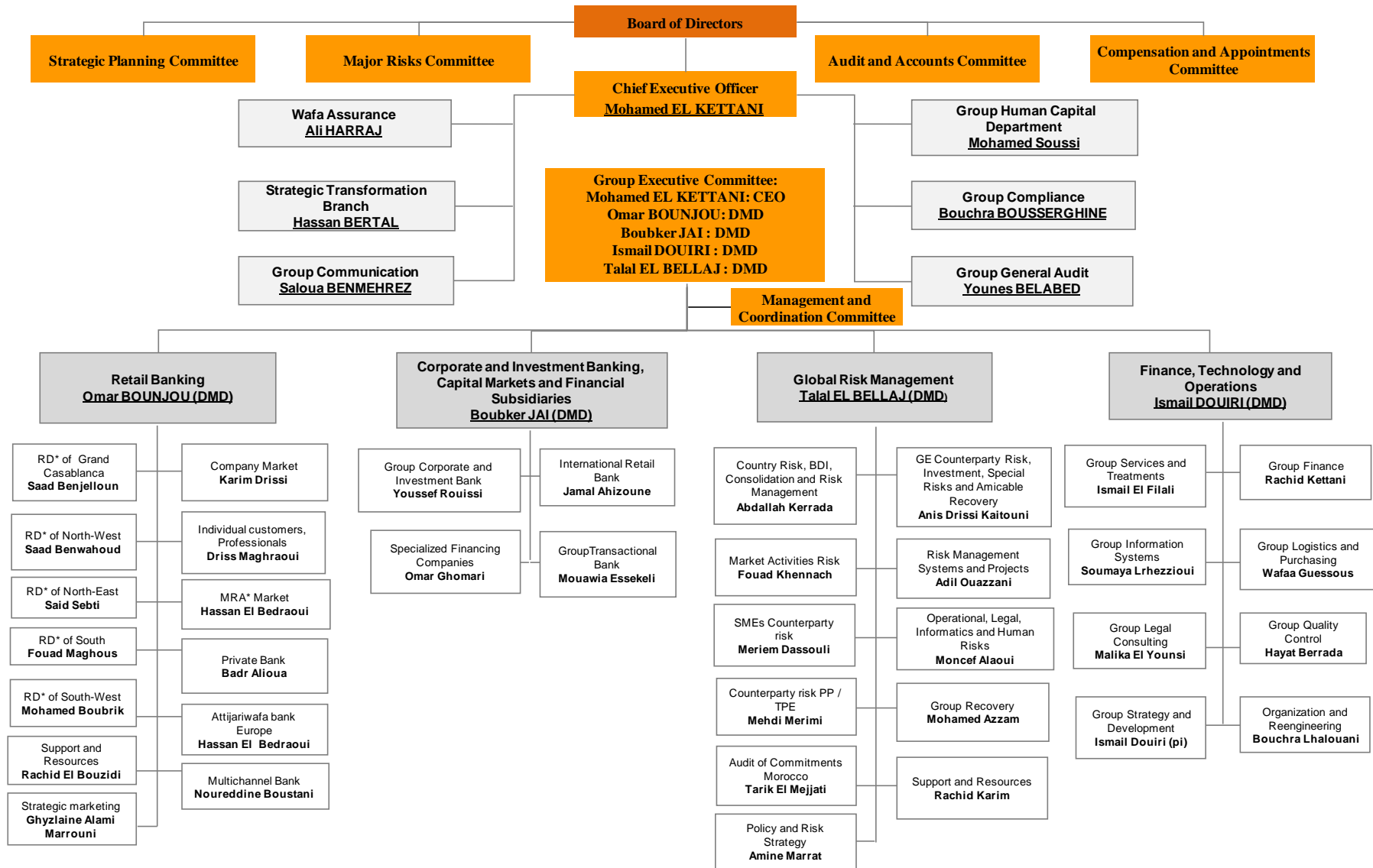
As of May 25<sup>th</sup>, 2017, Attijariwafa bank is managed by a Board of Directors of 10 members, chaired by Mr. Mohamed El Kettani.

Director	Appointment Date*	Expiry of office term
<b>Mr. Mohamed El Kettani</b> Chairman of the Board of Directors	2014	OGM called to approve the 2019 financial year
<b>Mr. Antonio Escamez Torres</b> Deputy Chairman, Managing Director Advisor	2012	OGM called to approve the 2017 financial year
<b>SIGER</b> Represented by Mr. Mounir El Majidi Chairman and Chief Executive Officer	2015	OGM called to approve the 2020 financial year
<b>SNI</b> Represented by Mr. Hassan Ouriagli Chairman and Chief Executive Officer	2011	OGM called to approve the 2022 financial year
<b>Mr. José Reig</b> Director, Deputy Managing Director of Santusa Holding	2012	OGM called to approve the 2017 financial year
<b>Mr. Abed Yacoubi Soussane</b> Director, President of MAMDA-MCMA	2011	OGM called to approve the 2022 financial year
<b>Mr. Aldo Olcese Santonja</b> Independent director	2014	OGM called to approve the 2019 financial year
<b>Santander</b> Represented by Mr. Jose Manuel Varela Deputy Managing Director	2014	OGM called to approve the 2019 financial year
<b>Mr. Abdelmjid Tazlaoui</b> Director	2015	OGM called to approve the 2022 financial year
<b>Mr. Aymane Taud</b> Director	2016	OGM called to approve the 2021 financial year
<b>Mrs. Wafaa Guessous</b> Board Secretary	2000	-

Source: Attijariwafa bank - \* Appointment or renewal of mandate

### IV. ATTIJARIWAFABANK ADMINISTRATIVE CHART

The administrative chart of Attijariwafa bank Group, as of April 30<sup>th</sup>, 2017, is as follows:



Source: Attijariwafa bank

## V. ACTIVITY OF ATTIJARIWAFABANK

### V.1. Evolution of credits

The outstanding customer loans by type of loans have evolved as follows:

	2014	2015	2016	Var. 15/14	Var. 16/15
<b>Loans owed to credit and similar institutions (C1)</b>	<b>33 640</b>	<b>35 049</b>	<b>40 716</b>	<b>4.2%</b>	<b>16.2%</b>
Current	8 023	11 025	10 211	37.4%	-7.4%
Long term	25 618	24 025	30 505	-6.2%	27.0%
<b>Customer loans (C2)</b>	<b>171 287</b>	<b>164 250</b>	<b>174 927</b>	<b>-4.1%</b>	<b>6.5%</b>
Cash and consumer loans	52 092	49 066	49 639	-5.8%	1.2%
Equipment loans	57 607	54 607	56 336	-5.2%	3.2%
Mortgage loans	54 542	54 570	56 253	0.1%	3.1%
Other loans	1 617	1 652	7 971	2.1%	>100.0%
Factoring loans	1 059	-	-	Ns	Ns
Net non-performing loans	3 025	3 051	3 323	0.9%	8.9%
Accrued interests receivable	1 346	1 304	1 407	-3.1%	7.8%
<b>Total loans (C1) + (C2)</b>	<b>204 927</b>	<b>199 300</b>	<b>215 642</b>	<b>-2.7%</b>	<b>8.2%</b>

MAD million - Source: Attijariwafa bank – Aggregate accounts

In 2016, Attijariwafa bank's outstanding loans totaled MAD 215.6 billion, increasing by 8.2% (+16.3 billion MAD) compared to the end of 2015. This increase is mainly the result of an improvement of the outstanding customer debt by 6.5% (+10.7 Billion MAD) at around MAD 174.9 billion at the end of 2016, which offsets an increase in loans from credit institutions and similar companies by 16.2% (40.7 billion MAD). This was due to an increase of 27.0% (+6.5 billion MAD) in outstanding receivables, which was offset by a 7.4% decline in outstanding demand receivables (-814 Mdh) over the same period.

During the 2015 financial year, Attijariwafa bank's outstanding loans decreased by 2.7% compared to 2014, reaching almost MAD 199.3 billion. This decrease is mainly explained by the decline of outstanding customers loans by 4.1% (- MAD 7.0 billion) at around MAD 164.3 billion at the end of 2015. It was mitigated by a 4.2% increase in loans owed to credit institutions and similar institutions, following a 37.4% progress (+MAD 3.0 billion) in the outstanding current loans, which was mitigated by a regress of the outstanding long term debts by 6.2% (-MAD 1.6 billion) in 2015.

## V.2. Evolution of deposits

The outstanding customer deposits by type of product has evolved over the considered period as follows:

	2014	2015	2016	Var. 15/14	Var. 16/15
<b>Debts owed to credit institutions (D1)</b>	<b>41 530</b>	<b>29 870</b>	<b>21 792</b>	<b>-28,1%</b>	<b>-27,0%</b>
Current	6 456	12 281	6 749	90,2%	-45,0%
Long term	35 075	17 589	15 044	-49,9%	-14,5%
<b>Customer debts (D2)</b>	<b>190 720</b>	<b>200 959</b>	<b>208 834</b>	<b>5,4%</b>	<b>3,9%</b>
Creditors' current accounts	116 123	122 338	129 556	5,4%	5,9%
Saving accounts	25 049	25 875	26 911	3,3%	4,0%
Time deposits	40 515	43 521	38 366	7,4%	-11,8%
Other creditors' accounts	8 221	8 303	13 248	1,0%	59,6%
Accrued interests payable	812	922	753	13,7%	-18,4%
<b>Total debts (D1+D2)</b>	<b>232 250</b>	<b>230 829</b>	<b>230 626</b>	<b>-0,6%</b>	<b>-0,1%</b>

MAD million- Source: Attijariwafa bank – Aggregate accounts

At the end of 2016, customer deposits nearly reached MAD 208.8 billion, a 3.9% increase (+7.9 billion MAD) compared to the end of 2015. The outstanding amount of debts owed to credit institutions declined by 27.0% (-8.1 billion MAD), reaching MAD 21.8 billion at the end of 2016. This decline is due to the decline in demand deposits of 45.0% (-5.5 billion Dh) and to the 14.5% decline in term deposits (-2.5 billion Dh).

In 2015, customer deposits reached around MAD 201 billion, a 5.4% increase (+MAD 10.2 billion) compared to the end of 2014, mainly as a result of: the 5.4% increase (+MAD 6.2 billion) in the creditors' current accounts, to around MAD 122 billion at the end of 2015, the 3.3% progression (+MAD 826.0 billion) in saving accounts, to reach more than MAD 26 billion at 31 June 2015, and the 7.4% increase in time deposits (+MAD 3.0 billion), to reach more than MAD 44 billion at the end of 2015. Besides, the outstanding debts owed to credit institutions declined by 28.1% (MAD -11.7 billion), reaching around MAD 30 billion at the end of 2015. This increase is mainly explained by a 49.9% decrease (- MAD 17.6 billion) in time deposits.



## VI. FINANCIAL STATEMENTS OF ATTIJARIWABA BANK AGGREGATE ACCOUNTS

### VI.1. Balance Sheet 2014-2016

ASSETS	2014	2015	2016
<b>Cash values, Central banks, Public Treasury, services of postal checks</b>	<b>4 005 381</b>	<b>5 576 214</b>	<b>7 303 483</b>
<b>Loans due on credit and similar institutions</b>	<b>33 640 290</b>	<b>35 049 487</b>	<b>40 715 628</b>
Current	8 022 540	11 024 654	10 210 911
On the long term	25 617 750	24 024 833	30 504 718
<b>Customer debts</b>	<b>170 228 295</b>	<b>164 250 424</b>	<b>174 926 696</b>
Cash and consumer loans	52 671 726	49 066 222	50 168 125
Equipment loans	58 369 891	54 606 691	57 207 000
Mortgage loans	54 542 287	54 570 189	56 254 850
Other loans	4 644 391	1 652 113	11 296 721
<b>Factoring loans</b>	<b>1 058 799</b>	<b>1</b>	<b>1</b>
<b>Transaction and investment securities</b>	<b>49 367 508</b>	<b>53 428 916</b>	<b>46 121 087</b>
Treasury bills and similar securities	32 842 678	37 038 022	25 251 542
Other loan securities	1 384 140	1 294 142	2 204 321
Equities	15 140 690	15 096 752	18 665 224
<b>Other assets</b>	<b>2 425 647</b>	<b>3 785 551</b>	<b>5 453 551</b>
<b>Investment securities</b>	<b>9 195 147</b>	<b>6 089 132</b>	<b>5 969 166</b>
Treasury bills and similar securities	9 195 147	6 089 132	5 969 166
Other loan securities	0	0	0
<b>Equity securities and similar uses</b>	<b>12 529 449</b>	<b>13 761 859</b>	<b>13 644 919</b>
<b>Subordinated debts</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Assets under lease and tenancy</b>	<b>1 618 377</b>	<b>1 262 341</b>	<b>238 965</b>
<b>Intangible assets</b>	<b>1 895 942</b>	<b>1 897 711</b>	<b>1 812 149</b>
<b>Tangible assets</b>	<b>2 853 555</b>	<b>3 019 011</b>	<b>3 340 980</b>
<b>TOTAL ASSETS</b>	<b>288 818 390</b>	<b>288 120 647</b>	<b>299 526 626</b>
In MAD thousand			

LIABILITIES	2014	2015	2016
<b>Central banks, Public Treasury, services of postal checks</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Debts owed to credit and similar institutions</b>	<b>41 530 448</b>	<b>29 870 277</b>	<b>21 792 115</b>
Current	6 455 549	12 281 017	6 748 610
On the long term	35 074 899	17 589 260	15 043 506
<b>Customer's deposits</b>	<b>190 719 730</b>	<b>200 959 041</b>	<b>208 833 653</b>
Creditors' current accounts	116 140 652	122 356 505	130 692 299
Savings accounts	25 234 472	26 010 094	27 020 923
Time deposits	41 123 434	44 289 925	40 328 997
Other creditors' accounts	8 221 172	8 302 517	10 791 434
<b>Issued loan securities</b>	<b>9 292 042</b>	<b>7 048 901</b>	<b>7 592 398</b>
Issued tradable loan securities	9 292 042	7 048 901	7 592 398
Issued debenture loans	0	0	0
Other issued debt securities	0	0	0
<b>Other liabilities</b>	<b>5 875 482</b>	<b>6 096 756</b>	<b>10 052 514</b>
<b>Reserves for risks and costs</b>	<b>2 634 425</b>	<b>2 761 704</b>	<b>3 165 024</b>
<b>Regulated reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subsidies, restricted public funds and special funds of guarantee</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Subordinated debts</b>	<b>9 778 262</b>	<b>10 760 507</b>	<b>12 770 020</b>
<b>Revaluation differences</b>	<b>421</b>	<b>420</b>	<b>420</b>
<b>Reserves and capital related premiums</b>	<b>23 407 000</b>	<b>24 916 000</b>	<b>26 350 000</b>
<b>Capital</b>	<b>2 035 272</b>	<b>2 035 272</b>	<b>2 035 272</b>
<b>Shareholders, unpaid capital (-)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening balance (+/-)</b>	<b>1 194</b>	<b>6 351</b>	<b>160</b>
<b>Net income pending allocation (+/-)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net income of the FY (+/-)</b>	<b>3 544 114</b>	<b>3 665 418</b>	<b>6 935 048</b>
<b>TOTAL OF LIABILITIES</b>	<b>288 818 390</b>	<b>288 120 647</b>	<b>299 526 626</b>

In MAD thousand

## VI.2. Income Statement 2014-2016

INCOME STATEMENT	2014	2015	2016
<b>I. BANK OPERATING INCOME</b>			
Interests and similar revenues on transactions with credit loans	1 127 904	1 093 373	966 137
Interests and similar revenues on transactions with customers	9 512 053	9 201 032	8 941 326
Similar interests and revenues on issued loan securities	646 626	482 483	347 179
Revenues on equities	1 272 033	1 419 320	4 587 637
Revenues on assets lease and tenancy	272 712	394 119	301 048
Commissions on service provision	1 269 742	1 355 915	1 493 786
Other banking revenues	5 014 218	4 903 198	5 002 750
<b>TOTAL I</b>	<b>19 115 288</b>	<b>18 849 440</b>	<b>21 639 862</b>
<b>II. BANK OPERATING COSTS</b>			
Interests and similar costs on transactions with credit loans	1 335 585	799 578	436 578
Interests and costs on transactions with customers	3 022 955	2 936 838	2 718 007
Interests and similar costs on issued loan securities	369 168	282 806	246 466
Costs on assets in lease and in tenancy	172 758	359 451	241 802
Other banking costs	2 766 270	3 629 997	3 761 407
<b>TOTAL II</b>	<b>7 666 736</b>	<b>8 008 670</b>	<b>7 404 260</b>
<b>III. NET BANKING INCOME</b>	<b>11 448 552</b>	<b>10 840 770</b>	<b>14 235 602</b>
Non-banking operating income	62 905	162 247	104 797
Non-banking operating costs	225	0	0
<b>IV. GENERAL OPERATING COSTS</b>			
Staff costs	1 773 329	1 854 299	1 929 338
Taxes and duties	111 132	119 315	119 829
External costs	1 619 660	1 723 759	1 804 780
Other general operating costs	8 856	21 229	15 649
Allocation to depreciation and provisions of tangible and intangible assets	413 765	403 363	415 918
<b>TOTAL IV</b>	<b>3 926 742</b>	<b>4 121 965</b>	<b>4 285 515</b>
<b>V. ALLOCATION TO PROVISIONS AND LOSSES ON BAD DEBTS</b>			
Provision write-off for debts and pending commitments by signature	1 520 530	1 724 473	1 529 038
Reversals of depreciated loans	406 555	563 457	351 404
Other provisions write-off	1 033 546	486 528	529 771
<b>TOTAL V</b>	<b>2 960 631</b>	<b>2 774 458</b>	<b>2 410 213</b>
<b>VI. PROVISION WRITE-OFF AND REVERSAL OF DEPRECIATED LOANS</b>			
Provision reversal for debts and pending commitments by signature	675 084	791 275	807 898
Recovery of on receivables	76 787	69 391	44 317
Other provision reversal	61 517	240 470	201 756
<b>TOTAL VI</b>	<b>813 388</b>	<b>1 101 136</b>	<b>1 053 971</b>
<b>VII. CURRENT PROFITS</b>	<b>5 437 247</b>	<b>5 207 730</b>	<b>8 698 642</b>
Non-current income	14 446	5 442	11 999
Non-current costs	83 439	94 764	191 171
<b>VIII. PRE-TAX PROFIT</b>	<b>5 368 254</b>	<b>5 118 408</b>	<b>8 519 470</b>
Profit tax	1 824 140	1 452 990	1 584 422
<b>IX. NET PROFIT OF THE FINANCIAL YEAR</b>	<b>3 544 114</b>	<b>3 665 418</b>	<b>6 935 048</b>

In MAD thousand

## VII. ATTIJARIWAFABANK SUMMARY OF CONSOLIDATED ACCOUNTS UNDER IFRS RULES

### VII.1. Consolidate Balance Sheet 2014- 2016

	2014	2015	2016
<b>ASSETS</b>			
Cash values, Central banks, Public Treasury, services of postal checks	8 842 320	12 580 486	14 141 202
Financial assets at fair value through result	52 389 822	58 297 966	50 454 731
Hedging derivative instruments	-	-	-
Financial assets held for sale	30 805 290	33 000 427	35 701 001
Loans and receivables to credit and similar institutions	19 305 251	21 179 662	22 625 866
Customer loans and receivables	255 056 498	252 918 815	271 627 179
Fair value revaluation of portfolio hedge	-	-	-
Investments held till their maturity date	10 928 820	7 916 008	8 015 501
Current tax assets	137 676	395 789	39 319
Deferred tax assets	448 327	516 412	539 849
Accruals and other assets	7 491 499	7 973 730	7 585 194
Non-current assets held for sale	97 089	893 528	2 066 502
Participation of insured persons in deferred profits	920708	98 622	87 538
Investments in equity-consolidated companies	116 861	102 952	94 908
Investment properties	1 830 545	1 875 923	2 020 107
Intangible assets	5 056 788	4 953 082	5 428 512
Tangible assets	1 731 443	1 708 144	1 683 656
Purchase goodwill	6 684 704	6 667 144	6 655 000
<b>Total assets</b>	<b>401 843 640</b>	<b>411 078 692</b>	<b>428 766 067</b>
<b>LIABILITIES</b>			
Central banks, Public Treasury, services of postal checks	135 266	165 236	160 715
Financial liabilities at fair value through profit or loss	1 965 441	1 090 129	1 033 814
Hedging derivatives	-	-	-
Loans and receivables to credit and similar institutions	41 236 002	32 511 095	28 282 255
Customer debts	257 881 178	274 514 736	286 264 527
Debt securities issued	14 253 845	13 743 666	11 243 383
Fair value revaluation of portfolio hedge	-	-	-
Current tax liabilities	1 222 376	296 624	709 425
Deferred tax liabilities	1 700 513	1 782 425	2 340 944
Accruals and other liabilities	8 961 596	8 848 300	9 881 260
Debts related to non-current assets held for sale	-	-	-
Technical provisions of insurance agreements	22 212 075	23 873 972	25 960 939
Provisions for risks and costs	1 745 890	1 513 117	1 771 087
Subsidies, restricted public funds and special funds of guarantee	147 819	153 865	141 392
Subordinated debts	9 979 663	11 356 370	13 565 244
Capital and associated reserves	10 151 765	10 151 765	10 151 765
Consolidated reserves	24 258 638	24 905 872	30 861 381
<i>Group share</i>	<i>20 163 454</i>	<i>21 420 642</i>	<i>25 059 651</i>
<i>Minority shareholding</i>	<i>4 095 184</i>	<i>3 485 230</i>	<i>5 801 729</i>
Latent or deferred gains or losses, group share	851 090	871 352	744 812
Net profit of financial year	5 140 484	5 300 168	5 653 125
<i>Group share</i>	<i>4 355 244</i>	<i>4 501 781</i>	<i>4 757 421</i>
<i>Minority shareholding</i>	<i>785 240</i>	<i>798 387</i>	<i>895 705</i>
<b>Total liabilities</b>	<b>401 843 640</b>	<b>411 078 692</b>	<b>428 766 067</b>

In MAD thousand

## VII.2. Consolidated Income Statement 2014- 2016

	2014	2015	2016
Interests and similar income	17 498 851	17 336 355	17 117 126
Interests and similar costs	6 472 577	5 935 421	5 504 228
<b>Interest margin</b>	<b>11 026 273</b>	<b>11 400 934</b>	<b>11 612 899</b>
Commissions receivables	4 301 420	4 566 042	4 991 813
Commissions payments	426 256	525 758	573 539
<b>Commissions margin</b>	<b>3 875 163</b>	<b>4 040 284</b>	<b>4 418 274</b>
Net gains and losses on financial instruments at the fair value through result	3 777 540	2 944 577	3 063 010
Net gains or losses on financial assets held for sale	346 238	183 561	347 472
<b>Result of trading activities</b>	<b>4 123 778</b>	<b>3 128 139</b>	<b>3 410 482</b>
Income from other activities	6 039 398	6 482 827	7 174 835
Costs of other activities	5 614 858	6 055 166	6 943 163
<b>Net banking income</b>	<b>19 449 755</b>	<b>18 997 018</b>	<b>19 673 327</b>
General operating costs	7 680 810	7 959 562	8 246 893
Allocation to amortizations and depreciations of tangible and intangible assets	827 963	851 162	896 005
<b>Gross operational result</b>	<b>10 940 982</b>	<b>10 186 295</b>	<b>10 530 429</b>
Risk cost	-3 034 430	-2 217 045	-2 001 359
<b>Operating result</b>	<b>7 906 552</b>	<b>7 969 250</b>	<b>8 529 070</b>
Share of the result of equity-consolidated companies	20 004	12 471	3 538
Net gains or losses on other assets	46 892	122 573	54 596
Change of goodwill purchase values	-	-	-
<b>Pre-tax result</b>	<b>7 973 448</b>	<b>8 104 295</b>	<b>8 587 204</b>
Benefit tax	2 832 964	2 804 127	2 934 078
<b>Net result</b>	<b>5 140 484</b>	<b>5 300 168</b>	<b>5 653 125</b>
External result	785 240	798 387	895 705
<b>Group net share result</b>	<b>4 355 244</b>	<b>4 501 781</b>	<b>4 757 421</b>

In MAD Thousand

## **PART III: RISK FACTORS**

The management of Attijariwafa bank risks is centralized at the Global Risk Division (GGR) level, which is responsible for the supervision, control and measurement of the risks facing the Group except for operational risks.

The independence of this structure regarding the other divisions ensures optimal objectivity to the risk taking proposals submitted to the credit committee and to their control.

### **I. EXCHANGE AND RATE RISK**

In 2005, Attijariwafa bank decided to set up a specific control system for market risks in the framework of the global Internal Control System in accordance with the provisions of the circular No. 6/G/2001 of Bank Al-Maghrib.

This system focuses on three action levels:

- First level internal control provided by Front Office operators required to comply with the regulatory provisions and the policy defined by the bank with regard to follow-up and management of risks;
- Follow-up of risks by the Middle Office on a daily basis ensuring adherence to the limits on exchange rate and counterparty risks. It informs on a regular basis the top management and the other control entities through a reporting system. In addition, the “Surveillance and monitoring of market risks” entity is in charge of detecting, analyzing and following the various bank positions regarding exchange rates and currencies to rationalize the said positions by formalized authorizations and to be notified of any deviation from these positions. This follow-up is carried out by the following means:
  - ✓ Monthly follow-up of exposure to exchange rate risk enables retrospective calculation of the Value at Risk (VaR) which measures the maximum potential risk related to exposure to exchange rate risk of the institution;
  - ✓ A monthly report presenting a summary of exposure to exchange rate risk of the bank in comparison to the fixed limits.
- The control entities carry out critical and independent analyses on the quality of the system either in the framework of audit missions or when called for upon request of the General Management.

The VaR<sup>3</sup> model was developed by the global risk management of Attijariwafa bank. It covers the Dirham rate risk as well as over-the-counter and longer-term exchange risk. The choice of the RiskMetrics method developed by JP Morgan to provide a measurement of VaR offers several advantages: it is easy to implement, take account of the correlations existing between the price of assets and take into account recent and historical price fluctuations. Therefore, the RiskMetrics method is based on variance-covariance matrix of the performances of the portfolio assets and their composition in the portfolio.

The Global risk management provides, on a monthly basis, a detailed report indicating the calculation and the change of the VaR and the control of the regulatory and internal limits. This model makes it possible to proceed to back-testing which is a technique that enables the testing of the validity of the VaR calculation model. It consists of taking as a base, the historical VaR of operations and subsequently determining whether the VaR actually determined the potential incurred loss by comparing it to the theoretical P&L.

Moreover, the bank has established a system of internal limits to measure and control market risks. These limits concern the trading book, exchange position, raw materials and exchange options.

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<sup>3</sup> The Value at Risk represents the potential maximum loss on the value of an asset or portfolio of assets and the financial liabilities given the duration of holding and confidence interval.

## I.1. Rate risk

Rate risk corresponds to the risk of changes in positions value or to the risk of changes in future cash flows of a financial instrument as a result of changes in market interest rates.

The table below shows the positions of the Trading portfolio at end-December 2016 as well as the 1-day and 10-day VaR of foreign exchange, property and bond securities & UCITS activities:

Activities	Position	1 day VaR	10 days VaR
Exchange	(2 118 437)	440	1 391
Equities	191 433	1 240	3 921
Bonds & UCITS	39 399 420	75 305	238 135

In MAD – Source: Attijariwafa bank

## I.2. Exchange risk

All banks face an exchange rate risk due to the various activities of the bank (shareholdings, subsidiaries abroad, currency credits, currency securities, currency loans, swap, exchange options, forward exchange, etc.). The banking institution may detect future exchange rates which are in its favor and therefore register a decrease of its margin estimate. Attijariwafa bank exchange rate risk as of December 31<sup>th</sup>, 2016, can be analyzed according to the following table:

Currencies	Position in currencies	Rate	Counter-value (MAD thousand)	% Capital
EUR	17 701.1451	10.6540	188 588	0.58%
USD	17 470.9645	10.0825	176 151	0.54%
GPB	33.1049	12.4755	413	0.00%
CAD	97.0492	7.5014	728	0.00%
CHF	63.9184	9.9189	634	0.00%
JPY	1 833 943.2542	0.0864	158 361	0.48%
DKK	3 659.6428	1.4332	5 245	0.02%
NOK	3 920.5977	1.1713	4592	0.01%
SEK	5 572.5054	1.1144	6210	0.02%
SAR	2 544.1420	2.6874	6837	0.02%
AED	1 528.1496	2.7452	4 195	0.01%
KWD	9.1505	33.0035	302	0.00%
TND	692.0423	4.3769	3 029	0.01%
DZD	13 746.9853	0.0912	1 254	0.00%
LYD	9.9720	8.0225	80	0.00%

In thousands – Source: Attijariwafa bank

At the end of December 2016, the exchange position amounts to about MAD 21.754 bn:

	< 3 months	3 months - 6 months	> 6 months
<b>Cover (in MAD million)</b>	<b>11 520</b>	<b>5 656</b>	<b>4 578</b>

Source: Attijariwafa bank

### I.3. Asset/liability management

The structural nature of ALM risks relate to the risks of future losses in the economic value or decrease in interest margins, given the rates' mismatches and maturities between the bank's assets and liabilities.

ALM provides risk and profitability monitoring indicators expected across the different balance sheet products and declines management rules likely to limit the bank's balance sheet risk exposure and optimum management of its positions.

Attijariwafa bank asset and liability management has a set of ALM models and conventions based on the reality of the bank's outstanding in view of market and economic factors that influence the behavior of the bank's balance sheet lines.

These Financial assumptions are dynamic and are reviewed regularly at least once a year to truly reflect the changing bank's assets and resources. Indeed, the measurement of liquidity risks, interest rate and exchange rate requires effective management of intrinsic characteristics of the contracts, namely the maturity, interest rate nature (fixed / adjustable / variable), and the currency denomination of each balance sheet item should be identified.

Moreover, beyond the contractual characteristics of the balance sheet positions and hidden options (possibilities of prepayments for example) and customer behaviour (especially in terms of holding period of deposit accounts) have been modelled.

The adopted approach is based on the production as well as the static and dynamic projection of balance sheet items in time until extinction of the outstanding stock and production following the new budget and the bank's strategic plan.

## II. LIQUIDITY RISK

The transformation activity particular to banking institutions, necessarily implies a risk of liquidity. The maturities of assets and resources, all different from each other, create gaps, in the balance sheet, between the volume of assets and liabilities which are the origin of the liquidity risk.

In the case of structure changes, the bank might be unable to obtain liquidities under normal conditions of volume and rate. In such case, future refund needs may result in reducing the estimated margins.

The regulatory liquidity ratio is presented as the ratio between, the assets available and achievable in the short term and received signature commitments on the one hand, and the short-term sight commitments given by signature on the other hand.



The regulatory liquidity ratio is as follows:

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

To ensure the convergence of the Moroccan prudential framework with international standards, the central bank has implemented a major reform of Basel III on the short term liquidity ratio (Liquidity Coverage Ratio-LCR), seeking to replace the liquidity ratio.

The ratio "LCR" reporting the high quality liquid assets to net cash outflows over a period of 30 days, is meant to strengthen the banks' liquidity profile and promote their resilience to a potential liquidity shock.

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

The short-term liquidity ratio is presented as follows:

Date	Short-term liquidity ratio	Evolution
December 31 <sup>st</sup> ,14	120.00%	+38.9 pts
June 30 <sup>th</sup> , 15	114.00%	-6.0 pts
December 31 <sup>st</sup> ,15	155.00%	+35.0 pts
June 30 <sup>th</sup> , 16	131.40%	+17.3 pts
December 31 <sup>st</sup> ,16	142.00%	-13.0 pts

Source: Attijariwafa bank

### III. COUNTERPART RISK MANAGEMENT

In the context of important changes occurring in Morocco, i.e. economic liberalization, opening of borders, customs dismantlement and the entry into force of several free trade agreements, the counterpart risk of the banking sector could deteriorate and therefore induce a rise in the global litigation ratio. This trend may be affected by an unfavourable economic situation.

To manage the counterpart risk, the major task of the « Credit risk » entity within the GGR is to analyze and handle risk taking requests resulting from the group sale forces. In addition, it has the prerogative of assessing the consistency and validity of guarantees, estimating the volume of activity of the customer and economic adequacy of the requested financing. Each Business Unit is provided with a commitment

structure and an overlay structure clearly independent and hierarchically linked to the Global Risk Management division.

### III.1. The distribution of the institution's commitments<sup>4</sup>

#### **By activity sector**

The distribution of risk per economic sector received particular attention along with a prospective analysis allowing dynamic management of bank exposure. The distribution is based on studies expressing an opinion about the change of the different sectors and identifying the factors explaining the risks faced by its major operators.

The distribution of commitments by sector carried over to the total of the bank commitments as of end-June 2016 is as follows:

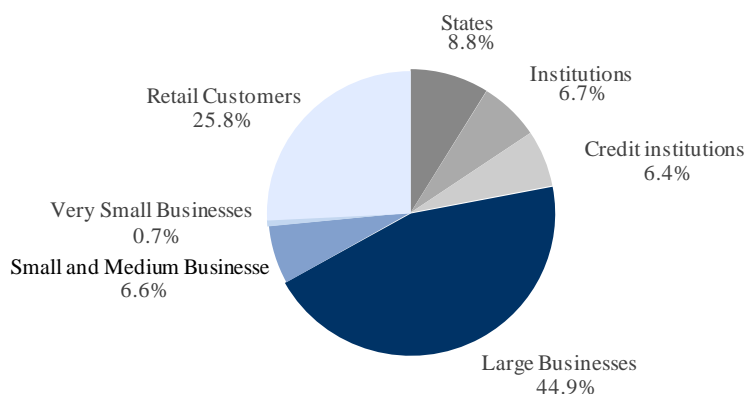
- financial holding and insurance institutions representing 17,0%, an increase of 1.0 points in comparison to 2015. Commitments in this sector are very good risks;
- Construction and building materials sector represents 9.0% which registered a stagnation compared to 2015 and real estate promotion is about 5.0%, thus falling by 1 point compared to 2015.

#### **By counterparty**

Assessed while taking into account all the commitments concerning the same beneficiary, the diversification is a permanent feature of the bank's risk policy. The extent and variety of the group's activity could participate therein.

Potential concentrations are subject to a regular review resulting, if necessary, in corrective actions.

#### **Breakdown of the bank's commitments by counterpart category on December 31<sup>st</sup>, 2016**



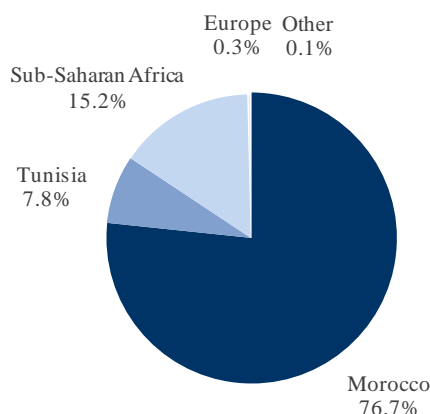
Source: Attijariwafa bank

#### **By geographical area**

The following diagram reveals that the Group's activity is mainly focusing on the Moroccan market with 78.0% followed by Tunisia. The rest is distributed among the African sub-Saharan countries.

<sup>4</sup> Source: Attijariwafa bank

**Breakdown of the bank's commitments by geographic area as of December 31<sup>st</sup>, 2016**



Source: Attijariwafa bank

**By portfolio quality**

To assess all its counterparts, the Group has worked up a rating system consistent with the requirements of Basel II. Thus, the implementation of the internal rating approach is based on the minimal requirements enabling each credit institution to select the systems and methods best adapted to its specific activity.

Indeed, the rating system must be characterized by two clearly separate parameters: the risk of default by the borrower and the factors specific to the transaction. The default risk evaluation time period is estimated to be of 1 year.

This system, which is subject to regular validation and monitoring of performances, must also be of a predictive nature and take into account human estimates.

Concerning the documentation, design of the rating system and its operational modalities must be formalized. Especially, the aspects concerning portfolio differentiation, the rating criteria, the responsibility of the different stakeholders, frequency of review and management involvement must be thoroughly looked into.

The data concerning the main borrowers and the characteristics of the facilities provided must be gathered and duly stored.

In addition, the banks must have a reliable system for verifying the accuracy and coherence of the rating systems and procedures, as well as the estimation of all the major risk factors. They must prove to their authority of control that the validation processes enable them to assess, in a coherent and significant manner, the performance of their internal rating systems and assessment of risk.

Since June 2003 a first generation of internal rating systems of Attijariwafa bank has been developed with the technical assistance of international financing firm Mercer Oliver Wyman. This system takes into account two parameters: a rating scale of six categories (A, B, C, D, E and F) and estimated default probabilities (PD). The initial model was limited to five financial factors explicative of the credit risk.

In 2010, Attijariwafa bank Group developed a new internal rating model at the level of the bank operating system in line with the requirements of Basel II. This model specific to companies takes into account in addition to financial items, qualitative and behavioral items. It covers the core elements of the bank's commitments. Its design is based on the analysis of homogeneous classes and well proven statistical analysis.

The rating system is essentially based on the Counterpart Rating reflecting the probability of default over a period of observation of one year. The rating is assigned to a risk category of the rating scale which consists of eight risk classes including one for default (A, B, C, D, E, F, G, and H).

Grade	Risk level
A	Very good
B	Good
C	Quite good
D	Average
E	Mediocre
F	Bad
G	Very bad
H	Default

Source: Attijariwafa bank

The rating system is characterized by the following:

- Perimeter: company portfolio apart from local authorities, financing institutions and real estate developers;
- Attijariwafa bank Group rating system is basically based on the Counterpart Rating reflecting the probability of default over a period of observation of one year;
- Calculation of the system rating is the result of a combination of three types of rating, i.e. financial rating, qualitative rating and behavioural rating;
  - ✓ The financial rating is based on several financial factors associated with the size, dynamism, indebtedness, the profitability and financial structure of the company;
  - ✓ The qualitative rating is based on the information regarding the market, environment, shareholders and management of the company. This information is provided by the Network;
  - ✓ The behavioural rating is based on the account structure.
- All counterpart ratings must be approved (for each rating) by the credit committee according to the delegation of powers in force;
- The probability of default assesses solely the solvency of the counterpart, independently of the transaction characteristics (guarantees, rankings, clauses, etc.);
- The model risk categories are graded in comparison with the risks specified by international rating agencies;
- The rating is given to a risk category of the rating scale consisting of 8 classes grouped together in 3 categories:
  - ✓ Sound counterparts: Classes A to D;
  - ✓ Sensitive counterparts: E to G;
  - ✓ Counterparts in default: class H (Doubtful, Compromised, Consolidation, Recovery, and Provision).
- Use of internal rating: The internal rating system is currently an integral part of the assessment and credit decision process. Indeed, upon processing of the credit proposal, the rating is taken into account. The levels of delegation of competencies in terms of credit decisions are dependent on the risk rating;
- Rating update: the counterpart ratings are re-examined upon each renewal application and at least once per year. However, for customers among enterprises under surveillance (Class F, G or pre-recovery), the Counterpart rating must be reviewed each semester. Generally, any new or significant information must give rise to questioning of the pertinence of the Counterpart rating in an either upwards or downwards direction.

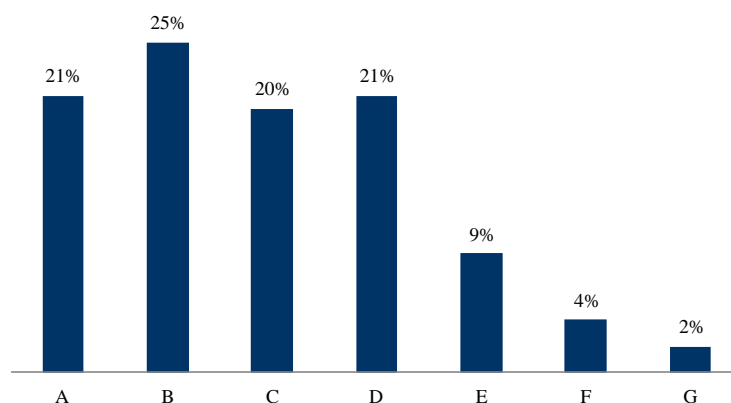
The rating system is dynamic and its annual blacklisting scheduled for:

- Testing the predictive power of the rating model;
- Verifying the proper grading of default probabilities.

For surveillance of risk quality, the risk management systems entity generates a regularly issued report on the risk cartography according to different analysis factors (Commitment, sector of activity, pricing, network, overdue files, etc.) and makes sure to improve the portfolio hedge ratio.

With regard to commitments, the distribution of risks concerning the company perimeter is as follows:

**Distribution of the bank commitments (company perimeter) by risk category as of December 31<sup>st</sup>, 2016 \***



Source: Attijariwafa bank

\* Public administrations, real estate companies, inactive records, individuals and litigation files are not included in this perimeter

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

This approach falls under the framework of the process for compliance with the advanced methods of Basel II.

### Rate risk

The net book value of Attijariwafa bank investment securities as of December 31<sup>th</sup>, 2016 is as follows:

	Gross book value	Current value	Reimbursement value	Latent revaluation gains	Latent revaluation losses	Provisions
<b>Transaction securities</b>	<b>44 345 122</b>	<b>44 345 122</b>	-	-	-	-
Bills and similar securities	24 333 357	24 333 357	-	-	-	-
Bonds	1 161	582 758	-	-	-	-
Other debt securities	1 379 220	797 623	-	-	-	-
Equities	18 631 384	18 631 384	-	-	-	-
<b>Investment securities</b>	<b>1 777 096</b>	<b>1 744 383</b>	-	<b>35 360</b>	<b>32 713</b>	<b>32 713</b>
Bills and similar securities	892 375	892 375	-	22 615	-	-
Bonds	811 993	811 993	-	12 264	-	-
Other debt securities	6 176	6 176	-	-	-	-
Equities	66 552	33 839	-	481	32 713	32 713
<b>Placement securities</b>	<b>5 822 764</b>	<b>5 822 764</b>	-	-	-	-
Bills and similar securities	5 822 764	5 822 764	-	-	-	-
Bonds	-	-	-	-	-	-
Other debt securities	-	-	-	-	-	-

Source: Attijariwafa bank

It is worth mentioning that the book value of the transaction securities is equal to the market value. For placement securities, the book value is the historical value while the current value corresponds to the market value. In the event of latent loss, a provision must be provided.

## IV. REGULATORY RISKS

### Solvency ratio

Attijariwafa bank has a sound capital base enabling it to satisfy all of its commitments as proven by the solvency ratio achieved at the end of December 2016:

	2014	2015	2016	Var. 15/14	Var. 16/15
Core capital (Tier 1) (1)	21 974	22 142	27 154	0,8%	22,6%
Regulatory shareholders' equity (2)	26 793	26 610	32 662	-0,7%	22,7%
Weighted risks (3)	209 137	210 337	229 322	0,6%	9,0%
<b>Ratio of core capital (1) / (3)</b>	<b>10.51%</b>	<b>10.53%</b>	<b>11,84%</b>	<b>+0,02 pt</b>	<b>+1,31 pts</b>
<b>Solvency ratio (2) / (3)</b>	<b>12.81%</b>	<b>12.65%</b>	<b>14,24%</b>	<b>-0,16 pt</b>	<b>+1,59 pts</b>

MAD million - Source : Attijariwafa bank – Aggregate accounts

## V. MANAGEMENT OF COUNTRY-RELATED RISKS

With the support of an external consultant, the Country-related risk entity has made, during the financial year 2016, a study aiming at automating the management of country-related risks. This study covered:

- the diagnosis of a system and its compatibility with the regulatory requirements by specifying the actions of evolution in relation to an international benchmark;
- the development of a conceptual model for an optimal management of country-related risks (with functional blocks and an information system), in view of establishing an information system with an extension of the system to the foreign subsidiaries, according to a progressive approach.

The process of the strengthening the regulation framework and the establishment of a new system have had the combined effect of enabling a reinforcement of the follow-up of BDI risks and a consolidation of the system of country-related risks' management.

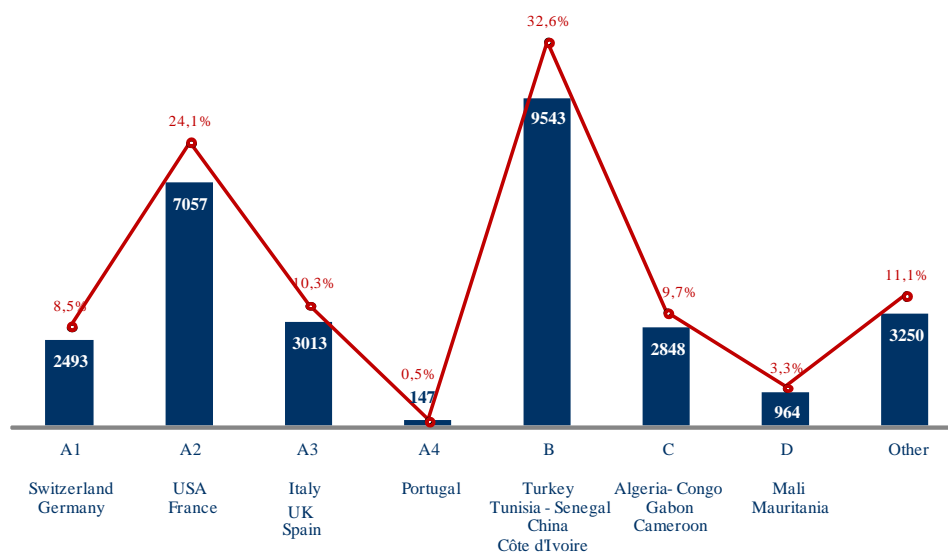
### Country risk management system

Deployment of the bank growth strategy at the international level as well as the provisions of the 1/G/2008 guideline of Bank Al Maghreb have motivated the establishment of a country risk management system given the ever-growing significance of activities abroad in the Group's global exposure.

This system focuses on the following items:

- A country risk charter adopted by the management entity and approved by the administrative body, constituting the reference framework governing activities generating international risks for the bank;
- The survey and assessment of international risks: Attijariwafa bank Group deploys its banking and semi-banking activity in its home market as well as in foreign countries through its subsidiaries and branch offices. In this respect, its exposure to international risks involved two types of commitment made by the bank as a credit entity for non-resident counterparts in both MAD and foreign currencies;
- Reprocessing and calculation of exposure to country risk according to the risk transfer principle, which enables bring out the areas and countries with high exposure (in value and in% of the shareholders' equity) as well as the corresponding risks typologies. Thus, as indicated in the bellow diagram, we note that 43,4% of the bank exposure to international risks at the end of December 2016 is focused on countries having a risk profile graded with excellent (A1) to acceptable (A4), i.e. equivalent to Morocco's risk. For the rest, it is mainly related to strategic investment of the bank in terms of acquisitions of African bank subsidiaries;

### Distribution of country risk exposures according to Coface scale – December 31<sup>st</sup> 2016



Source: Attijariwafa bank

- consolidation rules of exposure to country risks that enables, beyond individual analysis of the commitment per country of each subsidiary as well as headquarters, establishing an overview of the group's global commitment;
- establishment and publishing a weekly report on the progress of the country risk summarizing all the highlights occurring over the week (changes of ratings of branches and other institutions) with an update of the "World" base on country ratings by Standard & Poor's, Moody's, Fitch, Coface, and OECD, as well as the internal score to the bank and country CDS;
- development of an internal country risk political score reflecting the vulnerability of a country with regard to political instability. This score is based on a multiple criteria assessment approach combining the evaluation of qualitative indicators pertaining to justice (legal guarantee, regulation environment), administration and bureaucracy, redistribution of wealth, Democracy Index as well as the Doing Business score making enabling the study the regulations conducive to economic activity as well as those placing limits thereupon;
- allocation of limits, graded according to the country risk profile and the level of bank shareholders' equity presented by area, by country, by sector, by activity type, by maturity, etc.);
- follow-up and monitoring of the respect of limits;
- provisioning of the country risk according to the degradation of exposure (risk materialization, debt rescheduling, payment default, benefits of initiatives of debt relief, etc.);
- stress test, practiced each semester, used to ensure the bank's ability to stand external risk factors (case of materialization of the political risk in Tunisia and Ivory Coast) and to measure the impact on the capital and profitability.

In conclusion, the country risk management is covered by a system ensuring the coverage of international risks from their origination to their outcome.

### Country risk management system





Source: Attijariwafa bank

## VI. OPERATIONAL RISK AND ACTIVITY CONTINUITY PLAN

### VI.1. Operational Risk

The implementation of operational risk management system (ORM) falls within the framework of the reform "Basel 2" and its variation for Morocco by Directive DN/29/G/2007, enacted by Bank Al Maghrib on April 13<sup>th</sup>, 2007. The latter defines operational risk as "the risk of loss resulting from delays or failures attributable to procedures, staff members and internal systems or to external events". This definition includes legal risk, but excludes strategic and reputational risks.

For Attijariwafa bank, this operational risk management system is controlled by the "Operational Risk, Legal, IT and Human" entity created within the "Global Risk Management." This entity was established for each of the business lines risk cartography based on the repository of the bank's processes. Each risk cartography is defined by frequency of occurrence and impact on the occurrence.

Concerning the major risks of the risks' cartography, action plans are defined in order to mitigate or prevent risks.

The adopted methodological approach in the establishment of the risk cartography of Attijariwafa bank group is presented through the 6 following stages:

- validation of processes;
- identification and assessment of risks;
- identification of risks' monitoring indicators;
- establishment of action plans for risks reduction;
- collection of incidents and monitoring of risks to be managed;
- Back-Testing & reassessment of risks.

### VI.2. Activity Continuity Plan (ACP)

The implementation of the ACP managed by the "Operational, Legal, IT and Human risks" entity allows the bank to complete the operational risk management system implemented during the 2009 financial year and that resulted in the development of a charter as well as a complete cartography of operational risks.

The establishment of the ACP is part of the provisions of the second pillar of Basel II and BAM Circular No. 47/G/2007 stating that the ACP is a regulatory obligation.

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The implementation of an Activity Continuity Plan ensures the continuity of the bank's activities and the respect of commitments upon the occurrence of the following:

- a crisis or a major operational disruption affecting a large urban or geographical area;
- a disturbance affecting physical infrastructures;
- a natural disaster;
- an external attack;
- a major failure of the information systems;
- a malfunction resulting from a significant absenteeism rate (a pandemic for example);
- a failure of a critical service.

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## **DISCLAIMER**

**The aforementioned information is only a part of the prospectus approved by the Moroccan Authority of Capital Markets (AMMC), financial authority, under reference VI/EM/12/2017 on June 9<sup>th</sup>, 2017. The AMMC recommends reading the full prospectus available to the public in French.**