

PROSPECTUS SUMMARY



ATTIJARIWAFABANK

ISSUE OF PERPETUAL SUBORDINATED BONDS WITH ABSORPTION LOSSES MECHANISM AND CANCELLATION OF PAYMENT OF THE INTEREST AMOUNT FOR A TOTAL AMOUNT OF MAD 500,000,000

	Tranche A (Not listed)	Tranche A (Not listed)
Ceiling	MAD 500,000,000	MAD 500,000,000
Number of securities	5,000 perpetual subordinated bonds	5,000 perpetual subordinated bonds
Nominal value	MAD 100,000	MAD 100,000
Maturity	Perpetual	Perpetual
Rate	<u>Revisable every 20 years</u> , the reference for the secondary curve of 20-year Treasury bills as published by Bank Al-Maghrib on December, 5 th , 2016, i.e. 3,73%, increased by a risk premium, i.e. between 5,53% and 5,73% for the first 20 years.	<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 December, 5 th , 2016, i.e. 2,26%, increased by a risk premium, i.e. between 3,76% and 3,96% for the first year
Risk Premium	Between 180 and 200 bps	Between 150 and 170 bps
Repayment guarantee	None	None
Allocation method	French Auction with priority to tranche A and then to tranche B	
Tradability of securities	Over-the-counter	Over-the-counter

Subscription period: from December 14th to 16th, 2016, included

The subscription of these bonds and their trading on the secondary market are strictly reserved for investors qualified under Moroccan law as listed in this 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 21st, 1993 related to the Moroccan Authority of Capital Markets (AMMC) and to the information required from legal entities issuing securities to the public, as amended and extended, the original copy of the present prospectus has been approved by the AMMC on December, 7th, 2016 under Reference VI/EM/35/2016.

DISCLAIMER

The Moroccan Authority of Capital Markets (AMMC) approved, on December, 7th, 2016, a prospectus summary related to the issue of subordinated bonds by Attijariwafa bank.

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

The 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. It is also available on the AMMC website (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 2nd phase of the Group's African development through the implantation in some high-potential English-speaking countries;
- on the domestic market by developing banking facilities, financing major projects of the Kingdom and retail financing by housing and households' equipment credits.

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 the circular n°14 / G / 2013 of Bank AL-Maghrib, funds collected through this operation will be classified as category 1 additional equity for the amount resulting from the issue of perpetual subordinated bonds;

In parallel with the issuance of the subordinated perpetual bonds, object of the present prospectus, Attijariwafa bank is issuing a second subordinated bond, which carrying amount is 1.5 bn MAD.

II. STRUCTURE OF THE OFFER

Attijariwafa bank intends to issue 5,000 perpetual subordinated bonds with a nominal value of MAD 100,000. The total amount of the operation amounts to MAD 500,000,000 divided as follow:

- ✓ tranche “A” with a perpetual maturity and a revisable rate every 20 years, not listed on the Casablanca Stock Exchange, ceiled at MAD 500,000,000 and with a MAD 100,000 nominal value;
- ✓ tranche “B” with a perpetual maturity and an annually revisable rate, not listed on the Casablanca Stock Exchange, ceiled at MAD 500,000,000 and with a MAD 100,000 nominal value;

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

The present issue is reserved to qualified investors based under Moroccan law: Collective Investment in Transferable Securities (UCITS), financial companies¹, 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.

¹ As approved by the article 20 of the Law n° 130-12.

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

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

Characteristics of tranche A (Revisable rate every 20 years, perpetual maturity and not listed on the Casablanca Stock Exchange)

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.
Legal form	Bearer bond
Tranche ceiling	MAD 500,000,000
Maximum number of securities to be issued	5,000 perpetual subordinated bonds
Nominal value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Loan maturity	Perpetual, with the possibility of early repayment, beyond the 5 th year, which can only be carried out at the initiative of the issuer and with the consent of Bank Al-Maghrib, Beyond the period of five years.
Subscription period	From December 14 th to 16 th , 2016 included
Possession date	December 23 rd , 2016
Allocation method	French Auction (cf. priority order granted to tranches in section "VIII.2. Allocation modalities" below)
Nominal interest rate	<p>Revisable rate every 20 years</p> <p>For the first 20 years, the nominal interest rate is determined by reference to the 20-year rate calculated from the secondary curve of Treasury bills as published by Bank Al-Maghrib on December, 5th, 2016, i.e. 3,73%. This rate will be increased by a risk premium of between 180 and 200 basis points, i.e. between 5,53% and 5,73%.</p> <p>Beyond the first 20 years and for each 20-year period, the reference rate is the 20-year rate calculated from the secondary curve of Treasury bills as published by Bank Al-Maghrib, preceding the last anniversary date of the coupon for each 20-year period of at least 5 business days.</p> <p>A risk premium ranging from 180 to 200 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 business days before the anniversary date.</p>
Risk premium	Between 180 and 200 basis points

Interests

The interests will be served annually at the anniversary dates of the possession date of the loan, i.e. December 23rd of each year. Their payment will take place on the same day or the first business day following December 23rd, if this day is not a business day. Interest on perpetual subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal.

Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) payment of the amount of interest for an indeterminate period and on a non-cumulative basis, in order to meet its commitments (following a request from Bank Al-Maghrib). As a result of this decision, any amount of interests cancelled is no longer payable by the issuer or deemed to be accumulated or due to the holders of perpetual bonds.

In the event of cancellation of the payment of the interest amount, the issuer is required to inform the holders of perpetual bonds and the AMMC within a period of not less than sixty calendar days prior to the payment date of the cancellation decision. Holders of perpetual bonds are informed by a notice published in a legal gazette specifying the amount of cancelled interests, the reasons leading to the decision to cancel payment of the interests amount as well as the corrective measures that have been implemented.

The distribution of interests can only originate from distributable items and is not related to Attijariwafa bank's loan quality.

Attijariwafa bank may, at its discretion decide to increase the amount of the coupon to be paid, which will consequently exceed the coupon amount determined on the basis of the formula below.

Interests will be calculated as per the following formula:

[Nominal x nominal rate].

Interests will be calculated based on the last nominal value as defined in the "Absorption of losses" clause.

Capital repayment

The repayment of the capital is subject to the agreement of Bank Al-Maghrib and is made on a linear basis over a minimum period of 5 years.(cf " Early repayment " clause)

Early repayment

Attijariwafa bank undertakes, during the entire loan period, not to proceed to any early repayment of the subordinated bonds, subject of the present issue and also not to go through with an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of five years, advance repayment in whole or in part of the capital can be possible by the issuer and only following the approval of Bank Al-Maghrib.

Any (total or partial) prepayment will be made in proportion to all tranches of perpetual subordinated bonds subject to this issue, in a linear way over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early repayment at the time the decision is made, with a reminder at least sixty days prior to the date of the repayment. These notices will be published in a legal gazette and will specify the amount, the duration and the start date of the repayment.

The issuer cannot proceed to the early repayment of the entire perpetual subordinated bonds subject to this issue as long as their nominal value is depreciated in accordance with the "Absorption of losses" clause. In the event that the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0%, on an individual or consolidated basis, during the repayment period, the latter will be made on the basis of the initial nominal value of the securities.

Attijariwafa bank prohibits itself from proceeding to the redemption of the perpetual subordinated bonds, subject to this issuance, until their nominal value is depreciated in accordance with the "Absorption of losses" clause. The issuer is required to inform all holders of perpetual subordinated bonds, whom subscribed to the present issuance, of any potential redemption procedure by means of a notice published in a legal gazette specifying the number of bonds to be redeemed and the time and the price of the redemption. Attijariwafa bank will proceed to the pro rata redemption of the sale orders presented (in case the number of securities presented exceeds the number of securities to be redeemed).

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 perpetual subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.

In case of liquidation of Attijariwafa bank, The repayment of capital is subordinated to all other debts. (cf " Loan Rank " clause)

Absorption of losses

Securities are depreciated when the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% on an individual or consolidated basis. Securities are depreciated by the amount corresponding to the differential between the theoretical original equities of category 1 (CET1) allowing reaching CET 1 ratio of 6.0% and effective equity CET 1.(After taking into account the taxation effect)

The said depreciation is made, within a period not exceeding one month, by reducing the nominal value of the securities of the corresponding amount within the limit of a minimum nominal value of MAD 50 (Pursuant to Article 292 of Law 17-95 on public limited companies, as amended and supplemented by Law 20-05).

At the end of each half-yearly period (semi-annual publication dates for solvency ratios) or on an extraordinary or interim calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 (CET 1) ratio, As defined by Bank Al Maghrib, meets the minimum level of 6.0%, on an individual and consolidated basis. To this end, Attijariwafa bank will ensure compliance with the requirements of the regulator for the declaration of solvency ratios through its half-yearly publications of Pillar III (available on the issuer's website) intended to ensure transparency of financial information. These publications will be sent to the representative of the bondholders' body comprising the holders of the perpetual subordinated bonds subject to this issuance, together with the regulator, and must contain details of the prudential ratios (Common Equity Tier1 or CET1 ratio and solvency ratio), the composition of regulatory equity and the allocation of risk weighted assets. Consequently, the issuer will publish, with the prior approval of its Board of Directors, its solvency ratio with an 18-month perspective. This publication will be made at each balance sheet date or at an interim date upon occurrence of a significant event affecting the regulatory ratios.

If the minimum ratio of 6.0% is not met, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrib and AMMC and send to the holders of perpetual bonds within 5 business days, a notice, published in a newspaper authorized to carry legal advertisements, specifying the occurrence of the event triggering the loss-absorbing mechanism, the amount of the nominal value depreciation of securities, the calculating methodology of this amount, the corrective measures that have been implemented and the date on which such depreciation takes effect.

After a possible depreciation of the nominal value of the securities and if the financial situation of the issuer requiring such depreciation improves, Attijariwafa bank may immediately, with the prior agreement of Bank Al-Maghrib, appreciate in whole or in part, the nominal value, which has been subject to depreciation.

The issuer must inform the holders of perpetual subordinated bonds, within one month, by means of notice published in a legal gazette, of the decision to appreciate the nominal value, the amount, the calculation method and the date of effect of the aforementioned appreciation.

	<p>In case other instruments having a loss absorption mechanism exist, the depreciation / appreciation of the nominal value will be effected on a pro rata basis across all instruments whose triggering threshold has been exceeded on the basis of the last nominal value preceding the triggering date of the loss absorption mechanism.</p> <p>Interests will be calculated on the basis of the last nominal value preceding the date of payment of the coupon (taking into account the depreciation / appreciation of the nominal value).</p> <p>In the event of depreciation or appreciation of the nominal value of the securities, the issuer must inform the AMMC.</p>
Tradability of securities	<p>Over-the-counter.</p> <p>The perpetual subordinated bonds, subject of this issuance, may only be traded between qualified investors.</p>
Assimilation clauses	<p>There is no assimilation of the perpetual subordinated bonds, subject of the present prospectus, to the perpetual 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>
Loan rank	<p>The capital 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 perpetual subordinated securities of the present issue will be repaid After repayment of all the secured or unsecured creditors..</p> <p>These perpetual subordinated securities will be repaid after all other subordinated loans that have been issued and which may subsequently be issued by Attijariwafa bank both in Morocco and abroad.</p> <p>This repayment will be made on the basis of the smaller of the two following amounts:</p> <ul style="list-style-type: none"> ▪ the initial nominal value reduced by the amount of any repayments previously made ; ▪ the amount available after the compensation of all the secured or unsecured creditors and the holders of subordinated bonds that have been issued and which may subsequently be issued by Attijariwafa bank both in Morocco and abroad.
Repayment guarantee	<p>The present issue has not been subject to a special guarantee.</p>
Rating	<p>The present issue has not been subject to any rating request.</p>

Representation of bondholders' body	<p>By virtue of the powers conferred by the Board of Directors held on December 6th, 2016, 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 tranches A and B (perpetual subordinated bonds), who are grouped together in one and the 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>
Applicable law	Moroccan law.
Competent jurisdiction	Trade Court of Casablanca.

Characteristics of tranche B (annually revisable rate, perpetual maturity and not listed on the Casablanca Stock Exchange)

Nature of securities	Perpetual subordinated bonds not listed on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear) and entered into account at the chartered affiliates.
Legal form	Bearer bond
Tranche ceiling	MAD 500,000,000
Maximum number of securities to be issued	5,000 perpetual subordinated bonds
Nominal value	MAD 100,000
Issue price	100%, i.e. MAD 100,000
Loan maturity	Perpetual, with the possibility of early repayment, beyond the 5 th year, which can only be carried out at the initiative of the issuer and with the consent of Bank Al-Maghrib, Beyond the period of five years
Subscription period	From December 14 th to 16 th , 2016 included
Possession date	December 23 rd , 2016
Allocation method	French Auction (cf. priority order granted to tranches in section “VIII.2. Allocation modalities” below)
Nominal interest rate	<p>Revisable on an annual basis.</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 yield curve as published by Bank Al-Maghrib on December, 5th, 2016, i.e. 2,26%. A risk premium ranging from 150 to 170 basis points will be added to this rate, thus resulting in a rate between 3,76% and 3,96%.</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 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 150 to 170 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 business days before the anniversary date.</p>
Reference rate calculation	<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 wished to be transformed</p> <p>* Exact number of days: 365 or 366 days.</p>

Premium risk	Between 150 and 170 basis points
Interest rate determination date	<p>The coupon will be revised on an annual basis on the anniversary dates of the vesting dates, i.e. December 23rd 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>
Interests	<p>The interests will be served annually at the anniversary dates of the possession date of the loan, i.e. December 23rd of each year. Their payment will take place on the same day or the first business day following December 23rd, if this day is not a business day. Interest on perpetual subordinated bonds will cease to accrue from the date when Attijariwafa bank will reimburse the principal.</p> <p>Attijariwafa bank may decide, at its discretion and with the prior agreement of Bank Al-Maghrib, to cancel (in whole or in part) payment of the amount of interest for an indeterminate period and on a non-cumulative basis, in order to meet its commitments (following a request from Bank Al-Maghrib). As a result of this decision, any amount of interests cancelled is no longer payable by the issuer or deemed to be accumulated or due to the holders of perpetual bonds.</p> <p>In the event of cancellation of the payment of the interest amount, the issuer is required to inform the holders of perpetual bonds and the AMMC within a period of not less than sixty calendar days prior to the payment date of the cancellation decision. Holders of perpetual bonds are informed by a notice published in a legal gazette specifying the amount of cancelled interests, the reasons leading to the decision to cancel payment of the interests amount as well as the corrective measures that have been implemented.</p> <p>The distribution of interests can only originate from distributable items and is not related to Attijariwafa bank's loan quality.</p> <p>Attijariwafa bank may, at its discretion decide to increase the amount of the coupon to be paid, which will consequently exceed the coupon amount determined on the basis of the formula below.</p> <p>Interests will be calculated as per the following formula:</p> <p>[Nominal x nominal rate].</p> <p>Interests will be calculated based on the last nominal value as defined in the "Absorption of losses" clause.</p>
Capital repayment	<p>The repayment of the capital is subject to the agreement of Bank Al-Maghrib and is made on a linear basis over a minimum period of 5 years.(cf " Early repayment " clause)</p>

Early repayment

Attijariwafa bank undertakes, during the entire loan period, not to proceed to any early repayment of the subordinated bonds, subject of the present issue and also not to go through with an advance repayment before the period of 5 years starting from the issuance date. Beyond the period of five years, advance repayment in whole or in part of the capital can be possible by the issuer and only following the approval of Bank Al-Maghrib.

Any (total or partial) prepayment will be made in proportion to all tranches of perpetual subordinated bonds subject to this issue, in a linear way over a minimum period of 5 years. Holders of perpetual bonds will be informed of the early repayment at the time the decision is made, with a reminder at least sixty days prior to the date of the repayment. These notices will be published in a legal gazette and will specify the amount, the duration and the start date of the repayment.

The issuer cannot proceed to the early repayment of the entire perpetual subordinated bonds subject to this issue as long as their nominal value is depreciated in accordance with the "Absorption of losses" clause. In the event that the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below 6.0%, on an individual or consolidated basis, during the repayment period, the latter will be made on the basis of the initial nominal value of the securities.

Attijariwafa bank prohibits itself from proceeding to the redemption of the perpetual subordinated bonds, subject to this issuance, until their nominal value is depreciated in accordance with the "Absorption of losses" clause. The issuer is required to inform all holders of perpetual subordinated bonds, whom subscribed to the present issuance, of any potential redemption procedure by means of a notice published in a legal gazette specifying the number of bonds to be redeemed and the time and the price of the redemption. Attijariwafa bank will proceed to the pro rata redemption of the sale orders presented (in case the number of securities presented exceeds the number of securities to be redeemed).

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 perpetual subordinated bonds will be automatically transferred to the legal entity substituted in the rights and obligations of Attijariwafa bank.

In case of liquidation of Attijariwafa bank, The repayment of capital is subordinated to all other debts. (cf " Loan Rank " clause)

Absorption of losses

Securities are depreciated when the Common Equity Tier1 (CET 1) ratio, as defined by Bank Al Maghrib, falls below 6.0% on an individual or consolidated basis. Securities are depreciated by the amount corresponding to the differential between the theoretical original equities of category 1 (CET1) allowing reaching CET 1 ratio of 6.0% and effective equity CET 1.(After taking into account the taxation effect)

The said depreciation is made, within a period not exceeding one month, by reducing the nominal value of the securities of the corresponding amount within the limit of a minimum nominal value of MAD 50 (Pursuant to Article 292 of Law 17-95 on public limited companies, as amended and supplemented by Law 20-05).

At the end of each half-yearly period (semi-annual publication dates for solvency ratios) or on an extraordinary or interim calculation date requested by the regulator, the issuer must verify that the Common Equity Tier 1 (CET 1) ratio, As defined by Bank Al Maghrib, meets the minimum level of 6.0%, on an individual and consolidated basis. To this end, Attijariwafa bank will ensure compliance with the requirements of the regulator for the declaration of solvency ratios through its half-yearly publications of Pillar III (available on the issuer's website) intended to ensure transparency of financial information. These publications will be sent to the representative of the bondholders' body comprising the holders of the perpetual subordinated bonds subject to this issuance, together with the regulator, and must contain details of the prudential ratios (Common Equity Tier1 or CET1 ratio and solvency ratio), the composition of regulatory equity and the allocation of risk weighted assets. Consequently, the issuer will publish, with the prior approval of its Board of Directors, its solvency ratio with an 18-month perspective. This publication will be made at each balance sheet date or at an interim date upon occurrence of a significant event affecting the regulatory ratios.

If the minimum ratio of 6.0% is not met, on an individual or consolidated basis, the issuer must immediately inform Bank Al-Maghrib and AMMC and send to the holders of perpetual bonds within 5 business days, a notice, published in a newspaper authorized to carry legal advertisements, specifying the occurrence of the event triggering the loss-absorbing mechanism, the amount of the nominal value depreciation of securities, the calculating methodology of this amount, the corrective measures that have been implemented and the date on which such depreciation takes effect.

After a possible depreciation of the nominal value of the securities and if the financial situation of the issuer requiring such depreciation improves, Attijariwafa bank may immediately, with the prior agreement of Bank Al-Maghrib, appreciate in whole or in part, the nominal value, which has been subject to depreciation.

The issuer must inform the holders of perpetual subordinated bonds, within one month, by means of notice published in a legal gazette, of the decision to appreciate the nominal value, the amount, the calculation method and the date of effect of the aforementioned appreciation.

	<p>In case other instruments having a loss absorption mechanism exist, the depreciation / appreciation of the nominal value will be effected on a pro rata basis across all instruments whose triggering threshold has been exceeded on the basis of the last nominal value preceding the triggering date of the loss absorption mechanism.</p> <p>Interests will be calculated on the basis of the last nominal value preceding the date of payment of the coupon (taking into account the depreciation / appreciation of the nominal value).</p> <p>In the event of depreciation or appreciation of the nominal value of the securities, the issuer must inform the AMMC.</p>
Tradability of securities	<p>Over-the-counter.</p> <p>The perpetual subordinated bonds, subject of this issuance, may only be traded between qualified investors.</p>
Assimilation clauses	<p>There is no assimilation of the perpetual subordinated bonds, subject of the present prospectus, to the perpetual 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>
Loan rank	<p>The capital 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 perpetual subordinated securities of the present issue will be repaid After repayment of all the secured or unsecured creditors..</p> <p>These perpetual subordinated securities will be repaid after all other subordinated loans that have been issued and which may subsequently be issued by Attijariwafa bank both in Morocco and abroad.</p> <p>This repayment will be made on the basis of the smaller of the two following amounts:</p> <ul style="list-style-type: none"> ▪ the initial nominal value reduced by the amount of any repayments previously made ; <p>the amount available after the compensation of all the secured or unsecured creditors and the holders of subordinated bonds that have been issued and which may subsequently be issued by Attijariwafa bank both in Morocco and abroad.</p>
Repayment guarantee	<p>The present issue has not been subject to a special guarantee.</p>
Rating	<p>The present issue has not been subject to any rating request.</p>

Representation of bondholders' body	<p>By virtue of the powers conferred by the Board of Directors held on December 6th, 2016, 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 tranches A and B (perpetual subordinated bonds), who are grouped together in one and the 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>
Applicable law	Moroccan law.
Competent jurisdiction	Trade Court of Casablanca.

IV. OPERATION SCHEDULE

Orders	Stages	Deadline
1	Approval of the issue by the AMMC	07/12/2016
2	Publication of an abstract of the prospectus in an Official Gazette	09/12/2016
3	Opening of the subscription period	14/12/2016
4	Closing of the subscription period	16/12/2016
5	Payment / Delivery	23/12/2016
6	Publication by the issuer of the operation results in an Official Gazette	23/12/2016

PART II: OVERVIEW OF ATTIJARIWAFABANK

I. GENERAL INFORMATION

Company name	Attijariwafa bank
Headquarters	2, boulevard Moulay Youssef – Casablanca 20 000
Phone / Fax	Phone: 0522.29.88.88 Fax: 0522.29.41.25
Web site	www.attijariwafabank.com
Legal form	Limited Company with Board of Directors
Incorporation date	1911
Company lifetime	May 31 st , 2060 (99 years)
Trade Register	Casablanca Trade Register No.333
Financial Year	From January 1 st to December 31 st
Company objective (article 5 of statutes)	<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"> ▪ Receive from the public deposits on accounts or otherwise whether interest bearing or not, repayable on demand, upon notice or maturity; ▪ 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.; ▪ 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; ▪ 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; ▪ 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; ▪ 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; ▪ Establish in any place inside or outside Morocco, subsidiaries, branches, offices and affiliates required to perform the aforementioned operations;

	<ul style="list-style-type: none"> ▪ 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. <p>And generally all operations that fall under its corporate purpose.”</p>
Share capital on the eve of the present operation	MAD 2,035,272,260 fully paid up, consisting of 203,527,226 shares with a face value of 10 MAD.
Legal documents	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.
List of the laws applicable on the issuer	<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 30th, 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 1st, 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"> ▪ Dahir No. 1-93-211 of September 21st, 1993 on the Stock Exchange as amended and supplemented by laws 34-96, 29-00, 52-01 and 45-06; ▪ General Rules of the Stock Exchange approved by the Ordinance of the Minister of Economy and Finance No. 499-98 of July 27th, 1998 and amended by the Ordinance of the Minister of Economy, Finance, Privatization and Tourism No. 1960-01 of October 30, 2001. This latter was modified by the amendment of June 2004 that came into force in November 2004 and by Ordinance No. 1268-08 dated July 7th, 2008; ▪ Statutory Dahir No. 1-93-212 of September 21st, 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; ▪ General Rules of AMMC as approved by the Decree of the Minister of Economy and Finance No. 822-08 of April 14th, 2008; ▪ AMMC circular; ▪ Dahir No. 1-95-03 of January 26th, 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 9th, 1995 on tradable debt securities; ▪ Dahir No. 1-96-246 of January 9th, 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; ▪ General rules of the Central Depository approved by the Ordinance of the Minister of Economy and Finance No. 932-98 dated April 16th, 1998 and amended by the Ordinance of the Minister of Economy, Finance, Privatization and Tourism No. 1961-01 of October 30th, 2001; ▪ Dahir No. 1-04-21 of April 21st, 2004 promulgating the Law No. 26-03 relating to public offerings on the stock market and amended by the

	Law 46-06; <ul style="list-style-type: none"> Bank Al Maghrib circular No. 2/G/96 of January 30th, 1996 related to the deposit certificates and its amendment.
Tax system	As a credit institution, Attijariwafa bank is subject to the corporate tax (37%) and the VAT (10%).
Competent court in the event of dispute	Trade Court of Casablanca

II. INFORMATION ON THE ISSUER'S SHARE CAPITAL²

As of June 30th, 2016, 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
1- National shareholders		157 041 206	77.16%	77.16%
1-1- SNI Group		97 433 137	47.87%	47.87%
SNI	Angle rue d'Alger et Duhaume - Casablanca	97 360 260	47.84%	47.84%
Various SNI subsidiaries	-	72 877	0.04%	0.04%
1-2- Insurance companies		33 289 107	16.36%	16.36%
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%
1-3- Other institutions		26 318 962	12.93%	12.93%
Caisse de Dépôt et de Gestion (CDG)	140 Place My El Hassan - Rabat	3 576 531	1.76%	1.76%
Wafa Corp	42 bd Abdelkrim Al Khattabi - Casablanca	58 466	0.03%	0.03%
Moroccan Retirement Fund	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%
2- Foreign shareholders		10 715 614	5.26%	5.26%
Santusa Holding	Paseo de la Castellana n°24 - Madrid (Spain)	10 715 614	5.26%	5.26%
3- Float		35 770 406	17.58%	17.58%
OPCVM and others	NA*	31 854 181	15.65%	15.65%
Bank staff	NA*	3 916 225	1.92%	1.92%
Total		203 527 226	100.00%	100.00%

Source: Attijariwafa bank - * Not applicable

² SNI became the reference shareholder of Attijariwafa bank with up to 47.84%, following essentially the absorption of ONA by SNI on December 31st, 2010.

III. ATTIJARIWAFABANK BOARD OF DIRECTORS

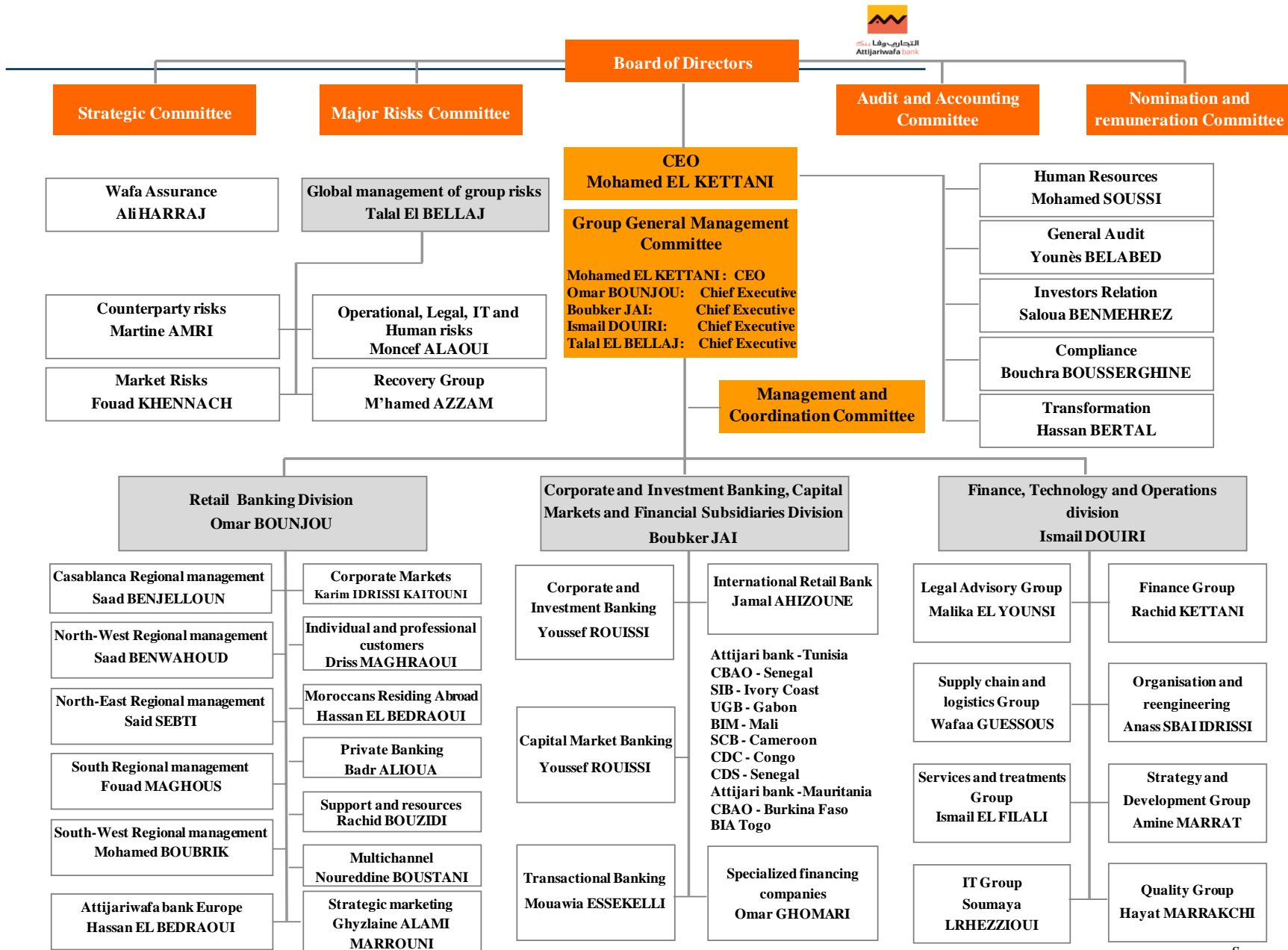
As of June 30th, 2016, Attijariwafa bank is managed by a Board of Directors of 10 members, chaired by Mr. Mohamed El Kettani.

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

Source: Attijariwafa bank - * Appointment or renewal of mandate

IV. ATTIJARIWAFABANK ADMINISTRATIVE CHART

The administrative chart of Attijariwafa bank Group, on the eve of the present operation, is as follows:



Source: Attijariwafa bank

V. ACTIVITY OF ATTIJARIWAFABANK

V.1. Evolution of credits

Over the last three financial years, the outstanding customer debts by type of debts has evolved as follows:

	2013	2014	2015	Var. 14/13	Var. 15/14	S1.2016	Var. S1.16/15
Debts owed to credit and similar institutions (C1)	32 342	33 640	35 049	4,0%	4,2%	30 689	-12,4%
Current	5 287	8 023	11 025	51,8%	37,4%	7 656	-30,6%
Long term	27 056	25 618	24 025	-5,3%	-6,2%	23 033	-4,1%
Customer debts (C2)	169 459	171 287	164 250	1,1%	-4,1%	173 383	5,6%
Cash and consumer loans	49 844	52 092	49 066	4,5%	-5,8%	51 718	5,4%
Equipment loans	54 733	57 607	54 607	5,3%	-5,2%	55 635	1,9%
Mortgage loans	56 125	54 542	54 570	-2,8%	0,1%	55 574	1,8%
Other loans	4 064	1 617	1 652	-60,2%	2,1%	5 794	>100,0%
Factoring loans	562	1 059	-	88,5%	Ns	0	0,0%
Net non-performing loans	2 630	3 025	3 051	15,0%	0,9%	2 982	-2,3%
Accrued interests receivable	1 501	1 346	1 304	-10,4%	-3,1%	1 680	28,8%
Total debts (C1) + (C2)	201 801	204 927	199 300	1,5%	-2,7%	204 072	2,4%

MAD million - Source: Attijariwafa bank – Aggregate accounts

As of June 30th, 2016, Attijariwafa bank's outstanding loans totaled MAD 204.1 billion, increasing by 2.4% compared to the end of 2015. This increase is mainly the result of an improvement of the outstanding customer debt by 5.6% at around MAD 173.4 billion at the end of 2016, which offsets the decrease in debts from credit institutions and similar companies by 12.4% (- MAD 4.4 billion) over the period considered.

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 debts owed to credit institutions and similar institutions, following a 37.4% progress (+MAD 3.0 billion) in the outstanding current debts, which was mitigated by a regress of the outstanding long term debts by 6.2% (-MAD 1.6 billion) in 2015.

In 2014, the Attijariwafa bank outstanding loans reached MAD 204.9 billion, which is a 1.5% increase compared to the end of 2013. This increase is mainly the result of improvement of the outstanding customer debt by 1.1% at around MAD 171.3 billion at the end of 2014, coupled with a 4.0% progression of debts owed to credit institutions and similar institutions.

V.2. Evolution of deposits

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

	2013	2014	2015	Var. 14/13	Var. 15/14	S1.2016	Var. S1.16/15
Debts owed to credit institutions (D1)	53 993	41 530	29 870	-23,1%	-28,1%	24 327	-18,6%
Current	6 360	6 456	12 281	1,5%	90,2%	6 373	-48,1%
Long term	47 633	35 075	17 589	-26,4%	-49,9%	17 955	2,1%
Customer debts (D2)	174 135	190 720	200 959	9,5%	5,4%	205 854	2,4%
Creditors' current accounts	105 260	116 123	122 338	10,3%	5,4%	124 613	1,9%
Saving accounts	23 464	25 049	25 875	6,8%	3,3%	26 298	1,6%
Time deposits	37 271	40 515	43 521	8,7%	7,4%	42 733	-1,8%
Other creditors' accounts	7 239	8 221	8 303	13,6%	1,0%	11 273	35,8%
Accrued interests payable	901	812	922	-9,9%	13,7%	937	1,6%
Total debts (D1+D2)	228 128	232 250	230 829	1,8%	-0,6%	230 181	-0,3%

MAD million- Source: Attijariwafa bank – Aggregate accounts

At the end of the first semester of 2016, customer deposits nearly reached MAD 205.9 billion, a 2.4% increase compared to the end of 2015. The outstanding amount of debts owed to credit institutions declined by 18.6%, reaching MAD 24.3 billion at the end of June 2016.

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 December 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.

During the 2014 financial year, the customer deposits reached MAD 190.7 billion, which is a 9.5% increase compared to 2013, and the outstanding debts owed to institutions decreased by 23.1%, reaching around MAD 41.5 billion at the end of 2014. The decline of the outstanding time deposits by 26.4% (- MAD 12.6 billion) remains the main reason behind this increase.

VI. FINANCIAL STATEMENTS OF ATTIJARIWAFI BANK AGGREGATE ACCOUNTS

VI.1. Balance Sheet 2013-S1.2016

ASSETS	2013	2014	2015	S1. 2016
Cash values, Central banks, Public Treasury, services of postal checks	7 594 415	4 005 381	5 576 214	9 380 218
Loans due on credit and similar institutions	32 342 391	33 640 290	35 049 487	30 688 639
Current	5 286 629	8 022 540	11 024 654	7 655 529
On the long term	27 055 762	25 617 750	24 024 833	23 033 111
Customer debts	168 897 359	170 228 295	164 250 424	173 382 954
Cash and consumer loans	50 594 031	52 671 726	49 066 222	52 267 979
Equipment loans	55 461 129	58 369 891	54 606 691	56 761 870
Mortgage loans	56 147 102	54 542 287	54 570 189	55 574 063
Other loans	6 695 097	4 644 391	1 652 113	8 779 041
Factoring loans	561 695	1 058 799	1	1
Transaction and investment securities	51 616 324	49 367 508	53 428 916	47 097 782
Treasury bills and similar securities	38 807 089	32 842 678	37 038 022	30 275 265
Other loan securities	2 691 012	1 384 140	1 294 142	1 597 791
Equities	10 118 223	15 140 690	15 096 752	15 224 726
Other assets	3 035 592	2 425 647	3 785 551	3 841 105
Investment securities	10 225 201	9 195 147	6 089 132	6 023 736
Treasury bills and similar securities	10 225 201	9 195 147	6 089 132	6 023 736
Other loan securities	0	0	0	0
Equity securities and similar uses	12 475 572	12 529 449	13 761 859	13 734 316
Subordinated debts	0	0	0	0
Assets under lease and tenancy	1 485 490	1 618 377	1 262 341	1 216 628
Intangible assets	1 824 486	1 895 942	1 897 711	1 953 125
Tangible assets	2 291 343	2 853 555	3 019 011	3 203 160
TOTAL ASSETS	292 349 868	288 818 390	288 120 647	290 521 665

In MAD thousand

LIABILITIES	2013	2014	2015	S1. 2016
Central banks, Public Treasury, services of postal checks	0	0	0	0
Debts owed to credit and similar institutions	53 993 083	41 530 448	29 870 277	24 327 487
Current	6 359 784	6 455 549	12 281 017	6 372 949
On the long term	47 633 299	35 074 899	17 589 260	17 954 538
Customer's deposits	174 134 658	190 719 730	200 959 041	205 853 895
Creditors' current accounts	105 275 973	116 140 652	122 356 505	124 631 862
Savings accounts	23 679 523	25 234 472	26 010 094	26 433 534
Time deposits	37 972 152	41 123 434	44 289 925	43 514 734
Other creditors' accounts	7 207 010	8 221 172	8 302 517	11 273 765
Issued loan securities	7 744 448	9 292 042	7 048 901	6 494 321
Issued tradable loan securities	7 744 448	9 292 042	7 048 901	6 494 321
Issued debenture loans	0	0	0	0
Other issued debt securities	0	0	0	0
Other liabilities	17 339 107	5 875 482	6 096 756	8 332 452
Reserves for risks and costs	1 726 395	2 634 425	2 761 704	2 880 253
Regulated reserves	0	0	0	0
Subsidies, restricted public funds and special funds of guarantee	0	0	0	0
Subordinated debts	10 034 909	9 778 262	10 760 507	11 802 413
Revaluation differences	420	421	420	420
Reserves and capital related premiums	22 052 401	23 407 000	24 916 000	26 350 000
Capital	2 035 272	2 035 272	2 035 272	2 035 272
Shareholders, unpaid capital (-)	0	0	0	0
Opening balance (+/-)	-312	1 194	6 351	160
Net income pending allocation (+/-)	0	0	0	0
Net income of the FY (+/-)	3 289 487	3 544 114	3 665 418	2 444 991
TOTAL OF LIABILITIES	292 349 868	288 818 390	288 120 647	290 521 665

In MAD thousand

VI.2. Income Statement 2013- S1.2016

COMPTE DE PRODUITS ET DE CHARGES	2013	2014	2015	S1. 2015	S1. 2016
I. BANK OPERATING INCOME					
Interests and similar revenues on transactions with credit loans	1 095 866	1 127 904	1 093 373	567 980	483 071
Interests and similar revenues on transactions with customers	9 539 872	9 512 053	9 201 032	4 673 404	4 527 542
Similar interests and revenues on issued loan securities	568 528	646 626	482 483	269 868	178 472
Revenues on equities	1 324 216	1 272 033	1 419 320	1 257 995	1 255 845
Revenues on assets lease and tenancy	156 437	272 712	394 119	188 512	180 056
Commissions on service provision	1 265 049	1 269 742	1 355 915	635 017	703 143
Other banking revenues	2 286 956	5 014 218	4 903 198	3 521 895	3 343 560
TOTAL I	16 236 924	19 115 288	18 849 440	11 114 671	10 671 688
II. BANK OPERATING COSTS					
Interests and similar costs on transactions with credit loans	1 302 654	1 335 585	799 578	425 273	219 373
Interests and costs on transactions with customers	3 022 096	3 022 955	2 936 838	1 440 952	1 412 989
Interests and similar costs on issued loan securities	392 180	369 168	282 806	154 570	128 107
Costs on assets in lease and in tenancy	96 649	172 758	359 451	182 988	156 183
Other banking costs	1 287 941	2 766 270	3 629 997	2 749 475	2 501 853
TOTAL II	6 101 520	7 666 736	8 008 670	4 953 258	4 418 505
III. NET BANKING INCOME	10 135 404	11 448 552	10 840 770	6 161 413	6 253 183
Non-banking operating income	129 157	62 905	162 247	20 384	15 876
Non-banking operating costs	0	225	0	0	0
IV. GENERAL OPERATING COSTS					
Staff costs	1 683 047	1 773 329	1 854 299	918 923	950 957
Taxes and duties	108 632	111 132	119 315	57 236	57 420
External costs	1 536 632	1 619 660	1 723 759	828 457	885 965
Other general operating costs	5 519	8 856	21 229	13 071	8 246
Allocation to depreciation and provisions of tangible and intangible assets	402 492	413 765	403 363	200 687	204 878
TOTAL IV	3 736 322	3 926 742	4 121 965	2 018 374	2 107 467
V. ALLOCATION TO PROVISIONS AND LOSSES ON BAD DEBTS					
Provision write-off for debts and pending commitments by signature	1 492 915	1 520 530	1 724 473	1 186 408	985 057
Reversals of depreciated loans	211 614	406 555	563 457	452 377	277 486
Other provisions write-off	604 066	1 033 546	486 528	282 430	209 220
TOTAL V	2 308 595	2 960 631	2 774 458	1 921 215	1 471 763
VI. PROVISION WRITE-OFF AND REVERSAL OF DEPRECIATED LOANS					
Provision reversal for debts and pending commitments by signature	489 971	675 084	791 275	1 186 408	477 371
Recovery of on receivables	47 726	76 787	69 391	452 377	22 242
Other provision reversal	69 500	61 517	240 470	282 430	64 571
TOTAL VI	607 197	813 388	1 101 136	694 862	564 183
VII. CURRENT PROFITS	4 826 841	5 437 247	5 207 730	2 937 070	3 254 011
Non-current income	4 653	14 446	5 442	2 777	2 494
Non-current costs	84 430	83 439	94 764	54 712	50 823
VIII. PRE-TAX PROFIT	4 747 064	5 368 254	5 118 408	2 885 135	3 205 683
Profit tax	1 457 578	1 824 140	1 452 990	636 125	760 692
IX. NET PROFIT OF THE FINANCIAL YEAR	3 289 486	3 544 114	3 665 418	2 249 010	2 444 991

In MAD thousand

VII. ATTIJARIWAFABANK SUMMARY OF CONSOLIDATED ACCOUNTS UNDER IFRS RULES

VII.1. Consolidate Balance Sheet 2013- S1.2016

	2013	2014	2015	S1. 2016
ASSETS				
Cash values, Central banks, Public Treasury, services of postal checks	12 830 730	8 842 320	12 580 486	15 428 384
Financial assets at fair value through result	40 687 887	52 389 822	58 297 966	50 605 404
Hedging derivative instruments	-	-	-	-
Financial assets held for sale	29 175 729	30 805 290	33 000 427	35 661 699
Loans and receivables to credit and similar institutions	18 277 416	19 305 251	21 179 662	16 632 480
Customer loans and receivables	250 749 882	255 056 498	252 918 815	264 172 319
Fair value revaluation of portfolio hedge	-	-	-	-
Investments held till their maturity date	10 225 201	10 928 820	7 916 008	7 654 455
Current tax assets	35 435	137 676	395 789	23 442
Deferred tax assets	669 866	448 327	516 412	541 337
Accruals and other assets	8 182 804	7 491 499	7 973 730	8 364 259
Non-current assets held for sale		97 089	893 528	1 390 517
Participation of insured persons in deferred profits	103 621	920 708	98 622	89 667
Investments in equity-consolidated companies	112 666	116 861	102 952	91 460
Investment properties	1 309 214	1 830 545	1 875 923	2 036 370
Tangible assets	4 947 698	5 056 788	4 953 082	5 026 064
Intangible assets	1 552 585	1 731 443	1 708 144	1 847 861
Purchase goodwill	6 718 819	6 684 704	6 667 144	6 675 195
Total assets	385 579 553	401 843 640	411 078 692	416 240 914
LIABILITIES				
Central banks, Public Treasury, services of postal checks	179 058	135 266	165 236	175 892
Financial liabilities at fair value through profit or loss	1 294 521	1 965 441	1 090 129	1 378 007
Hedging derivatives	-	-	-	-
Loans and receivables to credit and similar institutions	53 613 257	41 236 002	32 511 095	27 512 983
Customer debts	237 607 910	257 881 178	274 514 736	280 441 944
Debt securities issued	12 766 065	14 253 845	13 743 666	12 407 397
Fair value revaluation of portfolio hedge	-	-	-	-
Current tax liabilities	471 405	1 222 376	296 624	234 774
Deferred tax liabilities	1 469 254	1 700 513	1 782 425	2 036 447
Accruals and other liabilities	8 569 717	8 961 596	8 848 300	11 668 126
Debts related to non-current assets held for sale	-	-	-	-
Technical provisions of insurance agreements	20 205 854	22 212 075	23 873 972	24 753 959
Provisions for risks and costs	1 296 878	1 745 890	1 513 117	1 627 180
Subsidies, restricted public funds and special funds of guarantee	135 543	147 819	153 865	144 011
Subordinated debts	10 034 909	9 979 663	11 356 370	12 649 077
Capital and associated reserves	9 466 523	10 151 765	10 151 765	10 151 765
Consolidated reserves	23 385 449	24 258 638	24 905 872	27 013 651
<i>Group share</i>	<i>19 600 550</i>	<i>20 163 454</i>	<i>21 420 642</i>	<i>23 442 833</i>
<i>Minority shareholding</i>	<i>3 784 900</i>	<i>4 095 184</i>	<i>3 485 230</i>	<i>3 570 819</i>
Latent or deferred gains or losses, group share	16 973	851 090	871 352	1 089 685
Net profit of financial year	5 066 237	5 140 484	5 300 168	2 956 016
<i>Group share</i>	<i>4 141 115</i>	<i>4 355 244</i>	<i>4 501 781</i>	<i>2 495 419</i>
<i>Minority shareholding</i>	<i>925 122</i>	<i>785 240</i>	<i>798 387</i>	<i>460 596</i>
Total liabilities	385 579 553	401 843 640	411 078 692	416 240 914
In MAD thousand				

VII.2. Consolidated Income Statement 2013- S1.2016

	2013	2014	2015	S1. 2015	S1. 2016
Interests and similar income	17 165 140	17 498 851	17 336 355	8 677 038	8 565 032
Interests and similar costs	6 585 060	6 472 577	5 935 421	2 925 769	2 800 590
Interest margin	10 580 080	11 026 273	11 400 934	5 751 269	5 764 442
Commissions receivables	4 078 924	4 301 420	4 566 042	2 189 692	2 450 109
Commissions payments	349 017	426 256	525 758	247 517	282 885
Commissions margin	3 729 908	3 875 163	4 040 284	1 942 175	2 167 223
Net gains and losses on financial instruments at the fair value through result	2 302 021	3 777 540	2 944 577	1 629 056	1 785 967
Net gains or losses on financial assets held for sale	627 053	346 238	183 561	211 914	201 181
Result of trading activities	2 929 074	4 123 778	3 128 139	1 840 969	1 987 148
Income from other activities	5 572 981	6 039 398	6 482 827	2 966 204	3 329 131
Costs of other activities	4 934 596	5 614 858	6 055 166	2 746 940	3 156 251
Net banking income	17 877 445	19 449 755	18 997 018	9 753 677	10 091 693
General operating costs	7 183 144	7 680 810	7 959 562	3 922 368	4 125 553
Allocation to amortizations and depreciations of tangible and intangible assets	764 660	827 963	851 162	418 973	450 989
Gross operational result	9 929 641	10 940 982	10 186 295	5 412 335	5 515 150
Risk cost	-1 866 633	-3 034 430	-2 217 045	- 1 162 502	- 1 104 030
Operating result	8 063 008	7 906 552	7 969 250	4 249 833	4 411 121
Share of the result of equity-consolidated companies	16 626	20 004	12 471	6 262	110
Net gains or losses on other assets	53 551	46 892	122 573	15 178	17 786
Change of goodwill purchase values	-	-	-	-	-
Pre-tax result	8 133 184	7 973 448	8 104 295	4 271 273	4 429 017
Benefit tax	3 066 948	2 832 964	2 804 127	1 511 709	1 473 001
Net result	5 066 237	5 140 484	5 300 168	2 759 564	2 956 016
External result	925 122	785 240	798 387	447 693	460 596
Group net share result	4 141 115	4 355 244	4 501 781	2 311 871	2 495 419

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 vis-à-vis 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 VaR³ 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.

³ 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-June 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	81 016 617	645 400	2 040 933
Equities	127 301 952	2 290 475	7 243 119
Bonds & UCITS	41 756 110 798	69 323 467	219 220 051

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 June 30th, 2016, can be analyzed according to the following table:

Currencies	Position in currencies	Rate	Counter-value (MAD thousand)	% Capital
AED	3 895	2.662	10 369	0.04%
CAD	861	7.552	6 501	0.02%
CHF	235	10.015	2 350	0.01%
DKK	490	1.460	716	0.00%
DZD	2 541	0.089	225	0.00%
GBP	567	13.172	7 473	0.03%
JPY	61 657	0.095	5 872	0.02%
KWD	21	32.383	693	0.00%
LYD	80	7.777	625	0.00%
MRO	4 028	0.027	110	0.00%
NOK	5 256	1.167	6 133	0.02%
SAR	5 001	2.607	13 037	0.05%
SEK	2 789	1.153	3 216	0.01%
TND	2 317	4.483	10 388	0.04%
USD	12 651	9.779	123 715	0.45%
EUR	35 503	10.868	385 866	1.41%
ZAR	1 426	0.658	938	0.00%
CNY	327	1.471	481	0.00%

In thousands – Source: Attijariwafa bank

At the end of June 2016, the exchange position amounts to about MAD 19.8 bn:

	< 3 months	3 months - 6 months	6 months - 12 months	> 6 months
Cover (in MAD million)	10 224	3 694	2 579	3 120

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
March 31 st , 06	92.80%	
June 30 th , 06	87.20%	-5.60 pts
December 31 st , 06	96.40%	+9.20 pts
March 31 st , 07	77.60%	-18.80 pts
June 30 th , 07	131.40%	+53.80 pts
December 31 st , 07	107.90%	-23.50 pts
June 30 th , 08	101.60%	-6.30 pts
December 31 st , 08	100.60%	-1.00 pt
March 31 st , 09	121.01%	+20.41 pts
June 30 th , 09	100.90%	-20.11 pts
December 31 st , 09	107.98%	+7.08 pts
March 31 st , 10	94.73%	-13.25 pts
June 30 th , 10	91.48%	-3.25 pts
December 31 st , 10	94.16%	+2.68 pts
March 31 st , 11	87.02%	-7.14 pts
June 30 th , 11	95.04%	+8.02 pts
December 31 st , 11	95.40%	0.36 pt
June 30 th , 12	80.56%	-14.84 pts
December 31 st , 12	81.63%	1.07 pt
December 31 st , 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 st , 14	120.00%	+38.9 pts
June 30 th , 15	114.00%	-6.0 pts
December 31 st , 15	178.40%	+58.4 pts
June 30 th , 16	131.40%	+17.3 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 commitment⁴

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 16%, an increase of 1.0 points in comparison to 2015. Commitments in this sector are very good risks;
- Construction and building materials represent 8.0% and real estate promotion is about 6.0%, stagnating in comparison to 2015.

By counterparty

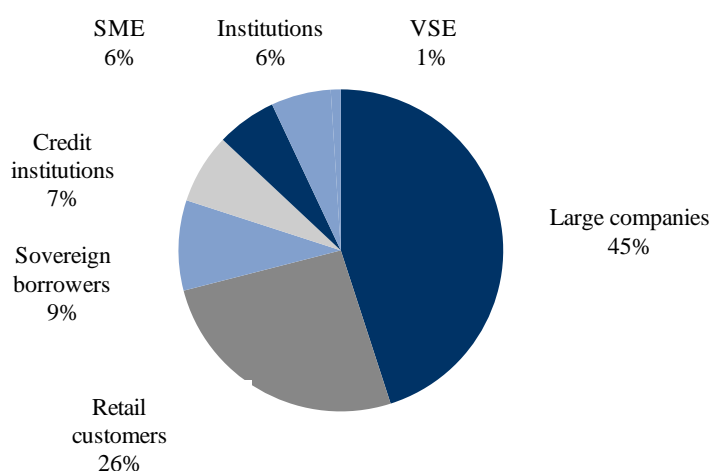
Assessed while taking into account all the commitments concerning the same beneficiary, the diversification is a permanent feature of the bank's risk policy. The extent and variety of the group's activity could participate therein.

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

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

This diversification is as follows:

Breakdown of the bank's commitments by counterpart category on June 30th, 2016



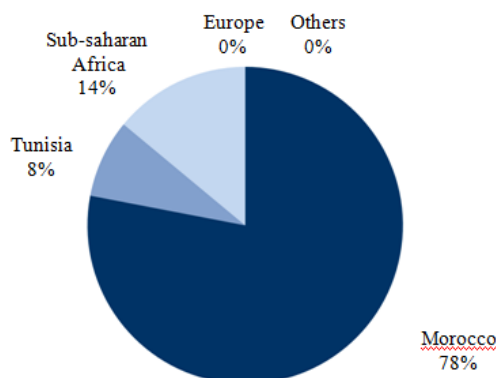
Source: Attijariwafa bank*other than VSE

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.

⁴ Source: Attijariwafa bank

Breakdown of the bank's commitments by geographic area as of June 30th, 2016



Source: Attijariwafa bank

In Morocco, the region of Casablanca represents on its own more than 67% of the bank's commitments, followed by the North West region (Rabat-Tangier), 19%, while Meknes-Fez, Souss-Sahara and the Rif-Oriental each represent 3% of the commitments and other areas account for the remaining 4%.

This focus is explained by:

- The fact that the areas of Casablanca and Rabat constitute the “economic, financial and administrative heart” of the Kingdom;
- The establishment of accounts in Casablanca and Rabat of the main infrastructure projects launched and carried out in the provinces.

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.

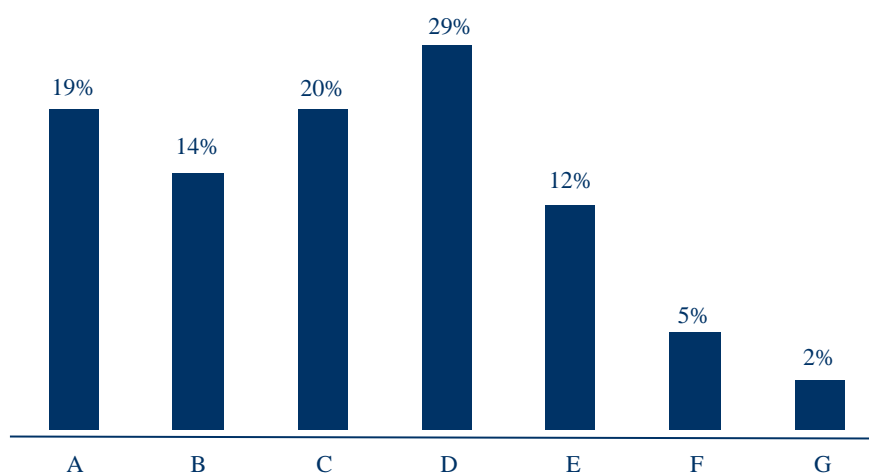
The rating system is dynamic and its annual blacklisting scheduled for:

- 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 June 30th, 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 June 30th, 2016 is as follows:

	Gross book value	Current value	Reimbursement value	Latent revaluation gains	Latent revaluation losses	Provisions
Transaction securities	45 345 237	45 345 237	-	-	-	-
Bills and similar securities	28 885 926	28 885 926	-	-	-	-
Bonds	916 826	916 826	-	-	-	-
Other debt securities	351 427	351 427	-	-	-	-
Equities	15 191 058	15 191 058	-	-	-	-
Investment securities	1 769 355	1 736 460	-	75 407	32 895	32 895
Bills and similar securities	1 378 142	1 378 142	-	58 142	-	-
Bonds	287 684	287 684	-	17 059	-	-
Other debt securities	36 966	36 966	-	-	-	-
Equities	66 563	33 668	-	206	32 895	32 895
Placement securities	5 936 741	5 936 741	-	40 118	-	-
Bills and similar securities	5 936 741	5 936 741	-	40118	-	-
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 June 2016:

	2013	2014	2015	S1.2016
Core capital (Tier 1) (1)	19 079	21 974	22 142	22 743
Regulatory shareholders' equity (2)	22 737	26 793	26 610	27 475
Weighted risks (3)	185 951	209 137	210 337	222 466
Ratio of core capital (1) / (3)	10.26%	10.51%	10.53%	10.22%
Solvency ratio (2) / (3)	12.23%	12.81%	12.65%	12.35%

MAD billion - Source : Attijariwafa bank – Aggregate accounts

The projected Attijariwafa bank Group solvency ratio during the next 18 months:

	Dec.16	June.17	Dec.17
Core capital (Tier 1) (1)	37	35	38
Regulatory shareholders' equity (2)	44	44	47
Weighted risks (3)	335	359	372
Ratio of core capital (1) / (3)	10,93%	9,84%	10,09%
Solvency ratio (2) / (3)	13,26%	12,29%	12,71%

MAD billion - Source : Attijariwafa bank – Consolidated accounts

The projected solvency ratio during the next 18 months, based in aggregated accounts:

	Déc.16	Juin.17	Déc.17
Core capital (Tier 1) (1)	27	23	25
Regulatory shareholders' equity (2)	33	29	32
Weighted risks (3)	232	238	244
Ratio of core capital (1) / (3)	11,78%	9,83%	10,14%
Solvency ratio (2) / (3)	14,04%	12,22%	12,96%

MAD billion - Source : Attijariwafa bank – Aggregate accounts

NB : The projected solvency during the next 18 months, based in aggregated and consolidated accounts, take into account the present issue of perpetual subordinated bonds for 500 mn MAD and the issue of a subordinated bond for 1,5 bn MAD.

Attijariwafa Bank's forward ratios on an individual and consolidated basis over the next 18 months remain well above the current regulatory minimum: 9.0% in the solvency ratio on Common Equity Tier1 (CET1) and 12.0% on total equity thanks to the internal capital management policy.

The development of solvency ratios on an individual basis and on a consolidated basis follows the international standards of the Basel Committee and is governed by Bank AL-Maghrib's regulatory guidelines:

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

Attijariwafa Bank is required to respect on an individual and consolidated basis:

- A common equity ratio of at least 8.0% (this threshold includes the obligation to set up a conservation buffer from the core equity equivalent to 2.5% of risk-weighted assets);
- A Tier1 common equity ratio of at least 9.0%;
- A Tier 1 and Tier 2 total equity ratio of at least 12.0%.

Attijariwafa Bank is also required to set up an additional equity matrix allowing to absorb the regulatory and internal stress tests shocks and to ensure compliance with the post stress tests thresholds described above:

- Stress tests on credit risk: default of the most vulnerable counterparties, migration from 10% to 15% of high-risk claims;
- Stress tests on market risk: MAD depreciation compared EUR, shifting of the yield curve, depreciation of the asset value of the various UCITS (bonds, money, etc.);
- Stress tests on country risk: Stress tests on non-resident credits in countries witnessing risks of political instability;
- A scenario combining several assumptions.

In addition, IMF and World Bank conducted an assessment of the financial system in 2015 within the framework of the FSAP-FINANCIAL SECTOR ASSESSMENT PROGRAM intended to:

- assess the Moroccan financial system as a whole;
- Identify weaknesses and formulate recommendations necessary to strengthen the financial sector's ability to resist macroeconomic shocks and the risks of cross-border contagion through the implementation of several stress tests (a mechanism that allows to test resistance to macroeconomic and financial shocks);

- Issue recommendations within the framework of the Financial System Stability Assessment (FSSA) report on the basis of FSAP results and the World Bank's report aiming to increase the stability of the banking system

FSAP results show that the eight banking groups, which account for 90% of the sector's total balance sheet, display a solvency ratio of 13.8% at the end of 2014 against a regulatory minimum of 12.0%. The sector's average CET1 ratio is also higher than Bank Al-Maghrib's requirements. Furthermore, the results of the stress tests carried out on the solvency ratio show the good resilience of the sector's overall equity level to absorb the macroeconomic shocks.

As from January 2019, for macro-prudential supervision considerations, Bank Al-Maghrib may request credit institutions to establish an equity buffer called "countercyclical equity buffer" on an individual and/or consolidated basis. The buffer, which ranges from 0% to 2.5% of risk-weighted assets, is composed of Tier 1 equity. Compliance with this additional threshold is preceded by a 12-month notice.

The frequency of reporting solvency ratios to the regulator is semi-annual, and is accompanied by the publication of Pillar III to ensure transparency of financial information: prudential ratios details, regulatory equity composition, risk-weighted assets allocation. In addition, Attijariwafa Bank will publish, with the prior approval of its Board of Directors, its solvency ratio with an 18-month perspective. This publication will be made at each balance sheet date or at an interim date upon occurrence of a significant event affecting the regulatory ratios.

Moreover, for purely illustrative purposes, the differential between Attijariwafa Bank's effective common equity (CET 1) as of June 30th, 2016 and theoretical common equity (CET1) allowing to reach 6.0% CET 1 ratio amounts to nearly MAD 9.4 billion.

V. MANAGEMENT OF COUNTRY-RELATED RISKS

With the support of an external consultant, the Country-related risk entity has made, during the financial year 2015, 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 of 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.

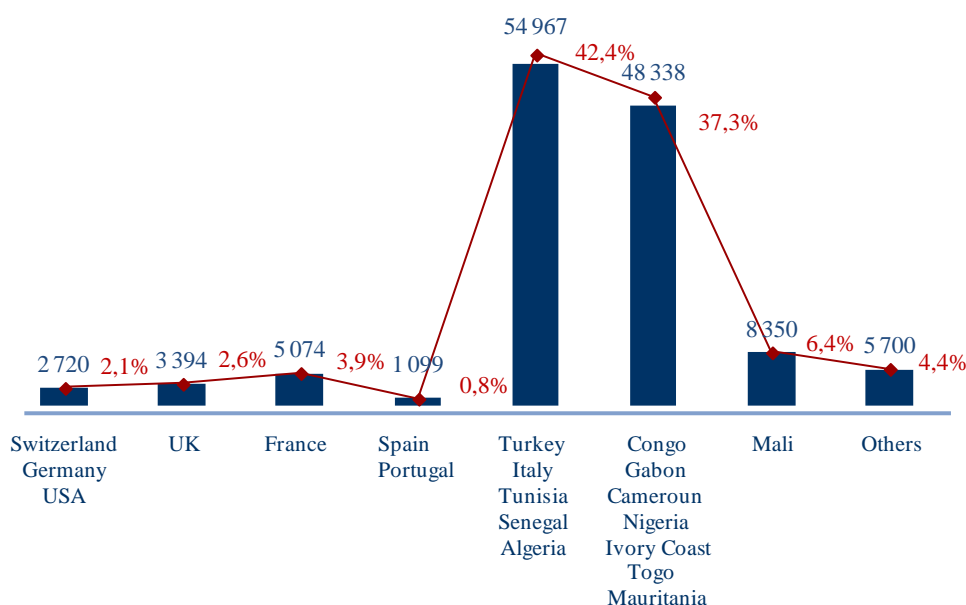
This system focuses on the following items:

- 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 9.4% of the bank exposure to international risks at the end of December 2015 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 31st 2015



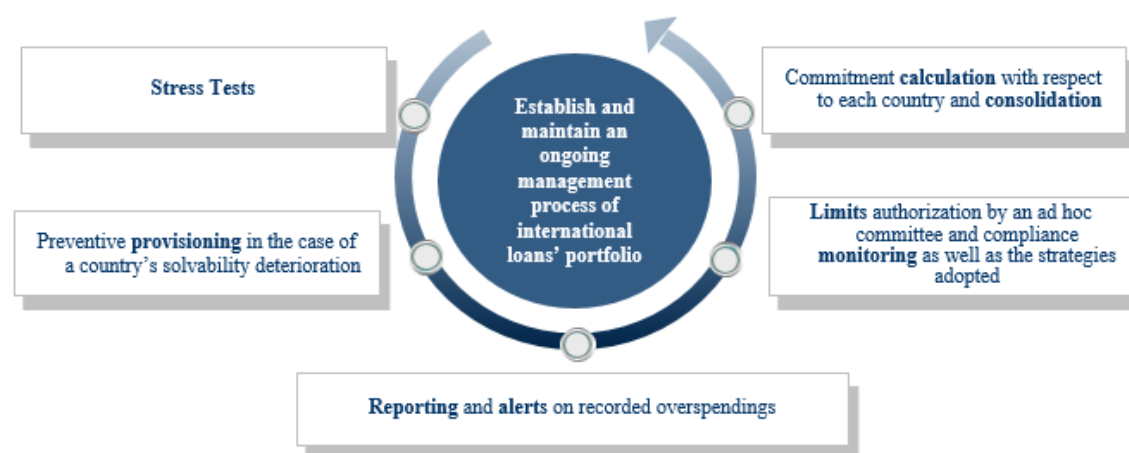
Source: Attijariwafa bank

- 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;
- establishment of an economic internal scoring of country risks reflecting the per country vulnerability index. This score is based on a multiple criteria assessment approach combining macroeconomic indicators, branches ratings and market data, mainly credit default swaps as a barometers of default probability linked to each issuer;
- 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 13th, 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.

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.

VII. RISK RELATED TO PERPETUAL SUBORDINATED BONDS

The risk factors listed below cannot be considered exhaustive and may not cover all the risks that would be involved in an investment in perpetual subordinated bonds.

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

- **Risk related to the introduction of a new instrument on the Moroccan financial market:** Perpetual subordinated bonds are considered, in accordance with the international standards of the Basel Committee and Circular No. 14 / G / 2013 of Bank AL-Maghrib, as additional equity instruments. These instruments are new for some Moroccan investors. Each potential investor should determine the adequacy of this investment in light of its own circumstances and should have sufficient financial and liquidity resources to bear the risk of such an investment, including the possibility of a nominal value depreciation of these securities (see risk related to the nominal value depreciation of securities below) as well as the possibility of the interest amount payment cancellation (see risk related to the possibility of interest amount payment cancellation below). It should also be noted that there is no benchmark on the Moroccan market for the assessment of the conditions of the bonds subject to this issue, particularly in terms of the offered risk premium;
- **Risk related to the instrument's complexity:** Bonds subject of the present issue are complex instruments insofar as the "pay-offs" associated with them are not entirely foreseeable. Indeed, the issuer has the sole discretion to cancel the payment of interests for an indefinite period and on a non-cumulative basis. Also, the nominal value of the bonds can be depreciated in the case where the trigger threshold is reached. In addition, a nominal appreciation is foreseen but remains subject to the approval of Bank Al-Maghrib. Finally, an increase in the coupon is possible, but it remains at the sole discretion of the issuer and there is no deterministic mechanism of its activation. These aspects make the future cash flows of the bonds hard to predict. Their forecasts are based on several assumptions and parameters (financial health of the issuer, predictive level of prudential ratios, other commitments and obligations of the issuer, etc.). The complexity of bonds thus means that their management, and their valuation notably, is complex;

- **Risk related to the bonds' perpetual nature:** Perpetual subordinated bonds are issued for an undetermined maturity and, as a result, capital repayment can be made only on the initiative of the issuer and with the prior agreement of Bank Al-Maghrib. This repayment cannot be made until 5 years from the issue date, subject to a minimum five-year notice period. The issuer may not exercise the redemption option at its disposal;
- **Risk related to the subordination clause:** The capital is subject to a subordination clause, according to which, in the event of liquidation of the issuer, subordinated perpetual bonds will be repaid at a price equal to the nominal value. Such repayment shall only take place after the compensation of all secured and unsecured creditors after all other subordinated loans have been issued and which may subsequently be issued by the issuer, up to the available amounts. In the event of a depreciation of the nominal value, the issuer does not undertake to limit or stop distributions to bondholders. In the event of non-compliance with the aforementioned regulatory ratios, Bank Al-Maghrib may either, in place of or in addition to the disciplinary sanctions provided for by Law 103-12 (banking law), prohibit or limit the distribution of dividends, by a credit institution, to the shareholders, in accordance with the provisions of article 91 of the aforementioned law;
- **Risk related to the nominal value depreciation of securities (loss absorption mechanism):** Since the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, falls below the trigger set by the issuer (set at 6.0% in this prospectus in accordance with the provisions of Bank Al-Maghrib's technical memorandum laying down detailed rules for the application of circular No. 14/G/2013 relating to credit institutions' equity), on an individual or consolidated basis, securities are depreciated of the amount corresponding to the differential (after tax impact) between the theoretical Common Equity Tier 1 (CET1) allowing to reach 6.0% of CET 1 ratio and the effective CET 1 equity.

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

However, after a potential depreciation of the securities' nominal value and if the financial position of the issuer requiring such depreciation improves, Attijariwafa Bank may immediately trigger wholly or partially, with the prior agreement of Bank Al-Maghrib, the appreciation mechanism of the nominal value that has been depreciated. The amount of the nominal value appreciation remains at the discretion of the issuer and is not defined deterministically.

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

- ✓ Have a solid financial base to meet all its commitments;
- ✓ Comply with all regulatory ratios required by Bank Al-Maghrib;
- ✓ Constitute an additional equity matrix to absorb the shocks from regulatory and internal stress tests and to ensure compliance with the post stress test thresholds, namely:
 - A Tier 1 equity ratio of at least 9.0% (vs. 10.22% on a corporate basis and 10.05% on a consolidated basis for Attijariwafa Bank as of June 30th, 2016);
 - A Tier 1 and Tier 2 equity ratio at least equal to 12.0% (vs. a 12.35% ratio on a corporate basis and 12.50% on a consolidated basis for Attijariwafa Bank at June 30th, 2016).
- ✓ Meet the regulator's solvency ratio requirements (semi-annual Pillar III publications to ensure transparency of financial information: prudential ratios details, regulatory equity composition, risk-weighted assets allocation.
- **Risk related to the possibility of interest amount payment cancellation:** The investor is subject to the payment cancellation of the interest amount (in whole or in part) for an indefinite period and on a non-cumulative basis. The decision of this cancellation remains at the discretion of the issuer, with the prior approval of Bank Al-Maghrib, in order to meet its commitments. The cancellation of

the coupons is not considered as an event of default of the issuer vis-à-vis the holders of the bonds subject to this issue.

Nevertheless, Attijariwafa Bank may, at its discretion, decide to increase the amount of the coupon payable, which will consequently exceed the amount of the coupon determined in accordance with the method of calculation set out in this prospectus. However, the increase in interest is linked to the occurrence of several defined events (such as the cancellation of previous coupons). Also, a spontaneous increase in the coupons may not be consistent with the economic and financial interests of the issuer and its shareholders.

Moreover, the annual amount of interest payable in connection with this operation remains very insignificant compared to the bank's equity levels and therefore their contribution to compliance with regulatory ratios remains very limited, or even insignificant. To this end, Attijariwafa Bank does not envisage the use of the payment the cancellation of the amount of interest as part of its regulatory risk management policy.

- **Risk factors impacting CET 1 ratio:** The degradation of the Common Equity Tier 1 (CET 1) ratio, as defined by Bank Al-Maghrib, to a level below 6.0% thus triggering the nominal value depreciation of securities, could be caused by several factors, including mainly:
 - ✓ The realization of substantial losses following a potential increase in the loss ratio or a downward and material change in the interest rate environment;
 - ✓ The introduction of new accounting standards;
 - ✓ The entry into force of new regulatory requirements, including the methodology for calculating prudential ratios;
 - ✓ The increase in the balance sheet not accompanied by a sufficient increase in equity;
 - ✓ The exceptional distribution to shareholders.

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

- **Risk related to liquidity and tradability of securities:** Due to their complexity, the bonds subject to this prospectus are not suitable for unqualified investors. Also, the trading of these bonds is strictly reserved for qualified investors, even on the secondary market. This limitation could reduce the liquidity of the bonds subject of this issue in relation to other bonds whose tradability is not restricted.
- **Risk related to the presence of several options in favor of the issuer:** The bonds subject of this prospectus contain several options in favor of the issuer, namely:
 - ✓ Early repayment option;
 - ✓ Depreciation/appreciation option of the nominal value of securities;
 - ✓ Payment cancellation option of interest amount.

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

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

PROVISION OF THE PROSPECTUS SUMMARY

Pursuant to the provisions of Article 13 of Dahir providing law No. 1-93-212 of September 21st, 1993 on the Moroccan Capital Market Authority (AMMC) and the information required of legal entities issuing securities to the public, as amended and supplemented, this information memorandum must be:

- delivered or sent for free to any person whose subscription is sought or who requests it;
- made available to the public as follows:
 - at any time in 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.
 - on AMMC website (www.ammc.ma).
- made available at the Headquarters of Casablanca Stock Market.

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/35/2016 on December, 7th, 2016. The AMMC recommends reading the full prospectus available to the public in French.