PROSPECTUS SUMMARY

ISSUE OF AN UNLISTED SUBORDINATED BOND

Maximum aggregate issue amount: MAD 250,000,000
Maturity: 7 years

	Tranche A (unlisted)	Tranche B (unlisted)
Ceiling	MAD 167,000,000	MAD 83,000,000
Maximum number of securities	1,670 subordinated bonds	830 subordinated bonds
Nominal value	MAD 100,000	MAD 100,000
Maturity	7 years	7 years
Nominal interest rate	Fixed, determined in reference to the 7-year full rate calculated on the secondary yield curve of Treasury bonds, as published by Bank Al-Maghrib on June 03rd,2019, i.e. 2.75%, plus a risk premium, i.e. 3.45%	Revisable on an annual basis, for the first year, the nominal interest rate is the 52-week rate (monetary rate) calculated in reference to the secondary yield curve of Treasury bonds published by Bank Al-Maghrib on June 03rd,2019, i.e. 2.31%, plus a risk premium, i.e. 2.91% for the first year
Principle repayment	In fine at par	
Risk premium	70 bps	60 bps
Repayment guarantee	None	None
Allocation method	Prorated auction	Prorated auction
Tradability of securities	Over-the-counter (outside the stock market)	

Subscription period: From June 20th to 24th, 2019 included

Issue reserved for qualified Moroccan investors as listed in this prospectus

Advisory Body **Investment Body**

Attijariwafa bank CORPORATE FINANCE

التجاري وفا بنك Attijariwafa bank

VISA OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of AMMC circular, delivered in application of Section 5 of Dahir no. 1-12-55 of December 28th 2012 providing law no. 44-12 on public offerings and information required from corporations and public bodies making public offerings, the present prospectus has been approved by AMMC on June 12th, 2019 under reference no. VI/EM/012/2019.

DISCLAIMER

The Moroccan Capital Market Authority (AMMC) approved on June 12th, 2019 a prospectus related to the issue of a subordinated bond by Wafasalaf.

The AMMC-approved prospectus is available within a maximum of 48 hours:

- **in the following places:**
  - ✓ **Wafasalaf headquarters: 72, angle boulevard Abdelmoumen et Rue Ram Allah – Casablanca.**
    Phone: 05.22.54.51.00.
  - ✓ **Attijariwafa bank registered office: 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).**

PART I. PRESENTATION OF THE OPERATION

I. OBJECTIVES OF THE OPERATION

By issuing the subordinated bond object of the present prospectus, Wafasalaf aims at maintaining its presence in the capital markets and at diversifying its funding sources.

The present prospectus has the following main objectives:

- Strengthening the current regulatory capital and, therefore, strengthening the solvency ratio of Wafasalaf;
- Strengthening its stable resources and harmonizing the average maturity of its funding sources with the average duration of outstanding loans;
- Diversifying the sources of funding and optimizing its financing costs;
- Funding the development and growth of the company.

II. STRUCTURE OF THE OFFER

Wafasalaf is issuing two thousand five hundred (2,500) subordinated unlisted bonds with a 7-year maturity and a nominal value of one hundred thousand dirhams (MAD 100,000). The maximum amount of the Operation, object of the present prospectus, is two hundred and fifty million dirhams (MAD 250,000,000), divided as follows:

- Tranche "A" with a fixed rate, with a 7-year maturity, unlisted on Casablanca Stock Exchange, with a maximum amount of MAD 167,000,000 and a nominal value of MAD 100,000;
- Tranche "B" with an annually revisable rate, with a 7-year maturity, unlisted on Casablanca Stock Exchange, ceiled at MAD 83,000,000 and a nominal value of MAD 100,000.

The total amount of the Operation awarded on the two tranches shall not exceed the sum of two hundred and fifty million dirhams (MAD 250,000,000).

This issue is restricted to qualified Moroccan investors: Undertakings for Collective Investment in Transferable Securities (UCITS), financial companies[1], credit institutions, insurance and reinsurance companies, the deposit and management fund (*Caisse de Dépôt et de Gestion*) as well as pension and retirement funds.

The subscription is limited to qualified Moroccan investors in order to facilitate the management of subscriptions on the primary market. It is understood that any investor wishing to acquire the bonds may purchase them on the secondary market.

III. INFORMATION RELATED TO WAFASALAF SUBORDINATED BONDS

The subordinated bond is different from the conventional bond because of its status that is contractually defined by the subordination clause, the effect of which is to condition the repayment of the bond borrowed to all secured or unsecured creditors in case of liquidation of the issuer.

Characteristics of Tranche "A", with a 7-year maturity (Fixed rate, unlisted on Casablanca Stock Exchange)

[1] As defined by Article 20, law no. 103-12.

Nature of securities	Subordinated bonds, unlisted on the Casablanca Stock Exchange, dematerialized by registration with the central securities depositary (Maroclear), and with book-entry with the chartered financial intermediaries.
Legal form	Bearer bond
Tranche ceiling	MAD 167,000,000
Maximum number of securities to be issued	1,670 subordinated bonds
Nominal value	MAD 100,000
Issue price	Par value, 100% of the nominal value
Maturity	7 years
Subscription period	From June, 20th to June, 24th included
Vesting date	June, 27th 2019
Maturity Date	June, 27th 2026
Allocation method	Pro rata
Nominal interest rate	Fixed rate The nominal interest rate is determined in reference to the 7-year rate calculated on the secondary yield curve of Treasury bonds, as published by Bank Al-Maghrib on June 03rd, 2019, i.e. 2.75%, plus a risk premium of 70 bps. The rate is determined though linear interpolation using the two points framing the full 7-year maturity period (actuarial basis).
Risk premium	70 bps.
Interests	Interests shall be served annually at the anniversary dates of the loan vesting date, i.e. June, 27 of each year. Their payment shall occur on the same day or on the business day following June, 27 if the latter is not a business day. Interests on the subordinated bonds will cease to accrue on the day that the principal is repaid by Wafasalaf. No deferral of interest is possible under the present operation. Interests will be calculated as per the following formula: [Nominal x nominal rate].
Amortization / Repayment of principal	The subordinated bond loan, object of the present prospectus, shall be subject to a repayment *in fine* of the principal amount. In case of merger, demerger or partial contribution of assets of Wafasalaf during the term of the loan and resulting in the universal transfer of assets in favor of a distinct legal entity, the rights and obligations relating to the subordinated bonds shall be automatically transferred to the legal entity substituted in the rights and obligations of Wafasalaf. The repayment of the capital is, in the event of liquidation of Wafasalaf, subordinated to all other debts.
Early repayment	Wafasalaf is not allowed, to proceed to any early repayment of the subordinated bonds, object of the present issue. However, Wafasalaf reserves the right to proceed, with the prior consent of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that regulatory and legal provisions allow such buybacks. These buybacks have no consequences for subscribers who wish to hold their securities until maturity, and do not affect the regular amortization schedule. Repurchased subordinated bonds can only be canceled upon approval of Bank Al-Maghrib.
Tradability of securities	Over-the-counter. There are no restrictions imposed by the terms of the issue on the free tradability of the subordinated bonds.
Assimilation clauses	There is no assimilation of subordinated bonds, object of the present prospectus, to securities from a previous issue. In case Wafasalaf would subsequently issue new securities identical in every aspect to those relating to the present prospectus, it may proceed, without the consent of the holders, and provided that the issue contracts so provide, to the assimilation of all successive securities issuances, thus unifying all their management and trading operations.

Rank of the loan	The capital and interests of this loan are subject to a subordination clause. The application of this clause shall not affect whatsoever the legal provisions relating to the accounting principles of loss allocation, the obligations of shareholders and the rights of potential subscribers, in accordance with the conditions set out in the contract, to obtain the payment of their securities in capital and interests. In case of liquidation of Wafasalaf, the repayment of the capital and interests on the subordinated securities of this issue shall occur only after the compensation of all secured and unsecured creditors. The repayment of the present subordinated securities shall take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Wafasalaf both in Morocco and abroad, proportionally to their amount, if applicable.
Maintaining of the loan's rank	Wafasalaf commits, until the effective repayment of all the securities of this loan, not to institute on behalf of other subordinated securities that it could issue at a later stage, any priority as to their rank of repayment in case of liquidation, without granting the same rights to the subordinated securities of this loan.
Repayment guarantee	This issue is subject to no particular guarantee.
Rating	This issue has not been subject of any rating request.
Representation of bondholders	In accordance with Article 299, paragraph 1 and Article 300, paragraphs 1 and 2 of the above-mentioned Law No. 17-95, bondholders of the same issue are grouped together automatically for the defense of their common interests under an incorporated body. Until the holding of the General Assembly of Bondholders, the Management Board meeting has decided to appoint Mr. Mohamed Hdid, chartered accountant, as a temporary representative of the bondholders. This decision will take effect from the start of the subscription period, provided that the interim representative is identical for Tranches A and B, which are grouped into a single body. Furthermore, the Management Board undertakes to convene the General Assembly of Bondholders in order to appoint the final representative of the bondholders, within one year from the opening of the subscription period.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca.

Characteristics of Tranche "B", with a 7-year maturity (Annually revisable rate, unlisted on Casablanca Stock Exchange)

Nature of securities	Subordinated bonds, unlisted on the Casablanca Stock Exchange, dematerialized by registration with the central securities depositary (Maroclear), and with book-entry with the chartered financial intermediaries.
Legal form	Bearer bond
Tranche ceiling	MAD 83,000,000
Maximum number of securities to be issued	830 subordinated bonds
Nominal value	MAD 100,000
Issue price	Par value, 100% of the nominal value
Maturity	7 years
Subscription period	From June, 20th to June, 24th included
Vesting date	June, 27th 2019
Maturity Date	June, 27th 2026
Allocation method	Pro rata
Nominal interest rate	Annually revisable rate For the first year, the nominal interest rate is the full 52-week rate (monetary rate) determined in reference to the secondary yield curve of Treasury bonds dated June 03rd, 2019, as published by Bank Al-Maghrib, i.e. 2.30%, plus a risk premium of 60 bps, i.e. 2.91% for the first year. At each anniversary date, the reference rate is the full 52-week rate (monetary rate), observed or calculated in reference to the secondary yield curve of Treasury bonds 5 business days before the annual coupon date and will be announced to bondholders. This reference rate will be increased by a risk premium 60 bps.
Calculation method of the reference rate	The determination of the reference rate will be done using the method of linear interpolation using the two points framing the full 52-week maturity (monetary basis). This linear interpolation will be done after the conversion of the rate immediately superior to the 52-week maturity period (actuarially) in equivalent monetary rates. The calculation formula is : (((Actuarial rate + 1) ^ (k / exact number of days *)) - 1) × 360 / k; Where “k” is the number of days between the anniversary date and the date of payment of the next coupon. *Exact number of days: 365 or 366 days.
Risk premium	60 bps
Date of interest rate calculation	The coupons shall be revised on an annual basis at the loan vesting anniversary dates, i.e. on June 27 of each year. The new rate will be communicated in a journal of legal announces by the issuer to bondholders 5 business days before the anniversary date.
Interests	Interests shall be served annually at the anniversary date of the loan vesting date, i.e. June 27 of each year. Their payment shall occur on the same day or on the business day following June 27 if the latter is not a business day. Interests on the subordinated bonds will cease to accrue on the day that the principal is repaid by Wafasalaf. No deferral of interest is possible under the present operation Interests are computed as per the following formula: [Nominal value x Nominal rate x Exact number of days / 360].
Amortization / Normal repayment	The subordinated bond loan, object of the present prospectus, shall be subject to a repayment *in fine* of the principal amount. In case of merger, demerger or partial contribution of assets of Wafasalaf during the term of the loan and resulting in the transfer of assets in favor of a distinct legal entity, the rights and obligations relating to the subordinated bonds shall be automatically transferred to the legal entity substituted in the rights and obligations of Wafasalaf. In the event of liquidation of Wafasalaf, the repayment of the capital is subordinated to all other debts.

Early repayment	Wafasalaf is not allowed, to proceed to any early repayment of the subordinated bonds, object of the present issue. However, Wafasalaf reserves the right to proceed, with the prior consent of Bank Al-Maghrib, to buy back the subordinated bonds on the secondary market, provided that regulatory and legal provisions allow such buybacks. These buybacks have no consequences for subscribers who wish to hold their securities until maturity, and do not affect the regular amortization schedule. Repurchased subordinated bonds can only be canceled upon approval of Bank Al-Maghrib.
Tradability of securities	Over-the-counter. There are no restrictions imposed by the terms of the issue on the free tradability of the subordinated bonds.
Assimilation clauses	There is no assimilation of subordinated bonds, object of the present prospectus, to securities from a previous issue. In case Wafasalaf would subsequently issue new securities identical in every aspect to those relating to the present prospectus, it may proceed, without the consent of the holders, and provided that the issue contracts so provide, to the assimilation of all successive securities issuances, thus unifying all their management and trading operations.
Rank of the loan	The capital and interests of this loan are subject to a subordination clause. The application of this clause shall not affect whatsoever the legal provisions relating to the accounting principles of loss allocation, the obligations of shareholders and the rights of underwriters, in accordance with the conditions set out in the contract, to obtain the payment of their securities in capital and interests. In case of liquidation of Wafasalaf, the repayment of the capital and interests on the subordinated securities of this issue shall occur only after the compensation of all secured and unsecured creditors. The repayment of the present subordinated securities shall take place on the same ranking basis as all the other subordinated loans that have been and that may be issued subsequently by Wafasalaf both in Morocco and abroad, proportionally to their amount, if applicable.
Maintaining of the loan's rank	Wafasalaf commits, until the actual redemption of all shares of this loan, to have no priority for other subordinated securities, which may be issued subsequently, regarding their repayment range in case of liquidation without granting the same rights to the subordinated bonds of the loan at hand.
Repayment guarantee	This issue is subject to no particular guarantee.
Rating	This issue has not been the subject of a rating request.
Representation of bondholders	In accordance with Article 299, paragraph 1 and Article 300, paragraphs 1 and 2 of the above-mentioned Law No. 17-95, bondholders of the same issue are grouped together automatically for the defense of their common interests under an incorporated body. Until the holding of the General Assembly of Bondholders, the Management Board meeting has decided to appoint Mr. Mohamed Hdid, chartered accountant, as a temporary representative of the bondholders. This decision will take effect from the start of the subscription period, provided that the interim representative is identical for Tranches A and B, which are grouped into a single body. Furthermore, the Management Board undertakes to convene the General Assembly of Bondholders in order to appoint the final representative of the bondholders, within one year from the opening of the subscription period.
Applicable law	Moroccan law
Competent jurisdiction	Commercial Court of Casablanca.

IV. Operation schedule

Order	Steps	Dates
1	AMMC approval	June 12th, 2019
2	Publication of the prospectus extract	June 14th, 2019
3	Opening of the subscription period	June 20th, 2019
4	Closing of the subscription period	June 24th, 2019

5	Compilation and synthesis of results	June 24th, 2019
6	Communication of results to investors	June 26th, 2019
7	Payment /Delivery	June 27th, 2019
8	Publication of the operation's results in a journal of legal announces	June 27th, 2019

V. UNION OF INVESTMENT AND FINANCIAL INTERMEDIARIES

Type of financial intermediaries	Name	Address
Counselor and global coordinator of the operation	Attijari Finances Corp.	163, Avenue Hassan II Casablanca
Investment and centralization body	Attijariwafa bank	2, Boulevard Moulay Youssef Casablanca
Financial Services of Securities and Domiciliation Body	Attijariwafa bank	2, Boulevard Moulay Youssef Casablanca

PART II. PRESENTATION OF THE ISSUER WAFASALAF

I. ACTIVITY OVERVIEW

Since its creation, Wafasalaf has acquired a strong expertise and know-how in the consumer credit sector in Morocco, enabling it to adapt to the habits and needs of its customers and to offer a very wide range of funding solutions.

With a market strategy focusing on diversification and differentiation allowing it to ensure a better proximity to its customers and partners, the company specializes in:

- Sale of consumer credit through its own network of agencies and partners on direct markets and prescriber markets (cars, home furnishings, licensed intermediaries, etc.);
- Management on behalf of third party partners given its expertise in the area of consumer credit, with banks and other service companies under their own brands.

In terms of managed production on behalf of third parties, the main clients of Wafasalaf are:

- Attijariwafa Bank (AWB): Total coverage of the credit chain (preparation, authorization, after-sales service and recovery)
- Crédit du Maroc (CDM): Total coverage of the credit chain (preparation, authorization, after-sales service and recovery)
- Renault Crédit International (RCI): Total coverage of the credit chain (preparation, authorization, after-sales service and recovery)
- Crédit Agricole du Maroc (CAM): Total coverage of the credit chain (preparation, authorization, after-sales service and recovery)

II. INFORMATION ON WAFASALAF CAPITAL AND SHAREHOLDING

As of December 31, 2018, the majority of the share capital of Wafasalaf is held by Attijariwafa bank Group (50.91%) and CACF[2] (49.00%) following the agreement signed with Crédit Agricole France in November 2008 concerning the transfer by Attijariwafa Bank of 15% of its stake in Wafasalaf to CACF

Over the last three financial years, the change in Wafasalaf shareholding structure is as follows:

[2] Crédit Agricole Consumer Finance

	31/12/2016		31/12/2017		31/12/2018	
	Number of shares	% of the capital and of voting rights	Number of shares	% of the capital and of voting rights	Number of shares	% of the capital and of voting rights
Attijariwafa Bank	**576 186**	**50.9%**	**576 186**	**50.9%**	**576 186**	**50.9%**
CACF (formerly Sofinco)	**554 579**	**49.0%**	**554 579**	**49.0%**	**554 579**	**49.0%**
Administrators	43	0.0%	43	0.0%	43	0.0%
Various small carriers (formerly Crédor)	987	0.1%	987	0.1%	987	0.1%
Total	**1 131 795**	**100.0%**	**1 131 795**	**100.0%**	**1 131 795**	**100.0%**

Source: Wafasalaf

III. Supervisory and management bodies

III.1. Supervisory board

As of May 31st, 2019, the Supervisory Board of Wafasalaf is composed as follows:

Members	Title	Last appointment date	Appointment expiry date
Mr. Boubker Jai Chairman of the Supervisory Board	Managing Director of Attijariwafa bank	May-13	2025 OGM ruling on 2024 financial year
Attijariwafa bank represented by Mr. Omar Ghomari	Deputy Managing Director in charge of Specialized Financing Companies	Dec-16	2025 OGM ruling on 2024 financial year
Mr. Mohamed El Kettani	CEO of Attijariwafa bank	May-14	2025 OGM ruling on 2024 financial year
Mr. Omar Bounjou	Managing Director of Attijariwafa bank	May-13	2025 OGM ruling on 2024 financial year
Mr. Ismail Douiri	Managing Director of Attijariwafa bank	May-13	2025 OGM ruling on 2024 financial year
CACF represented by Ms. Laila Mamou	Director of CA CF Subsidiaries & Affiliates	Dec-18	2025 OGM ruling on 2024 financial year
Mr. Abdelhakim Bouabid	Director of CA CF Group Credit	May-17	2025 OGM ruling on 2024 financial year
Mr. Jacques Fenwick	Country Manager of CA CF	Dec-15	2025 OGM ruling on 2024 financial year
Mr. Sébatien Chambard	CA CF Group Management Control Manager	Sept-18	2025 OGM ruling on 2024 financial year

Source: Wafasalaf.

In accordance with the laws and regulations, an independent board member, Mr. Mohamed El Hajoujji, was co-opted during the Supervisory Board meeting of May 16th, 2019 and a Combined General Meeting was convened on June 28th, 2019 to ratify the co-optation.

III.2. MANAGEMENT BOARD

As of Mai 31st, 2019, the Management Board of Wafasalaf is composed as follows:

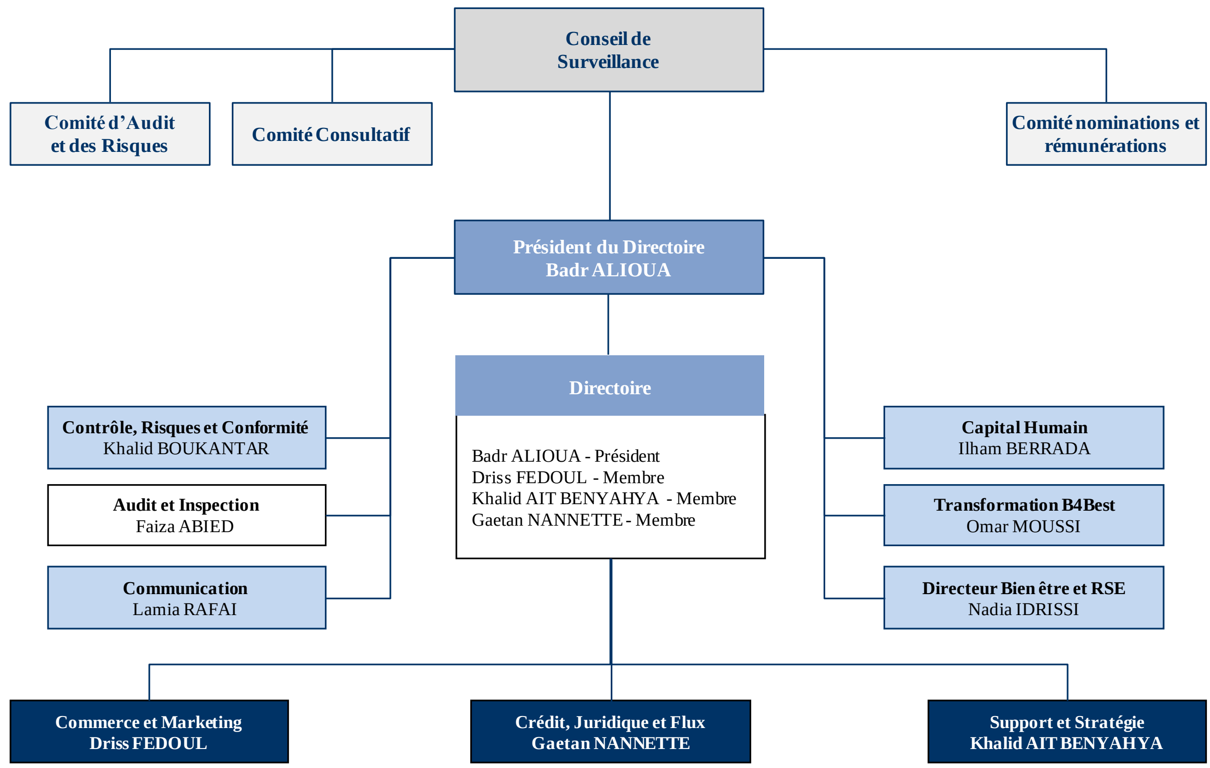
Members	Title	Appointment date	Appointment expiry date
Mr. Badr Alioua	Chairman of the Management Board	Nov.-18	2022 OGM ruling on 2021 financial year
Mr. Khalid Ait Benyahya	Support and Strategy Director	May-18	2022 OGM ruling on 2021 financial year
Mr. Driss Fedoul	Commerce and Marketing Director	May-18	2022 OGM ruling on 2021 financial year
Mr. Gaetan Nannette	Credit, Flow and Legal Director	Nov-16	2020 OGM ruling on 2019 financial year

Source: Wafasalaf

IV. ORGANIZATION CHART

As of Mai 31st, 2019, the functional organization chart of Wafasalaf is as follows:

Wafasalaf Functional Organization Chart as of Mai 31st, 2019



Source: Wafasalaf

PART III. FINANCIAL STATEMENTS OF WAFASALAF

I. CORPORATE ACCOUNTS

I.1. INCOME STATEMENT

The operating account of Wafasalaf over the period 2016-2018, is as follows:

In MAD thousand	2016	2017	2018	Var. 17/16	Var. 18/17
Banking revenues	2 312 857	2 549 009	2 800 211	10.2%	9.9%
Banking expenses	1 321 583	1 559 764	1 699 559	18.0%	9.0%
Net Banking Income (NBI)	**991 274**	**989 245**	**1 100 652**	**-0.2%**	**11.3%**
Net non-banking income	16 781	19 675	22 336	17.2%	13.5%
General operating expenses	376 364	405 443	423 892	7.7%	4.6%
Gross operating income	**631 692**	**603 478**	**699 096**	**-4.5%**	**15.8%**
Allocation for provisions and losses on bad debts	424 885	389 898	493 090	-8.2%	26.5%
Writebacks of provisions and recoveries on amortized loans	309 852	285 001	279 959	-8.0%	-1.8%
Current income	**516 659**	**498 581**	**485 965**	**-3.5%**	**-2.5%**
Non-operating income	**11 598**	**10 857**	**-7 086**	**-6.4%**	**<-100.0%**
Pre-tax income	**528 257**	**509 437**	**478 878**	**-3.6%**	**-6.0%**
Corporate income tax	184 948	177 370	163 538	-4.1%	-7.8%
Net income	**343 308**	**332 067**	**315 340**	**-3.3%**	**-5.0%**

Source: Wafasalaf

I.2. SOCIAL BALANCE SHEET

The balance sheet of Wafasalaf over the period 2016–2018, is as follows:

In MAD thousand	2016	2017	2018	Var. 17/16	Var. 18/17
Cash, Central Bank, Public Treasury, Post Check Service	2 090	4 295	2 210	>100.0%	-48.5%
Receivables from credit institutions and the like	289 790	279 999	312 905	-3.4%	11.8%
Receivables from customers	8 246 968	8 667 753	8 853 795	5.1%	2.1%
Held-for-trading and investment securities	180 142			-100.0%	Ns
Equity securities	451	451	451	0.0%	0.0%
Other assets	821 193	776 323	877 021	-5.5%	13.0%
Investment securities			12 500		Ns
Assets held under leasing and rental assets	4 929 274	5 815 426	6 512 194	18.0%	12.0%
Intangible assets	205 527	189 250	184 148	-7.9%	-2.7%
Tangible assets	58 162	47 780	58 977	-17.8%	23.4%
Assets	**14 733 596**	**15 781 277**	**16 814 202**	**7.1%**	**6.5%**
Liabilities to credit institutions and the like	7 221 950	7 130 739	6 141 498	-1.3%	-13.9%
Deposits from customers	2 547 224	3 442 950	3 997 236	35.2%	16.1%
Debt securities issued	2 103 345	2 123 770	3 648 221	1.0%	71.8%
Other liabilities	944 222	879 428	814 071	-6.9%	-7.4%
Allowances for liabilities and charges	23 002	26 090	19 520	13.4%	-25.2%
Regulated provisions				Ns	Ns
Subordinated debts	201 299	453 679	453 696	>100.0%	0.0%
Reserves and paid-in capital	1 232 612	1 272 612	1 302 612	3.2%	2.4%
Capital	113 180	113 180	113 180	0.0%	0.0%
Retained earnings (+/-)	3 454	6 763	8 830	95.8%	30.6%
Retained earnings (+/-)				Ns	Ns
Net income of the financial year (+/-)	343 308	332 067	315 340	-3.3%	-5.0%
Liabilities	**14 733 596**	**15 781 277**	**16 814 202**	**7.1%**	**6.5%**

Source: Wafasalaf

The total balance sheet of Wafasalaf amounts to MAD16 814.2 million in 2018 vs. MAD 15 781.3 million in 2017, i.e. a variation of 6.5% over the reporting period.

II. Consolidated accounts

II.1. Consolidated income statement

The consolidated operating account of Wafasalaf over the period 2016–2018, is as follows:

In MAD thousand	2016	2017	2018	Var. 17/16	Var. 18/17
Income from banking operations	1 309 175	1 329 321	1 416 015	1.5%	6.5%
Expenses on banking activities	365 534	366 480	361 368	0.3%	-1.4%
Net Banking Income	**943 641**	**962 840**	**1 054 646**	**2.0%**	**9.5%**
Net nonbank revenue	68 513	78 381	86 981	14.4%	11.0%
Operating expenses	377 972	407 625	426 244	7.8%	4.6%
Gross operating income	**634 182**	**633 597**	**715 383**	**-0.1%**	**12.9%**
Allowances net of reversals of provisions for claims and liabilities through signature loans	111 547	101 809	219 702	-8.7%	>100.0%
Other allowances net of reversals of provisions	3 485	3 088	-6 571	-11.4%	<-100.0%
Current income	**519 150**	**528 700**	**502 252**	**1.8%**	**-5.0%**
Non-operating income	11 729	10 861	-7 087	-7.4%	<-100.0%
Pre-tax income	**530 878**	**539 561**	**495 165**	**1.6%**	**-8.2%**
Income before tax	196 557	198 003	180 185	0.7%	-9.0%
Corporate income tax	**334 321**	**341 558**	**314 981**	**2.2%**	**-7.8%**
Net income	**334 321**	**341 558**	**314 981**	**2.2%**	**-7.8%**

Source: Wafasalaf

II.2. CONSOLIDATED BALANCE SHEET

The consolidated balance sheet of Wafasalaf over the period 2016-2018, is as follows:

In MAD thousand	2016	2017	2018	Var. 17/16	Var. 18/17
Cash, Central Bank, Public Treasury, Post Check Service	2 090	4 295	2 214	>100.0%	-48.5%
Receivables from credit institutions and the like	297 914	283 590	315 714	-4.8%	11.3%
Receivables from customers	8 247 410	8 667 753	8 853 795	5.1%	2.1%
Leasing and rental operations	2 307 391	2 335 372	2 478 956	1.2%	6.1%
Held-for-trading and investment securities	194 996	28 000	27 407	-85.6%	-2.1%
Other assets	830 524	783 835	889 563	-5.6%	13.5%
	0	0	12 500	Ns	Ns
Equity securities and similar assets	151	151	151	0.0%	0.0%
Intangible assets	205 527	189 250	184 148	-7.9%	-2.7%
Tangible assets	58 162	47 780	58 977	-17.8%	23.4%
Assets	**12 144 164**	**12 340 026**	**12 823 426**	**1.6%**	**3.9%**
Liabilities to credit institutions and the like	7 221 950	7 130 739	6 141 498	-1.3%	-13.9%
Debt securities issued	2 103 345	2 123 770	3 648 221	1.0%	71.8%
Other liabilities	810 415	780 038	719 852	-3.7%	-7.7%
Allowances for liabilities and charges	23 002	26 090	19 520	13.4%	-25.2%
Subordinated debts	201 299	453 679	453 696	>100.0%	0.0%
Paid-in capital	37 143	37 143	37 143	0.0%	0.0%
Capital	113 180	113 180	113 180	0.0%	0.0%
Consolidated retained earnings, revaluation surplus, translation adjustment, equity method adjustments	1 299 510	1 333 830	1 375 336	2.6%	3.1%
Net income of the financial year (+/-)	334 321	341 558	314 981	2.2%	-7.8%
Liabilities	**12 144 164**	**12 340 026**	**12 823 426**	**1.6%**	**3.9%**

Source: Wafasalaf

The total consolidated balance sheet of Wafasalaf amounts to MAD 12 823.4 million in 2018 vs. MAD 12 340.0 million in 2017, which represents a variation of +3.9% over the reporting period.

PART IV. RISK FACTORS

I. CREDIT RISK

This risk corresponds to the risk of a counterparty not being able to honor their commitments towards the company.

To deal with this risk, Wafasalaf has adopted the following measures:

- securing the credit request file processing using the credit management software « EKIP »;
- assessing the quality of customers' commitments (based on their behavior history);
- providing grounds for the approval or rejection of credit requests based on client information;
- constant monitoring of risk changes through a number of indicators in records of unpaid debts.

II. INTEREST RATE RISK

The risk of interest rate is tied to banking intermediation activities by the transformation of short term resources. Thus, any adverse changes in interest rates could damage the profitability of a credit institution, or even constitute a substantial threat to its own funds when its amplitude exceeds certain limits.

In order to mitigate this risk, the company undertakes devices consisting in:

- assessing the impact of an unfavorable change in interest rates on its financial position;
- analyzing the refinancing structure of the Company and the possible risk of interest rates;
- considering crisis scenarios such as extreme changes in interest rates and rate sensitive positions, and measure their impact on income and capital;
- monitoring and analyzing the surface ratio (job coverage through borrowing).

III. LIQUIDITY RISK

It is defined as being the risk of the Company not being able to pay, under normal conditions, its commitments at maturity dates.

The Company monitors this risk through the following measures:

- a statement of refinancing requirements is established on the basis of the projection of the work in progress;
- a monthly refinancing statement.

IV. OPERATIONAL RISK

Operational risk is the risk of losses resulting from inadequate or failed internal processes, personnel, internal systems or external events. This definition includes legal risk, but excludes strategic and reputational risks. Major sources of operational risk may be related to:

- internal and external fraud;
- inappropriate practices in employment and safety in the workplace;
- inadequate practices regarding customers, products and business;
- damage caused to physical assets;
- business interruptions and breakdowns of systems and processing of operations;
- deliveries and processes.

To address this situation, the company has set up a control division to identify these risks and develop their mapping in order to develop action plans to overcome them.

V. Risk related to the change of the product mix

The change of the product mix decided by wafasalaf exposes the issuer to the following risks:

- Increase of the car loan provisioning base following the orientation from LOA financing to conventional auto financing;
- Increase of the default risk related to wafasalaf's choice to position itself on segments with irregular revenues such as renters, traders and taxis;
- Increase of the default risk of the bank levy segment considered riskier than the official segment (fonctionnaire) and the contracted segment (conventionné).

VI. IT risk

In order to improve its computer security, Wafasalaf established two strategic projects: a plan for business continuity (being deployed) and an IT contingency plan.

Wafasalaf has also developed a security policy to sensitize and train its staff on safety rules. The Company has also sat up a tool for permanent access and authorization control systems which involve verification of the relevance of the rights granted with condition anomalies (inaccurate accounts, inadequate, ...) as well as the formalization of security policies and access management passwords.

VII. Early repayment risk

The decrease in interest rates fosters the early repayment of pending files which enables customers and contracted organizations to benefit from a new debt file at a more favorable interest rate. This practice has led on the one hand the one hand to an automatic decrease in the average exit rate for Wafasalaf, and on the other hand, it has led to a shift in the backing of jobs and resources causing liquidity risk and interest rates.

VIII. Competitive risk

The sector of consumer loans is highly competitive, particularly because of:

- the strong competition from banks, mainly through:
  - ✓ their policy of proactive development activities in the sector of consumer loans;
  - ✓ intensification of aggressive sales approach benefiting from significant competitive advantages: density of the sales network, large customer bases with low access to consumer loans, lower cost of funds.
- the capital and industrial concentration of existing service providers through:
  - ✓ the development of distribution synergies between market operators;
  - ✓ potential mergers and acquisitions serving the consolidation of existing market shares of existing operators.

To address this risk, Wafasalaf has implemented a strategy that aims at:

- strengthening its position in the consumer loan market through offering a wide and original products and services in a distributed multi-channel logic (the Company's own branches network, business providers, brokers, Internet channel, etc.);
- developing the service providing in the field of customer service through the commercialization of its expertise to other fellow service providers or other business sectors.

IX. RISK OF PARTNERSHIP TERMINATION OR REVISION

The non-compliance with the terms of the contracts signed by Wafasalaf and its partners, by either of the contracting parties, or the occurrence of an event of force majeure, can result in a breach of one of these contracts. Due to the limited duration of these contracts, they also carry a risk of non-renewal.

Wafasalaf deals with this risk through its implemented policy of:

- revenue diversification and balancing of its business activities;
- strengthening existing partnerships and developing additional partnerships for assets management services.

Moreover, the impact of this risk on the activity of Wafasalaf remains limited, given the fact that in 2015, the contribution of all partners in the GDP has only reached 17.1%.

X. REGULATORY RISK

Wafasalaf is allowed to continue to adapt to changes in the legislative and regulatory framework for financing businesses (fiscal measures of the Finance Law, measures taken by Bank Al-Maghrib, measures related to consumer protection, etc.).

XI. DIGITAL ACTIVITY RISK (NON-CONTROL OF DIGITAL FRAUD)

Wafasalaf has implemented a risk analysis approach linked to the digital aspect, enabling the upstream understanding of all technical risks such as the risks of intrusion, data leakage and regulatory risks of non-compliance (data protection, fraud, etc.). Thus, any digital transformation project impacting a sales process, after-sales service or recovery is analyzed according to this approach with the various businesses before its deployment.

Wafasalaf regularly conducts external audit missions by expert firms on the risks related to the security of its information system..

XII. CASH HANDLING RISK

In recent years, Wafasalaf has initiated a process aimed at greatly reducing the risk of handling cash. Indeed, cash payments represent only a small part in the settlement of outstanding claims in its branch network (overdue, early prepayment, etc.). The majority of payments are made by bank checks.

In addition, Wafasalaf has gradually outsourced this payment activity to a specialized external partner (wafacash).

Wafasalaf has also developed a year ago the settlement of outstanding claims on a digital application hosted on its website.

As a result, the risk associated with this cash handling process is greatly reduced.

DISCLAIMER

The abovementioned information only represents a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under the reference VI/EM/012/2019 on June 12th, 2019. AMMC advises the reading of the full prospectus made available for the public in French.