



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
Number of securities	1,670 subordinated bonds	830 subordinated bonds
Nominal value	MAD 100,000	MAD 100,000
Maturity	7 years	7 years
Rate	Fixed , determined in reference to the 7-year rate calculated on the secondary yield curve of Treasury bonds, as published by Bank Al-Maghrib on August 30 th , 2017, i.e. 3.05%, plus a risk premium ranging between 3.95% and 4.05%	Revisable on an annual basis : for the first year, the nominal interest rate is the 52-week rate (monetary rate) determined in reference to the secondary yield curve of Treasury bonds published by Bank Al-Maghrib on August 30 th , 2017, i.e. 2.37%, plus a risk premium ranging between 3.17% and 3.27%
Principle repayment		In fine at par
Risk premium	Between 90 and 100 bps	Between 80 and 90 bps
Repayment guarantee	None	None
Allocation method	On a French auction	On a French auction
Tradability of securities		Over-the-counter

Subscription period: from September, 25th to September 27th 2017

Issue reserved for qualified Moroccan investors as listed in this prospectus

Advisory Entity



Entity in charge of the registration

ATTIJARI
Intermédiation

Entity in charge of the placement



VISA OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of AMMC circular, delivered in application of Section 14 of Dahir (Royal Decree) related to law no. 1-93-212 dated September 21st, 1993 as amended and supplemented, the original copy of the present prospectus has been approved by AMMC on September 15th 2017 under reference no. VI/EM/026 /2017.

WARNING

The Moroccan Capital Market Authority (AMMC) approved on September 15th 2017 a prospectus related to the issue of a subordinated bond by Wafasalaf.

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

- The headquarters of Wafasalaf : 72 Angle Bd Abdelmoumen et Rue RamAllah, Casablanca. Phone : 05.22.54.51.00 ;
- Attijariwafa bank : 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 publicly available on AMMC website: www.ammc.ma

PART I. PRESENTATION OF THE OPERATION

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.

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 (100,000) MAD. The maximum amount of the Operation, object of the present prospectus, is two hundred and fifty million (250,000,000) MAD, 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 (250,000,000) MAD.

This issue is restricted to qualified Moroccan investors: Undertakings for Collective Investment in Transferable Securities (UCITS), financial companies¹, 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.

INFORMATION RELATED TO SUBORDINATED BONDS OF WAFASALAF

The subordinated bond is different from the conventional bond because of its status 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)

Nature of securities	Subordinated bonds, unlisted on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear), and with book-entry with the chartered affiliates.
Legal form	Bearer bond
Tranche ceiling	MAD 167,000,000
Maximum number of securities to be issued	1,670 subordinated bonds

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

Nominal value	MAD 100,000
Issue price	Par value , 100% of the nominal value
Maturity	7 years
Subscription period	from 25 th to September, 27 th 2017 included
Vesting date	September, 29 th 2017
Maturity Date	September, 29 th 2024
Allocation method	On a French auction
Nominal interest rate	<p><u>Fixed rate</u> The nominal interest rate is determined in reference to the secondary yield curve of Treasury bonds dated August 30th, 2017 as published by Bank Al-Maghrib, i.e. 3.05%, plus a risk premium ranging between 90 and 100 basis points, i.e. between 3.95% and 4.05%.</p> <p>The rate is determined though linear interpolation using the two points framing the full 7-year maturity period (actuarial basis) and will be announced to bondholders.</p>
Risk premium	Between 90 and 100 basis points (bps)
Interests	<p>Interests shall be served annually at the anniversary dates of the loan vesting date, i.e. September 29th of each year. Their payment shall occur on the same day or on the business day following September 29th 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.</p> <p>Interests will be calculated as per the following formula: [Nominal x nominal rate].</p>
Amortization / Repayment of principal	<p>The subordinated bond loan, object of the present prospectus, shall be subject to a repayment <i>in fine</i> of the principal amount.</p> <p>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.</p>
Early repayment	<p>Wafasalaf is not allowed, before the period of 5 years, to proceed to any early repayment of the subordinated bonds, object of the present issue.</p> <p>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.</p>
Tradability of securities	<p>Over the counter.</p> <p>There are no restrictions imposed by the terms of the issue on the free tradability of the subordinated bonds.</p>

Assimilation clauses	<p>There is no assimilation of subordinated bonds, object of the present prospectus, to securities from a previous issue.</p> <p>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.</p>
Rank of the loan	<p>The capital and interests of this loan are subject to a subordination clause.</p> <p>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.</p> <p>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.</p>
Maintaining of the loan's rank	<p>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.</p>
Repayment guarantee	<p>This issue is subject to no particular guarantee.</p>
Rating	<p>This issue has not been subject of any rating request.</p>
Representation of bondholders	<p>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.</p> <p>Until the holding of the General Assembly of Bondholders, the Management Board meeting held on September, 08th 2017 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.</p> <p>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.</p>
Applicable law	<p>Moroccan law.</p>
Competent jurisdiction	<p>Commercial Court of Casablanca.</p>

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

Nature of securities	<p>Subordinated bonds, unlisted on the Casablanca Stock Exchange, dematerialized by registration with the central securities depository (Maroclear), and with book-entry with the chartered affiliates.</p>
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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 25 th to September, 27 th 2017 included
Vesting date	September, 29 th 2017
Maturity Date	September, 29 th 2024
Allocation method	On a French auction
Nominal interest rate	<p><u>Annually revisable rate</u></p> <p>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 August 30th 2017, as published by Bank Al-Maghrib, i.e. 2.37%, plus a risk premium ranging between 80 and 90 basis points, i.e. between 3.17% and 3.27%.</p> <p>At each anniversary date, the reference rate is the full 52-week rate (monetary rate), determined in reference to the secondary yield curve of Treasury bonds 5 business days before the annual coupon date and will be announced to bondholders.</p> <p>This reference rate will be increased by a risk premium ranging between 80 and 90 basis points.</p>
Calculation method of the reference rate	<p>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).</p> <p>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.</p> <p>The calculation formula is :</p> $(((\text{Actuarial rate} + 1) ^ (k / \text{exact number of days} *)) - 1) \times 360 / k;$ <p>Where “k” is the number of days between the anniversary date and the date of payment of the next coupon.</p> <p>*Exact number of days: 365 or 366 days.</p>
Risk premium	Between 80 and 90 basis points (bps)
Date of interest rate calculation	<p>The coupons shall be revised on an annual basis at the loan vesting anniversary dates, i.e. on November 7th of each year.</p> <p>The new rate will be communicated by the issuer to bondholders 5 business days before the anniversary date, by phone or email.</p>
Interests	<p>Interests shall be served annually at the anniversary date of the loan vesting date, i.e. September, 29th of each year. Their payment shall occur on the same day or on the business day following September, 29th 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.</p> <p>Interests are computed as per the following formula: [Nominal value x Nominal rate x Exact number of days / 360].</p>

Amortization / Normal repayment	The subordinated bond loan, object of the present prospectus, shall be subject to a repayment <i>in fine</i> of the principal amount.
	<p>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.</p> <p>In the event of liquidation of Wafasalaf, the repayment of the capital is subordinated to all other debts.</p>
Early repayment	<p>Wafasalaf is not allowed, before the period of 5 years, to proceed to any early repayment of the subordinated bonds, object of the present issue.</p> <p>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.</p>
Tradability of securities	<p>Over the counter.</p> <p>There are no restrictions imposed by the terms of the issue on the free tradability of the subordinated bonds.</p>
Assimilation clauses	<p>There is no assimilation of subordinated bonds, object of the present prospectus, to securities from a previous issue.</p> <p>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.</p>
Rank of the loan	<p>The capital and interests of this loan are subject to a subordination clause.</p> <p>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.</p> <p>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.</p>
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	<p>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.</p> <p>Until the holding of the General Assembly of Bondholders, the Management Board meeting held on September, 08th 2017 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.</p> <p>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.</p>
Applicable law	Moroccan law.
Competent jurisdiction	Commercial Court of Casablanca.

OPERATION SCHEDULE

Order	Steps	Dates
1	AMMC approval	15/09/2017
2	Publication of the prospectus extract	18/09/2017
3	Opening of the subscription period	25/09/2017
4	Closing of the subscription period	27/09/2017
5	Compilation and synthesis of results	27/09/2017
6	Communication of results to investors	28/09/2017
7	Payment /Delivery	29/09/2017
8	Publication of the operation's results in a journal of legal notices	29/09/2017

PART II. PRESENTATION OF THE ISSUERS 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 ...);
- 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) ;
- Crédit du Maroc (CDM) ;
- Renault Crédit International (RCI) ;
- Crédit Agricole du Maroc (CAM).

II. INFORMATION ON THE CAPITAL AND SHAREHOLDING OF WAFASALAF

As of March 31st, 2017, the majority of the share capital of Wafasalaf is held by Attijariwafa bank (50.91%) and CACF² (49.00%) following the agreement signed with Crédit Agricole 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:

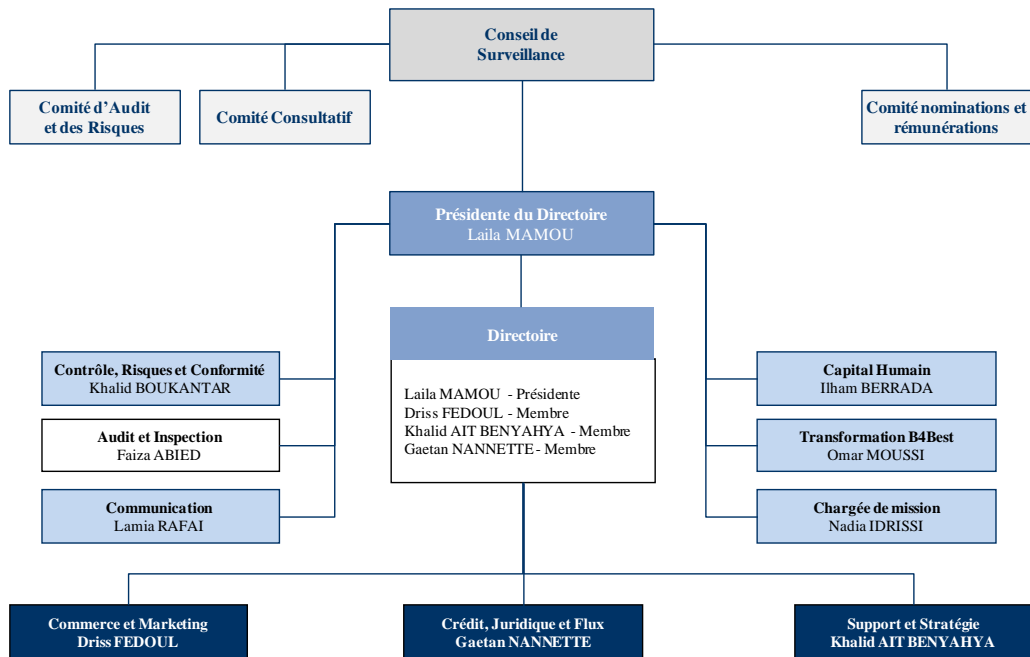
	31/12/2014		31/12/2015		31/12/2016	
	Number of shares	% of the capital and of voting rights	Number of shares	% of the capital and of voting rights	Number of shares	% of the capital and of voting rights
Attijariwafa Bank	576 186	50.9%	576 186	50.9%	576 186	50.9%
CACF (formerly Sofinco)	554 579	49.0%	554 579	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

² Crédit Agricole Consumer Finance

IV. ORGANIZATION CHART

As of August 31st, 2017, the functional organization chart of Wafasalaf is as follows:



Source: Wafasalaf

PART III. FINANCIAL STATEMENTS OF WAFASALAF

I. CORPORATE ACCOUNTS

I.1. INCOME STATEMENT

The operating account of Wafasalaf over the period 2014 – June 2017, is as follows:

In MAD thousand	2014	2015	2016	Var. 15/14	Var. 16/15	June-16	June-17	Var. June 17/16
Banking revenues	2,236,451	2,240,377	2,312,857	0.2%	3.2%	1,137,594	1,253,722	10.2%
Banking expenses	1,231,795	1,271,450	1,321,583	3.2%	3.9%	634,411	754,156	18.9%
Net Banking Income (NBI)	1,004,656	968,927	991,274	-3.6%	2.3%	503,184	499,567	-0.7%
Net non-banking income	20,648	9,087	16,781	-56.0%	84.7%	9,054	8,964	-1.0%
General operating expenses	349,524	362,293	376,364	3.7%	3.9%	183,655	194,513	5.9%
Gross operating income	675,780	615,721	631,692	-8.9%	2.6%	328,582	314,018	-4.4%
Allocation for provisions and losses on bad debts	382,899	474,361	424,885	23.9%	-10.4%	209,768	234,671	11.9%
Writebacks of provisions and recoveries on amortized loans	243,478	352,822	309,852	44.9%	-12.2%	151,102	158,893	5.2%
Current income	536,359	494,183	516,659	-7.9%	4.5%	269,916	238,240	-11.7%
Non-operating income	15,535	37,463	11,598	>100.0%	-69.0%	-447	-1,468	<-100.0%
Income before tax	551,894	531,646	528,257	-3.7%	-0.6%	269,468	236,773	-12.1%
Corporate income tax	192,393	191,225	184,948	-0.6%	-3.3%	87,666	74,318	-15.2%
Net income	359,501	340,421	343,308	-5.3%	0.8%	181,802	162,454	-10.6%

Source: Wafasalaf

I.2. SOCIAL BALANCE SHEET

The balance sheet of Wafasalaf over the period 2014 – June 2017 is as follows:

In MAD thousand	2014	2015	2016	Var. 15/14	Var. 16/15	June-17	Var. June 17/ Dec 16
Cash, Central Bank, Public Treasury, Post Check Service	4,611	9,439	2,090	>100.0%	-77.9%	85,957	>100.0%
Receivables from credit institutions and the like	332,522	245,169	289,790	-26.3%	18.2%	235,208	-18.8%
Receivables from customers	8,446,599	8,490,703	8,246,968	0.5%	-2.9%	8,332,777	1.0%
Held-for-trading and investment securities			180,142	Ns	Ns		-100.0%
Equity securities	451	451	451	0.0%	0.0%	451	0.0%
Other assets	445,112	550,732	821,193	23.7%	49.1%	948,933	15.6%
Assets held under leasing and rental assets	3,221,202	3,596,218	4,929,274	11.6%	37.1%	5,476,516	11.1%
Intangible assets	228,672	223,415	205,527	-2.3%	-8.0%	196,349	-4.5%
Tangible assets	72,293	62,671	58,162	-13.3%	-7.2%	52,860	-9.1%
Assets	12,751,463	13,178,797	14,733,596	3.4%	11.8%	15,329,050	4.0%
Liabilities to credit institutions and the like	6,122,635	5,285,324	7,221,950	-13.7%	36.6%	7,068,916	-2.1%
Deposits from customers	1,479,842	1,822,249	2,547,224	23.1%	39.8%	3,113,270	22.2%
Debt securities issued	2,243,529	3,353,817	2,103,345	49.5%	-37.3%	2,176,310	3.5%
Other liabilities	1,058,942	827,284	944,222	-21.9%	14.1%	1,189,411	26.0%
Allowances for liabilities and charges	16,289	19,516	23,002	19.8%	17.9%	20,559	-10.6%
Regulated provisions	0			Ns	Ns		Ns
Subordinated debts	201,401	201,360	201,299	0.0%	0.0%	205,576	2.1%
Reserves and paid-in capital	1,152,612	1,212,612	1,232,612	5.2%	1.6%	1,272,612	3.2%
Capital	113,180	113,180	113,180	0.0%	0.0%	113,180	0.0%
Retained earnings (+/-)	3,533	3,033	3,454	-14.1%	13.9%	6,763	95.8%
Retained earnings (+/-)	0			Ns	Ns		Ns
Net income of the financial year (+/-)	359,501	340,421	343,308	-5.3%	0.8%	162,454	-52.7%
Liabilities	12,751,463	13,178,797	14,733,596	3.4%	11.8%	15,329,050	4.0%

Source: Wafasalaf

The total balance sheet of Wafasalaf amounts to MAD 15,329.0 million as of June 30th, 2017 vs. MAD 14,733.6 million as of end-December 2016, i.e. a variation of + 4.0% over the reporting period.

CONSOLIDATED ACCOUNTS

I.3. CONSOLIDATED INCOME STATEMENT

The consolidated operating account of Wafasalaf over the period 2014 – June 2017 is as follows:

In MAD thousand	2014	2015	2016	Var. 15/14	Var. 16/15	June-16	June-17	Var. June- 16/June-17
Income from banking operations	1,363,698	1,323,743	1,309,175	-2.9%	-1.1%	644,243	646,399	0.3%
Expenses on banking activities	404,551	379,127	365,534	-6.3%	-3.6%	181,443	180,867	-0.3%
Net Banking Income	959,147	944,615	943,641	-1.5%	-0.1%	462,800	465,532	0.6%
Net nonbank revenue	64,801	62,361	68,513	-3.8%	9.9%	31,610	35,660	12.8%
Operating expenses	351,031	363,806	377,972	3.6%	3.9%	184,006	195,489	6.2%
Gross operating income	672,917	643,170	634,182	-4.4%	-1.4%	310,404	305,703	-1.5%
Allowances net of reversals of provisions for claims and liabilities through signature loans	152,921	118,311	111,547	-22.6%	-5.7%	-783	12,239	>100.0%
Other allowances net of reversals of provisions	-13,500	3,228	3,485	>100.0%	8.0%	59,449	63,539	6.9%
Current income	533,496	521,631	519,150	-2.2%	-0.5%	251,738	229,925	-8.7%
Non-operating income	15,239	37,100	11,729	>100.0%	-68.4%	-447	-1,467	<-100.0%
Income before tax	548,735	558,731	530,878	1.8%	-5.0%	251,290	228,458	-9.1%
Corporate income tax	200,215	208,470	196,557	4.1%	-5.7%	93,298	82,604	-11.5%
Net income	348,520	350,261	334,321	0.5%	-4.6%	157,993	145,854	-7.7%
Net profit group share	348,520	350,261	334,321	0.5%	-4.6%	157,993	145,854	-7.7%

Source: Wafasalaf

I.4. CONSOLIDATED BALANCE SHEET

The consolidated balance sheet of Wafasalaf over the period 2014 – June 2017 is as follows:

In MAD thousand	2014	2015	2016	Var. 15/14	Var. 16/15	June-17	Var. June- 16/June-17
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Cash, Central Bank, Public Treasury, Post Check Service	4,611	9,439	2,090	>100.0%	-77.9%	85,957	>100.0%
Receivables from credit institutions and the like	346,995	249,645	297,914	-28.1%	19.3%	237,079	-20.4%
Receivables from customers	8,447,041	8,491,145	8,247,410	0.5%	-2.9%	8,333,219	1.0%
Leasing and rental operations	1,451,424	1,635,602	2,307,391	12.7%	41.1%	2,300,685	-0.3%
Held-for-trading and investment securities	10,999	26,257	194,996	>100.0%	>100.0%	41,398	-78.8%
Other assets	453,571	529,317	830,524	16.7%	56.9%	934,828	12.6%
Equity securities and similar assets	151	151	151	0.0%	0.0%	151	0.0%
Intangible assets	228,672	223,415	205,527	-2.3%	-8.0%	196,349	-4.5%
Tangible assets	72,293	62,671	58,162	-13.3%	-7.2%	52,860	-9.1%
Assets	11,015,756	11,227,641	12,144,164	1.9%	8.2%	12,182,525	0.3%
Liabilities to credit institutions and the like	6,122,635	5,285,324	7,221,950	-13.7%	36.6%	7,068,916	-2.1%
Debt securities issued	2,243,529	3,353,817	2,103,345	49.5%	-37.3%	2,176,310	3.5%
Other liabilities	712,332	597,791	810,415	-16.1%	35.6%	1,081,159	33.4%
Allowances for liabilities and charges	16,289	19,516	23,002	19.8%	17.9%	20,559	-10.6%
Subordinated debts	201,401	201,360	201,299	0.0%	0.0%	205,576	2.1%
Paid-in capital	37,143	37,143	37,143	0.0%	0.0%	37,143	0.0%
Capital	113,180	113,180	113,180	0.0%	0.0%	113,180	0.0%
Consolidated retained earnings, revaluation surplus, translation adjustment, equity method adjustments	1,220,729	1,269,248	1,299,510	4.0%	2.4%	1,333,830	2.6%
Net income of the financial year (+/-)	348,520	350,261	334,321	0.5%	-4.6%	145,853	-56.4%
Liabilities	11,015,756	11,227,641	12,144,164	1.9%	8.2%	12,182,525	0.3%

Source: Wafasalaf

The total consolidated balance sheet of Wafasalaf amounts to MAD 12,182.5 million in June 2017 vs. MAD 12,144.2 million in 2016, which represents a variation of +0.3% over the reporting period.

PART IV. RISK FACTORS

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.

INTEREST RATE RISK

The risk of interest rate is tied to banking intermediation activities by the transformation of short term resources to medium and long-term ones. 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).

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.

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.

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 set 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.

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 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.

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 service providers.

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.

RISK OF PARTNERSHIP TERMINATION

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.

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 18.7%.

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, etc.).

WARNING

The abovementioned information only represents a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under the reference VI/EM/026/2017 on September 15th 2017. The AMMC advises the reading of the full prospectus made available for the public in French.