

PROSPECTUS SUMMARY

AXA Crédit



BUYOUT OFFER FOR AXA CRÉDIT SHARES NOT OWNED
BY AXA ASSURANCE MAROC



réinventons /
l'assurance et l'épargne

FOR THE DELISTING OF AXA CRÉDIT
ON THE INITIATIVE OF AXA ASSURANCE MAROC

BUYOUT OFFER FOR AXA CREDIT SHARES NOT HELD BY AXA ASSURANCE MAROC

NUMBER OF SHARES TENDERED	218,422 shares
PRICE PER SHARE	MAD 310
MAXIMUM AMOUNT OF THE OFFER	MAD 67,710,820
DURATION OF THE OFFER	FROM 17 TO 28 July 2017 INCLUSIVE

Advisory body and global
coordinator



Institution in charge of
registering the transaction



Institutions in charge of
collecting orders

All banks and brokerage firms

Independent evaluator



APPROVAL OF THE MOROCCAN CAPITAL MARKETS AUTHORITY

In accordance with the provisions of the circular of the Moroccan Capital Markets Authority (AMMC), based on article 14 of the Dahir providing law n° 1-93-212 of September 21st, 1993 as amended and supplemented, and article 36 of law n° 26-03 relating to public offerings on the stock market as amended and supplemented by law n° 46-06, the original version of this prospectus was approved by the AMMC on July 7th, 2017, under reference N° VI/EM/020/2017.



DISCLAIMER

The Moroccan Capital Markets Authority (AMMC) approved a prospectus on [xx] relating to the buyout offer on AXA Crédi shares not held by AXA Assurance Maroc

The prospectus approved by the AMMC is available at any time at the head office of AXA Crédit, AXA Assurance Maroc and the financial advisor, CFG Bank Corporate Finance. It is also available within 48 hours' notice at the offices of the institutions in charge of collecting orders.

The prospectus is available to the public on the AMMC website (www.ammc.ma) and on the Casablanca Stock Exchange website (www.casablanca-bourse.com).



Part - I Transaction overview

I. Objectives of the Offer

The offer arises from AXA Crédit's desire to not expose its minority shareholders to a period of uncertainty caused by a strategic repositioning process that will require short and medium-term commitments. This process should allow the Company to achieve a balance as late as 2019. Consequently, AXA Crédit decided to delist its shares from the Casablanca Stock Exchange. This decision leads to the obligation by AXA Assurance Maroc to proceed to a buyout offer on all the AXC shares not owned by AXA Assurance Maroc.

II. Elements used to appraise the repurchase price

The table below presents a summary of the valuation methods used by Hdid & Associés, as well as their weighting:

Method	Share value in MAD	Weighting	Weighted value in MAD
DDM	17	0% (*)	0
Stock prices	330	50%	165
Comparable listed companies	185	25%	46
Comparable transactions	196	25%	49
Weighted average in MAD			260

(*) This weighted coefficient is justified by the following elements:

- The BP on the basis of this method was prepared in a special context of clearance and stabilization of the accounts, marking a divide with the past and requiring several years to return to the income levels achieved by the Company in 2014 and earlier. This BP also takes into account a significant injection of equity capital planned for 2017, which has an impact on the valuation;
- The result of the method provides a value that deviates significantly from that of the other methods chosen and that cannot reflect the value of the Company as a credit institution that holds an authorization for this purpose.

The price of the Buyout offer, MAD 310, represents a premium of 19.2% above the valuation determined by Hdid & Associés.

III. Offer schedule

Step	Date	
1	Receipt of the complete file of the transaction by the Casablanca Stock Exchange	06/07/2017
2	Issuance of the notification of approval of the buyout offer by the Casablanca Stock Exchange	07/07/2017
3	Approval of the prospectus by the AMMC	07/07/2017
4	Publication of the notification relating to the buyout offer in the market bulletin	10/07/2017
5	Publication of an excerpt of the prospectus by the offerer in a journal of legal notices	10/07/2017
6	Opening of the period of the Buyout offer	17/07/2017
7	Closing of the period of the Buyout offer	28/07/2017
8	Receipt by the Casablanca Stock Exchange of the files relating to the orders of shares tendered before noon	31/07/2017
9	Centralization and consolidation by the Casablanca Stock Exchange of the orders of shares tendered	01/08/2017
10	Sending to the AMMC of a summary statement of the orders of shares tendered	02/08/2017
11	Further action by the AMMC on the buyout offer (positive or dropped)	03/08/2017
12	Announcement by the Casablanca Stock Exchange, in the market bulletin, in the event the AMMC declares that the transaction is dropped	03/08/2017
13	Release of the results of the Buyout offer, by the Casablanca Stock Exchange, to the institutions collecting the orders	04/08/2017
14	Publication by the Casablanca Stock Exchange of the notice related to the delisting	04/08/2017
15	Publication by the Casablanca Stock Exchange of the press release related to the delisting in a journal of legal notices	04/08/2017
16	Announcement of the results of the transaction in the market bulletin	08/08/2017
17	Registration of the transaction in the stock exchange	08/08/2017
18	Clearing / Settlement	11/08/2017
19	Publication of the results of the buyout offer by the offerer in a journal of legal notices	11/08/2017
20	Delisting of the equity securities	13/10/2017



Partie - I Presentation of the offerer

I. AXA Assurance Maroc's lines of business

With a presence in Morocco since 1996 through the acquisition of UAP, AXA Assurance Maroc has become a leading player in Morocco's landscape of insurers, ranking 3rd in the Moroccan market as at year-end 2015 (13.5% of issued premiums)¹.

AXA Assurance Maroc covers all insurance lines of business, and offers its services to individuals and corporates alike (for a variety of business sectors). AXA Assurance Maroc's offering is organized around 3 segments, which are:

- The Individuals segment (life and non-life insurance);
- The Professionals segment;
- The Corporates segment.

II. Information on the capital of AXA Assurance Maroc

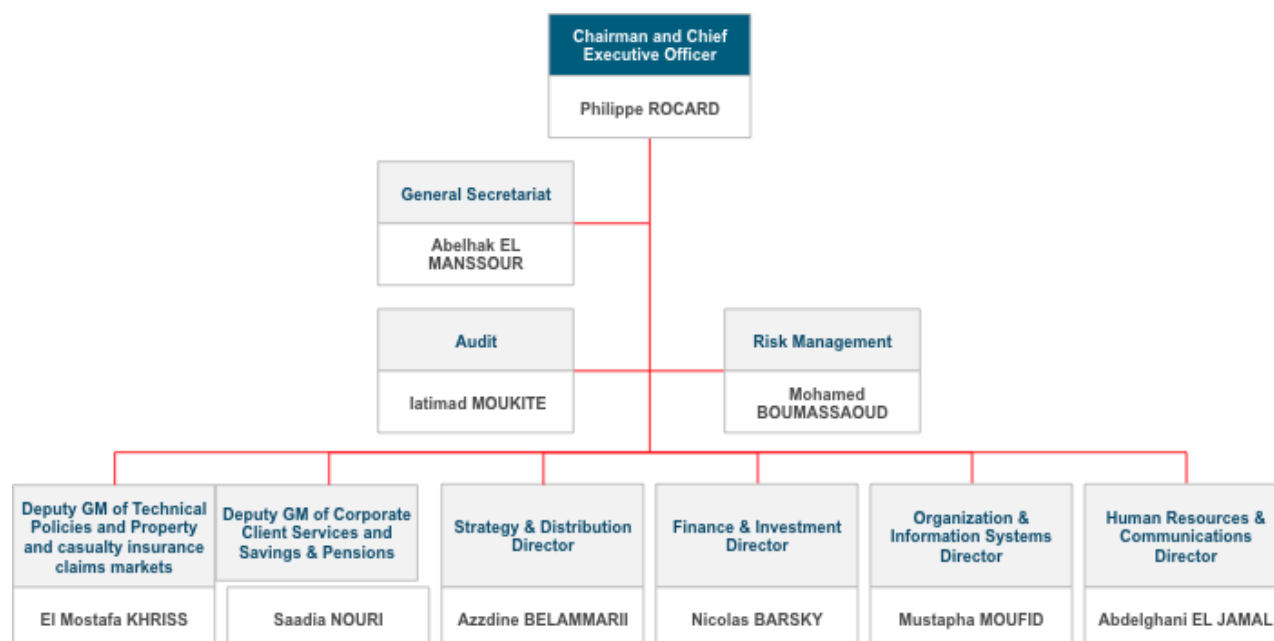
As at December 31st, 2016, the share capital of AXA Assurance Maroc stood at MAD 900,000,000 comprised of MAD 9,000,000 shares with a nominal value of MAD 100 each, fully paid up.

AXA Assurance Maroc's capital has not undergone any changes over the past 5 years.

AXA Assurance Maroc is 100% owned by AXA Holding Maroc, which in turn is 100% owned by AXA S.A.

III. Organization chart of AXA Assurance Maroc

As at December 31st, 2016, AXA Assurance Maroc's organization chart was as follows:



Source | AXA Assurance Maroc

¹ Source : AXA Assurance Maroc



IV. Income statement

<i>In MAD millions</i>	2014	2015	Var 15/14	2016	Var 16/15
1 – Premiums	852	1 050	23.2%	1 180	12.4%
2 - Technical operating income	3	0	-99.3%	-	n.a.
3 - Services and expenses	1 041	1 247	19.7%	1 337	7.2%
4 - Technical operating charges	151	223	48.1%	220	-1.3%
5 - Income from investments allocated to insurance transactions	452	557	23.3%	463	-16.8%
6 - Charges from investments allocated to insurance transactions	10	103	> 100%	55	-46.7%
LIFE TECHNICAL INCOME (1 + 2 - 3 - 4 + 5 - 6)	105	34	-68.1%	32	-5.3%
1 – Premiums	2 419	2 429	0.4%	2 442	0.5%
2 - Technical operating income	194	228	17.4%	79	-65.2%
3 - Services and expenses	1 718	1 501	-12.6%	1 618	7.8%
4 - Technical operating charges	814	1 073	31.8%	899	-16.2%
5 - Income from investments allocated to insurance transactions	680	520	-23.5%	512	-1.5%
6 - Charges from investments allocated to insurance transactions	270	263	-2.6%	98	-62.6%
NON-LIFE TECHNICAL INCOME (1 + 2 - 3 - 4 + 5 - 6)	491	340	-30.7%	418	22.8%
1- Current non technical income	60	61	1.3%	819	> 100%
2- Current non technical charges	23	42	85.2%	862	>100%
3 - Non current non technical income	25	36	42.9%	9	-76.4%
4 - Non current non technical charges	47	50	5.5%	72	44.5%
NON TECHNICAL INCOME (1 - 2 + 3 - 4)	15	5	-66.6%	(107)	n.a.
PRE-TAX INCOME	612	379	-38.1%	343	-9.5%
Income tax	215	81	-62.4%	246	205.1%
NET INCOME	397	298	-24.9%	97	-67.6%

Source | AXA Assurance Maroc

V. Balance sheet

<i>In MAD Millions</i>	2014	2015	Var 15/14	2016	Var 16/15
Fixed assets	18 291	18 651	2.0%	18 988	1.8%
Nil value assets	42	44	5.7%	40	-8.0%
Intangible assets	273	272	-0.2%	272	-0.1%
Tangible assets	184	151	-18.1%	192	27.6%
Financial assets	342	261	-23.7%	271	3.8%
Investments allocated to insurance transactions	17 450	17 923	2,7%	18 213	1.6%
Unrealized exchange gains or losses – assets	-	-		-	
Current assets	7 376	7 325	-0.7%	7 422	1.3%
Share of assignees in the technical provisions	1 804	1 697	-6.0%	1 732	2.1%
Current assets receivables	4 984	4 771	-4.3%	4 872	2.1%
Investment securities (non allocated to insurance transactions)	587	857	45.9%	819	-4.4%
Unrealized gains or losses - assets (current items)	-	-		-	
Cash	315	136	-56.9%	110	-19.4%
Cash - assets	315	136	-56.9%	110	-19.4%
Total assets	25 982	26 111	0.5%	26 520	1.6%
Permanent financing	22 989	23 411	1.8%	23 911	2.1%
Shareholders' equity	4 373	4 275	-2.2%	4 172	-2.4%
Quasi-equity	-	-		-	
Financing debt	79	72	-9.3%	70	-1.9%
Long-term provisions for liabilities and charges	29	30	3.6%	32	4.9%
Gross technical provisions	18 508	19 034	2.8%	19 637	3.2%
Unrealized gains or losses	-	-		-	
Current liabilities	2 743	2 625	-4.3%	2 543	-3.2%
Debt for cash paid off by the assignees	414	154	-62.9%	175	13.7%
Debt of current liabilities	2 329	2 472	6.1%	2 368	-4.2%
Other provisions for liabilities and charges	-	-		-	
Unrealized gains or losses - liabilities (current items)	0	-	-100.0%	-	
Cash	250	75	-70.2%	66	-11.7%
Cash – liabilities	250	75	-70.2%	66	-11.7%
Total liabilities	25 982	26 111	0.5%	26 520	1.6%

Source | AXA Assurance Maroc



VI. Main risk factors of AXA Assurance Maroc

AXA Assurance Maroc has a risk management framework observing strong governance drawing on best practices and AXA Group's directives. This framework covers in cross-cutting fashion the various insurance, financial, or operational risks. The approach to risk management depends on the nature of every risk. AXA Assurance Maroc, through its lines of business, is subject to the following risks:

- Risk of under-provisioning in the non-life segment: In addition to estimating reserves in accordance with the regulatory methods, AXA Assurance Maroc conducts so-called economic estimates, reflecting as accurately as possible the real level of reserves to be booked. Furthermore, these economic calculations abide by a framework that requires two independent opinions in accordance with the standards of AXA group.
- Market risk: The financial risk is monitored and assessed through compliance with regulatory limits as a first step, but also with group limits imposing strict compliance with the portfolio allocation, taking the risk appetite into account. These group limits are determined following a study of the impact of a variation of market conditions (stock price, rate increase / decrease...) on the income, coverage rate, and solvency margin of AXA Assurance Maroc. For every asset class, a limit is hence determined and is monitored on a quarterly basis. In addition, there is an ongoing and rigorous monitoring of the investment universe and the modeling of variables that have an impact on the financial instruments in the portfolio. To this end, macroeconomic and fundamental analyses are carried out to anticipate the evolution of risks.
- Interest rate risk: This risk related to the life portfolio is associated with the granting of the minimum guaranteed rate to our insured parties. It is controlled through a good match between the assets and liabilities. Indeed, a change in interest rates could cause, in the event of a mismatch between assets and liabilities, a difficulty in providing these minimum guaranteed rates. This risk is mitigated with the implementation of an ALM study which has the objective of ensuring there is a good match between our assets and liabilities. This study is carried out at least annually.
- Reinsurance risk: AXA Assurance Maroc has a robust reinsurance plan laid out by several players based on preliminary analyses carried out by two independent opinions. Furthermore, AXA group has an additional control of the process, requiring a complete reinsurance coverage and a rigorous choice of reinsurers.
- Operational risks: This risk is managed in conjunction with the three lines of defense of the company's internal control system, namely operations, control entities (Legal, Compliance, Business continuity, Information technology security, Physical safety) and audit. This management is based on the identification and evaluation and classification of these risks, as well as incident escalation. Mitigation action plans are set up and monitored in regular committees involving the company's top management.
- Regulatory risks: In recent years, AXA Assurance Maroc has been developing in a highly regulated, rapidly changing environment. These developments aim above all to ensure the sector's sustainability and provide the client with better service. Nonetheless, these developments may in some cases have a significant impact on the way of conducting operations, as well as on profitability due to their impact on the level of shareholders' equity required for the company to operate.

The most significant regulatory risks that can have an impact on AXA Assurance Maroc's operations are:

- The set-up of a solvency based on the European Solvency II regulation: AXA Assurance Maroc is adequately funded to deal with this new regulation, but through its consequences on the cost of capital generated by the various business lines and the various categories of assets, AXA Assurance Maroc may need to adapt its underwriting and/or asset mix. Likewise, market adjustment to this new regulation may have a knock-on effect on AXA Assurance Maroc.
- The set-up of new regulations on the collection of premiums and the provisioning of receivables may also have a negative impact on distribution methods and volumes sold.
- The updating of mortality tables and the scales used for accidents would have an extremely significant impact on the company's profitability.
- The transfer of the contracts for mandatory medical coverage (AMO) to the CNSS would have a significant impact on the turnover of AXA Assurance Maroc.

It is currently impossible to quantify the consequences of these risks because they will strongly depend on the developments in the regulation.

Part - II GENERAL PRESENTATION OF AXA CREDIT

I. AXA Crédit's Activity

AXA Crédit operates mainly in uncommitted loans and in particular in personal loans.

The products set up by AXA Crédit focus mainly on the segment of uncommitted loans and target a client base from companies with which it has agreements, as well as public officials.

Products	Target	Amount in MAD		Duration	
		Min	Max	Min	Max
Automobile loans	Clients bound by an agreement, public officials and domiciled parties	50,000	300,000	24 months	84 months
Uncommitted consumer loans	Clients bound by an agreement, public officials and domiciled parties	5,000	200,000	12 months	72 months

Source | AXA Crédit

- **Automobile loan** is a tailored solution making it possible for customers to purchase a vehicle while benefiting from a 100% loan available in several forms: Financing of up to 100%, Financing with 0% down payment, Insurance. These are personal loans used to finance the acquisition of a car (with a vehicle registration card with a strikethrough since August 2016). These "auto credit" personal loans are mainly offered by AXA Crédit in the framework of the partnership with Auto Hall²;
- **Uncommitted consumer loan** is a reducing loan that is characterized by a phase for the release of funds, a repayment phase with monthly installments and deferral interest rates. (Examples: Personal loans). The loan isn't granted for the purchase of property or a specific service. The client uses the borrowed funds as he or she wishes.

II. Information on the capital of AXA Credit

The share capital of AXA Crédit stood at of 60,000,000 dirhams as at 12/05/2017, fully paid-up and divided into 600,000 shares with a nominal value of 100 dirhams. All the shares are bearer shares and have the same rights.

The share capital of AXA Crédit has not undergone any changes since 1995³.

After the buyout offer, AXA Assurance Maroc undertook to increase its share capital to MAD 150,000,000.

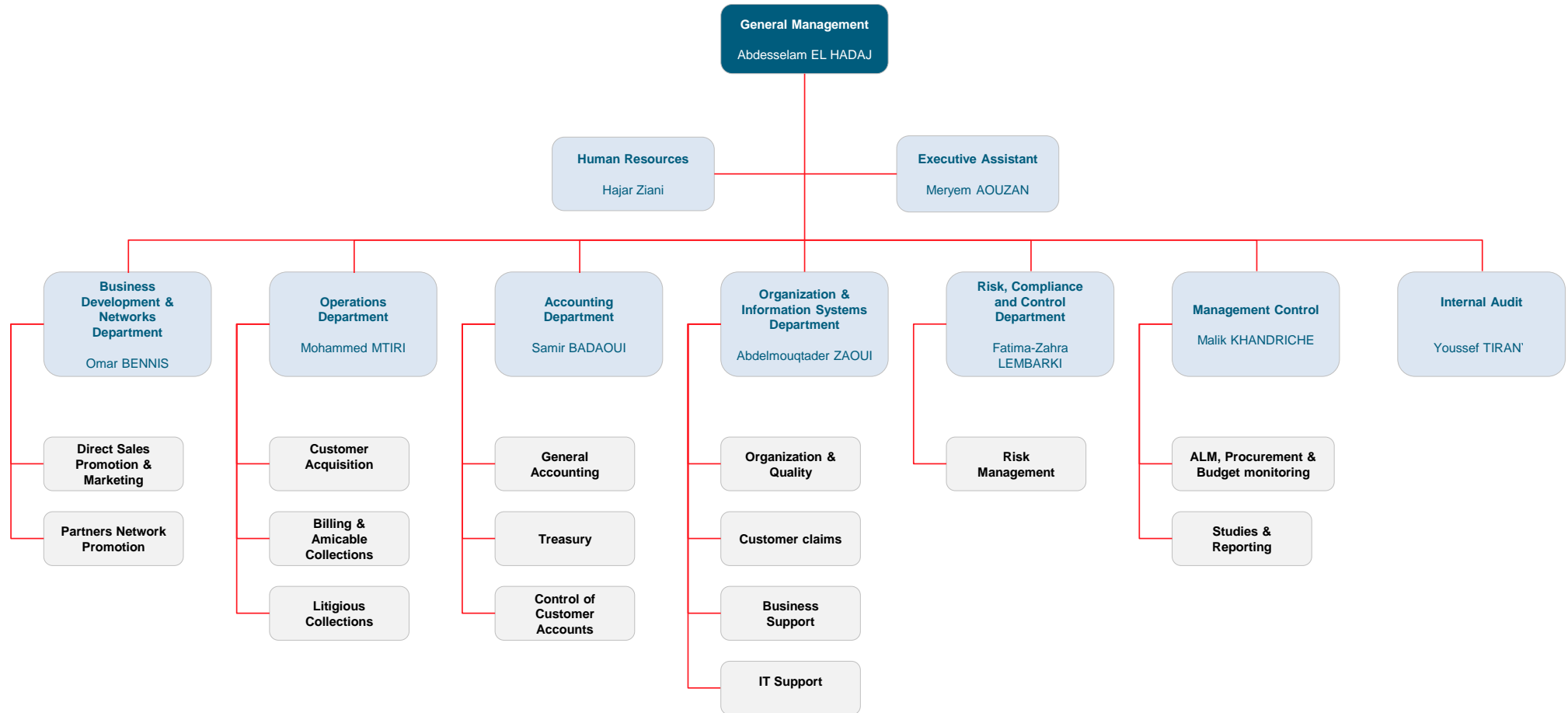
² The partnership with Auto Hall is no longer in effect as a result of the termination of the distribution of Automobile loans

³ Capital increase of MAD 15,000,000 reserved for existing shareholders



III. Governing bodies

As at 20/05/2017, the AXA Credit organization chart is as follows:



Source | AXA Credit

IV. Income statement

<i>In MAD millions</i>	2014	2015	14/15 Var	2016	15/16 Var
Banking operating income	208.5	213.6	2.4%	189.3	-11.4%
Banking operating expenses	85.0	84.3	-0.8%	77.1	-8.5%
Net banking income	123.5	129.3	4.7%	112.2	-13.2%
Net non-banking income	1.0	5.2	> 100%	0.2	-95.3%
General operating expenses	71.6	75.7	5.7%	74.7	-1.2%
<i>Operating ratio</i>	<i>58.0%</i>	<i>58.5%</i>	<i>0.6 pts</i>	<i>66.6%</i>	<i>0.1 pts</i>
Gross operating income	53.0	58.9	11.1%	37.7	-35.9%
Net provisions for reversals of provisions	29.8	77.4	>100%	123.1	59.2%
Current income	23.2	-18.5	n.a.	-85.4	n.a.
Non-current income	2.5	-0.4	n.a.	-3.4	n.a.
Corporate tax	5.7	1.1	-80.6%	1.0	-13.0%
Net income	20.0	-20.0	n.a.	-89.8	n.a.

Source | AXA Credit

V. Balance sheet

<i>In MAD millions</i>	2014	2015	14/15 Var	2016	15/16 Var
Cash	22.7	0.4	-98.2%	25.4	na
<i>As a % of total assets</i>	<i>1.2%</i>	<i>0.0%</i>	<i>-1.1pts</i>	<i>1.4%</i>	<i>1.4pts</i>
Claims on credit institutions and related entities	11.3	16.5	46.3%	16.4	-1.0%
<i>As a % of total assets</i>	<i>0.6%</i>	<i>0.9%</i>	<i>0.3pts</i>	<i>0.9%</i>	<i>0.1pts</i>
Advances to customers	1,770.7	1,796.2	1.4%	1,658.8	-7.7%
<i>As a % of total assets</i>	<i>90.9%</i>	<i>92.4%</i>	<i>1.5pts</i>	<i>91.4%</i>	<i>-1.0pts</i>
Other assets	55.8	53.6	-3.9%	45.3	-15.4%
<i>As a % of total assets</i>	<i>2.9%</i>	<i>2.8%</i>	<i>-0.1pts</i>	<i>2.5%</i>	<i>-0.3pts</i>
Equity securities and similar assets	2.5	-	-100.0%	-	na
<i>As a % of total assets</i>	<i>0.1%</i>	<i>0.0%</i>	<i>-0.1pts</i>	<i>0.0%</i>	<i>0.0pts</i>
Fixed assets	84.3	77.0	-8.7%	68.1	-11.5%
<i>As a % of total assets</i>	<i>4.3%</i>	<i>4.0%</i>	<i>-0.4pts</i>	<i>3.8%</i>	<i>-0.2pts</i>
Total Assets	1,947.3	1,943.7	-0.2%	1,813.9	-6.7%
Debts to credit institutions and related entities	1,477.3	1,481.3	0.3%	1,573.6	6.2%
Customer deposits	7.3	12.7	74.3%	10.4	-18.2%
Debt securities issued	151.4	176.9	16.8%	25.4	-85.6%
Other liabilities	36.0	21.9	-39.2%	36.2	65.2%
Provisions for liabilities and charges	3.8	12.6	>100%	19.8	56.6%
Subordinated debt	75.0	75.0	0.0%	75.0	0.0%
Revaluation reserve	17.0	17.0	0.0%	17.0	0.0%
Capital reserves and premiums	99.5	106.3	6.8%	106.3	0.0%
Capital	60.0	60.0	0.0%	60.0	0.0%
Retained earnings	0.0	0.1	22.4%	- 20.0	na
Net income for the period	20.0	- 20.0	<-100%	- 89.8	<-100%
Total Liabilities	1,947.3	1,943.7	-0.2%	1,813.9	-6.7%

Source | AXA Credit



VI. Main risk factors of Axa Crédit

VI.1. Customer risk

The AXA Crédit portfolio is composed of three categories of customers: public officials, employees of companies that have entered into agreements with AXA Crédit and direct customers.

Each category comes with specific risks that are addressed hereafter:

VI.1.a. Risk relating to public officials

Public officials hold a predominant share of AXA Crédit's production and sales offerings. Overall, this segment is considered to be the least risky, on the one hand through the direct debit on wages, and on the other hand, through the automated system made available to financing institutions by the public administration.

Compared with the private sector, the risk of termination or departure of public officials remains limited.

VI.1.b. Risk relating to customers that have entered into agreements with AXA Crédit

The company that has entered into an agreement with AXA Crédit undertakes to deduct the amount of the monthly installment to be paid to AXA Crédit directly from the monthly wages of its employees. The events that can lead to a situation of arrears for this segment include the following:

- Bankruptcy of the company: Given the quality of the companies that have entered into agreements with AXA Crédit, this risk remains limited;
- Termination of the employee: As for public officials, unemployment is a risk that is difficult to avoid;
- The non-payment by the employer of the monthly installments deducted from the wages: In this case and in accordance with the agreement signed by both parties, AXA Crédit will have the right to sue the employer;
- Note that in the event of a voluntary resignation, the employer undertakes to deduct from the balance of all accounts of the employee the remaining capital due to AXA Crédit;
- AXA Crédit has implemented provisions so as to better address the risks inherent to this type of customers, particularly through:
 - A rigorous selection process of customers that are employees of companies that have entered into agreements with AXA Crédit by compiling a legal analysis dossier;
 - The introduction of tools to monitor the levels of overdue payments from the companies that have entered into agreements with AXA Crédit;
 - Set-up of a monitoring committee for overdue payments.

The risk relating to this customer segment, unlike domiciled customers, is alleviated by the commitment of the company that has entered into an agreement with AXA Crédit.

Beyond the customer risk, the rating of the customers that are employees of companies that have entered into agreements with AXA Crédit also considers the risk from said companies (timely payment, turnover, litigation rate...). Therefore, the solvency of the end customer greatly depends on the quality of the employer.

The recruitment strategy of the companies that have entered into agreements with AXA Crédit is based on prerequisites for compiling the dossier, exclusion criteria, types of verifications to carry out and various assessment phases to be completed.

VI.1.c. Risks relating to direct customers

The risk relating to this category is higher in the sense that the monthly installments are not deducted at source and that the loans are not guaranteed (except for automobile loans). However, the introduction of the credit bureau system does contribute to reducing this risk because defaulting customers are now identifiable.

For this population, the activity should be maintained at a level that is compatible with the risk to which it is naturally exposed.

This balance will be determined through the adjustment of the scoring instrument.

In order to limit the credit risk relating to direct customers, AXA Crédit decided to contain the production of this type of customer through the following breakdown of target outstanding loans:

- Companies that have entered into agreements with AXA Crédit: 30%
- Public officials: 60%
- Direct: 10% (capped)

VI.2. Risk of Fraud

In accordance with directive 1/G/11, fraudulent cases as well as fraud attempts are centralized.

However, the risk of fraud remains residual. Notices calling out for vigilance are regularly addressed to users to comply with loan delivery rules, the control of dossiers and the acceptance of loan applications.

In 2016, no case of fraud has been detected.

VI.3. Risk of a lower operating margin relating to the MRCI

Like the other credit institutions, AXA Crédit is exposed to the risk of interest rate fluctuations. As a financing institution, its profitability is connected to the fluctuation of the Maximum Rate of Conventional Interests (MRCI, formerly known as the Annual Percentage Rate – APR) that corresponds to the maximum wear rate applied by the profession.

The maximum rate that may be applied by the profession between the period from April 2017 to March 2018 stands at 13.90% versus 14.30% in 2016.

A possible decrease of the MRCI may have a significant impact on the sector's profitability, and more specifically, on the smaller consumer loan companies that often have less of a grasp on risk. These companies are not always able to pass on the decrease of their margin to the refinancing costs.

Given its financial structure and its being part of a major financial group in Morocco, AXA Crédit can afford to adapt to the decrease in the MRCI. Indeed, AXA Crédit's management has succeeded in limiting the decrease of its margin through the diversification of its sources of financing.

VI.4. Risk of competition

Strong competition exists in the sector, which leads to a drop in customer rates, but also to an extension of the terms which may lead to risks of overindebtedness.

In this context, AXA Crédit is cautious about pursuing its development without setting out on a frantic race for market share, but rather by constantly seeking the optimal combination between sales volume, operating margin and risk.

VI.5. Operational Risk

AXA Crédit has initiated an operational risk management system in the framework of Basel II, and to this effect, it has taken stock of the risks where it has mapped the key risks to which the company is exposed.

These risks have been broken down into four main processes: loans, refinancing, accounting and IS and HR management, which have been divided into sub-processes.

Many types of frameworks are already set up or in progress to follow up on the action plans aimed at mitigating the impact of major operational risks that are inherent to these activities:

Preparation of an operational risk-mapping that is updated on an annual basis:

- Introduction of a framework to collect and assess incidents and losses (per-incident basis)
- Introduction of a steering and monitoring framework for operational risks (action plans, reporting, monitoring committee, etc...);
- Systematic recording of this monitoring in the agenda of each of the Audit Committees;
- Introduction of a procedure for the management of fraudulent cases
- Regular notices to recall and prevent certain types of operational risks;
- A business continuity plan, which is a work in progress, that takes into account the vital processes that could possibly lead to major losses in case of interruption.

VI.6. Liquidity Risk

To mitigate interest rate risks, AXA Crédit diversifies its sources of financing in terms of rates and maturity. These resources are subscribed at a fixed rate. As for the uses, which are mainly comprised of advances to customers, they too are subscribed at a fixed rate.

AXA Crédit therefore has an ongoing strategy without any waivers or exceptions for the management of fixed rates.

These strategies are also based on the constant quest to match the duration of the resources to that of the uses.

As for the liquidity risk, the budgets necessary for the business and its operations are estimates and are subject to negotiations and annual contracts with the partner banks.

As such, the cash requirements are constantly covered and do not expose AXA Crédit to any liquidity risk.

These strategies are led by the Management Control Department.

VI.7. Regulatory Risks

AXA Crédit must also face regulatory risks, given the many regulations and the complexity of the regulatory framework as well as their impact on the company's profitability.

In order to ensure that the risks relating to regulatory compliance are properly managed within the company, in accordance with directive no. DN 49/G/2007 of Bank Al Maghrib, AXA Crédit has introduced a "compliance" function whose main missions include the following:

- Identifying the applicable regulations
- Identifying and assessing risks of non-compliance
- Introducing and disseminating internal procedures and controls relating to compliance
- Checking that the compliance policy is met
- Awareness-raising and training of staff
- Centralizing issues pertaining to compliance and preparing reportings for General Management.

Furthermore, the operational risk management framework takes into account the legal aspects to prevent possible risks relating to losses due to the inadequacy or lack of procedures, staff, internal systems or external events.

VI.8. Interest rate risk

Interest rate risk consists in seeing the interest rate reaching or exceeding the interest rate of the loans concluded in the event of an increase in money market rates.

To mitigate interest rate risks, AXA Crédit diversifies its sources of financing in terms of rates and maturity. These resources are concluded at a fixed rate. As for the uses, mainly comprised of advances to customers that are also concluded at a fixed rate. As for the uses, which are mainly comprised of advances to customers, they are also concluded at a fixed rate.

AXA Crédit therefore has an ongoing strategy without any waivers or exceptions for the management of fixed rates.


These strategies are also based on the constant quest to match the duration of the resources to that of its uses, which is a mission carried out by the ALM department.

VI.9. Risk relating to the non-compliance of regulatory ratios

The non-compliance with the minimal requirements in terms of solvency ratios can lead to the involvement of the regulator, who, if necessary, has the right to impose an increase in equity, impose disciplinary sanctions as well as financial penalties.

VI.10. Risk relating to the restructuring plan

The delay in the introduction and the completion of all or part of the scheduled restructuring plan could have an impact on achieving the objective to reach an operating ratio of 50% in 2019, and on the target profitability level for this same period.



There is a legal risk in the event of a dispute with the employees as well as an image-related risk for the company.



DISCLAIMER

The aforementioned information is only part of the prospectus approved by the AMMC under reference N° VI/EM/020/2017 on July 7th, 2017.

The AMMC recommends reading the full prospectus that is available to the public in French.
