

# PROSPECTUS SUMMARY

## SAHAM ASSURANCE



### MANDATORY TAKEOVER BID ON SAHAM ASSURANCE SHARES

INITIATED BY :

SANLAM EMERGING MARKETS IRELAND (SEMIL), SAHAM FINANCES,  
SAHAM SA AND SAHAM FINANCES PARTICIPATIONS

#### CHARACTERISTICS OF THE OFFER

Number of shares concerned	823,844 shares
Price per share	1,450 MAD
Maximum amount of the Offer	1,194,573,800 MAD
Offer duration	From 08/01/2019 to 17/01/2019 including the first and the last day.

#### FINANCIAL ADVISORS



#### ENTITY IN CHARGE OF THE OPERATION REGISTRATION



#### APPROVAL OF THE MOROCCAN CAPITAL MARKET AUTHORITY (AMMC)

In accordance with the provisions of the circular of the Moroccan Capital Market Authority (AMMC), pursuant to Article 14 of the Dahir providing Law n° 1-93-212 of 21<sup>th</sup> September 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, the original copy of this prospectus was approved by the AMMC on 27/12/2018, under reference n°VI/EM/038/2018

## DISCLAIMER

The Moroccan Capital Market Authority (AMMC) approved on 27/12/2018, under reference n° VI/EM/038/2018, a prospectus relating to the Mandatory takeover Offer for Saham Assurance shares (the Offer), initiated by Sanlam Emerging Markets Ireland (SEMIL), Saham Finances, Saham SA (Saham Insurance) and Saham Finances Participations.

The prospectus approved by AMMC is available at all times at Saham Assurance's headquarters and at its financial advisor's office.

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

## **PART I. PRESENTATION OF THE OFFER**

### **I. Objectives of the Offer**

#### **I.1. Reasons for the operation**

Pursuant to the applicable legal and regulatory provisions, the Offer is intended for the acquisition of the shares of Saham Assurance not held by the Initiators, Sanam Holding and Mr Said ALJ, in accordance with the legal and regulatory provisions.

Note that, Sanam Holding and Mr. Said ALJ, committed not to bring their shares to the take-over bid.

#### **I.2. Intentions of the Initiators**

On the eve of this Offer, the Initiators hold directly and indirectly 58.5% of Saham Assurance share capital and voting rights. Hence, the proposed Operation should not impact the Company's strategy.

The Initiators do not intend to acquire, during the Offer duration, Saham Assurance shares outside of the Offer.

#### **I.3. Allocation of the shares brought in the offer**

By common agreement between the Initiators, Saham Finances Participations is the only acquirer of all the shares brought in this offer. However, the Initiators remain jointly and severally liable for the obligations that are made to them under the Law N°26-03 relating to public offers on the stock market as amended and supplemented.

#### **I.4. Maximum share of capital held by the initiators after the takeover**

Depending on the number of shares brought in the takeover by Saham Assurance shareholders, Saham Assurance share of the capital and voting rights controlled by the Initiators at the end of the bid may vary between 58.5% and 78.5%.

#### **I.5. Financing arrangements**

By common agreement between the Initiators, Saham Finances Participations is the only acquirer of all the shares brought in this offer, however the Initiators remain jointly and severally liable for the obligations that are made to them under the Law N°26-03 relating to public offers on the stock market as amended and supplemented.

Saham Finances Participations have the necessary financial means to finance the Offer in cash for a maximal amount of 1,194,573,800 MAD and related expenses.

#### **I.6. Evolution of the shareholding structure of Saham Assurance in case of contribution of all targeted shares by the offer**

The table below shows the configuration of the capital before and after the Offer in case the Initiators purchase all the shares that they do not hold in Saham Assurance, taking into account that Sanam Holding and Mr. Said ALJ undertook not to bring the shares they hold to the Offer, i.e. 885,280 shares:

	<i>Before the Offer</i>			<i>After the Offer</i>		
	<i>Nb. Of shares</i>	<i>Capital %</i>	<i>Voting Rights %</i>	<i>Nb. Of shares</i>	<i>Capital %</i>	<i>Voting Rights %</i>
Saham Finances & related parties <sup>1</sup>	2 407 750	58,48%	58,48%	2 407 750	58,48%	58,48%
Saham Finances Participations				823 844	20,01%	20,01%
Sanam Holding	793 872	19,28%	19,28%	793 872	19,28%	19,28%
Said ALJ	91 408	2,22%	2,22%	91 408	2,22%	2,22%
Other shareholders	823 844	20,01%	20,01%	0	0,00%	0,00%
<b>Total</b>	<b>4 116 874</b>	<b>100,0%</b>	<b>100,0%</b>	<b>4 116 874</b>	<b>100,0%</b>	<b>100,0%</b>

Source: Saham Assurance

### I.7. Shares radiation

The Initiators of the Mandatory Public Offer do not intend to request the delisting of Saham Assurance shares of the Casablanca Stock Exchange.

## II. Links between Saham Assurances and the Initiators

Saham Finances holds 58.5% of the capital and voting rights of Saham Assurance. On the date of completion of the Transaction, Saham Insurance indirectly holds 31.2% of the share capital and voting rights of Saham Assurance, through Saham Finances and Sanlam Emerging Markets Ireland indirectly holds 58.5% of the capital and voting rights of Saham Assurance, through Saham Finances and Saham Insurance.

Prior to the takeover bid, Saham Finances Participations is not a shareholder of Saham Assurance.

## III. Structure of the Offer

### III.1. Number of the concerned shares

The Offer concerns all the shares not held by the Initiators, i.e. 823,844 shares representing 20,0% of Saham Assurance share capital and voting rights, taking into account that Sanam Holding & Mr. Said ALJ committed not to bring their shares to the take-over bid, i.e. 885,280 shares.

### III.2. Offer price

The Initiators offer to Saham Assurance shareholders the opportunity to sell their Saham Assurance shares at 1,450 MAD per share.

<sup>1</sup> Saham Finances Participation includes 10 shares held by Saham Insurance

### **III.3. Amount of the Offer**

The Mandatory Offer concerns Saham Assurance shares not held by the Initiators of the Offer, i.e. 823,844 shares at a price of MAD 1,450 per share. The maximum amount of the Offer is MAD 1,194,573,800. Note that Sanam Holding and Mr. Said ALJ committed not to bring their shares to the take-over bid.

### **III.4. Entitlement to dividends of shares targeted by this offer**

Saham Assurance shares Carry dividends starting 1<sup>st</sup> January 2018.

### **III.5. Opening date of the offer**

The Offer will begin on 08/01/2019.

### **III.6. Closing date of the offer**

The offer will be closed on 17/01/2019.

### **III.7. Offer duration**

The Offer duration is between the opening date and the closing date of the Offer, according to the Offer calendar presented in the Prospectus, i.e. 7 trading days.

### **III.8. Waiver threshold**

Saham Finances Participations undertakes to firmly and irrevocably acquire all the shares brought by Saham Assurance shareholders to this offer

Due to the mandatory nature of the Offer, no waiver threshold is considered by the Initiators in this Offer.

### **III.9. Date of settlement**

The settlement date is scheduled for 31/01/2019.

#### IV. Summary of valuation

The table below shows the share value resulting from each of the methods selected for the valuation of Saham Assurance share:

Method	Equity value (MMAD)	Value per share (MAD / Share)	Weighting of the method	Premium/ Discount compared to the offered price (en %)
Weighted Average Share Price	5 939	1 443	25,0%	0,5%
Trading comparable	5 875	1 427	25,0%	1,6%
Transactional reference	5 969	1 450	25,0%	0,0%
Discounted cash flows	5 884	1 429	25,0%	1,4%
<b>Average valuation</b>	<b>5 917</b>	<b>1 437</b>		<b>0,9%</b>
<b>Price</b>	<b>5 969</b>	<b>1 450</b>		

Sources: Saham Assurance, Casablanca Stock Exchange, Bloomberg, Financial Advisors

The average value given by the selected valuation methods is 1,437 MAD/Share. The price proposed by the Initiators of the mandatory takeover bid is 1,450 MAD/Share.

#### V. Schedule of the Offer

Order	Steps	No later than
1	Receipt by the Casablanca Stock Exchange of the complete file of the operation	21/12/2018
2	Issuance by the Casablanca Stock Exchange of the Notice of Approval of the operation	27/12/2018
3	Receipt by the Casablanca Stock Exchange of the AMMC-approved prospectus	27/12/2018
4	Publication of the excerpt of the prospectus in the Official List (Bulletin de la Cote)	28/12/2018
5	Publication of the extract of the prospectus in a legal gazette	31/12/2019
6	Opening of the duration of the Takeover Bid	08/01/2019
7	Closing of the duration of the Takeover Bid	17/01/2019
8	Receipt by the Casablanca Stock Exchange of the files relating to the orders on shares contributed, before 12:00 a.m.	18/01/2019
9	Centralization and consolidation of the orders on shares contributed by the Casablanca Stock Exchange	21/01/2019
10	Sending to AMMC of a summary statement of orders on shares contributed	22/01/2019
11	Receipt of AMMC's response on the Takeover Bid (approval or not) and publication of the announcement in the Official List by the Casablanca Stock Exchange, in case AMMC rejects the Offer	23/01/2019
12	Presentation by the Casablanca Stock Exchange of the results of the Takeover Bid to the order collectors	24/01/2019
13	<ul style="list-style-type: none"> <li>▪ Registration of the Offer on the stock exchange</li> <li>▪ Announcement of the Offer results in the Official List</li> </ul>	28/01/2019
14	<ul style="list-style-type: none"> <li>▪ Payment / Delivery</li> <li>▪ Publication of the Offer results by the representative of the Initiators in a legal gazette</li> </ul>	31/01/2019

Source: Casablanca Stock Exchange

## PART II. PRESENTATION OF THE INITIATORS

### I. SANLAM Emerging Markets Ireland Limited (SEMIL) PRESENTATION

#### I.1. General presentation

SEMIL is a holding company whose main activity is holding Saham Finances and Saham Insurance shares. SEMIL belongs to the Sanlam Group (presentation below).

<b>Corporate name</b>	Sanlam Emerging Markets Ireland Limited (SEMIL)
<b>Headquarters</b>	Beech House, Beech Hill Road, Dublin 4, Ireland
<b>Legal Form</b>	Private Company Limited (Irish legislation)
<b>Establishment Date</b>	09/11/2015
<b>Business Purpose</b>	Carry on investment company and investment portfolio management activities and all ancillary activities and / or that may be determined by the board of directors.
<b>Share capital as of 31/10/2018</b>	902 USD
<b>Number of shares as of 31/10/2018</b>	902 shares
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	n° 571473
<b>Court of competent jurisdiction</b>	Ireland

Source: SEMIL

#### I.2. SEMIL shareholding structure

The evolution of SEMIL's shareholding structure between 2016 and on the eve of the offer period is as follows:

	<u>31/12/2016</u>		<u>31/12/2017</u>		<u>On the eve of the Offer</u>	
	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>
SAN JV (RF) Proprietary Limited	201	100.00%	376	100.00%	902	100.00%
<b>Total</b>	<b>201</b>	<b>100.00%</b>	<b>376</b>	<b>100.00%</b>	<b>902</b>	<b>100.00%</b>

Source : SEMIL

### I.3. Board of directors :

SEMIL board of directors is composed of the following members:

<i>Board of directors members</i>	<i>Current position</i>
Austin O’Dowd	Director
Richard Aslett	Director
Annari Van Niekerk	Director

Source: SEMIL

## II. SANLAM Limited PRESENTATION

### II.1. General information

<b>Corporate name</b>	Sanlam Limited
<b>Headquarters</b>	2, Strand Road Bellville, South Africa
<b>Legal Form</b>	Limited Company ( South African legislation)
<b>Establishment Date</b>	08/06/1918
<b>Business Purpose</b>	Carry on investment company and investment portfolio management activities and all ancillary activities and / or that may be determined by the board of directors.
<b>Share capital as of June 2018</b>	23,1 ZAR millions
<b>Number of shares as of June 2018</b>	2,231,989,047 shares
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	Sanlam Limited register n° 1959/001562/06
<b>Court of competent jurisdiction</b>	South Africa

Source: Sanlam

### II.2. Sanlam shareholding structure

The evolution of Sanlam's shareholding structure between 2015 and October 2018 period is as follows:

	<u>31/12/2015</u>		<u>31/12/2016</u>		<u>31/12/2017</u>		<u>October 2018</u>	
	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>
Ubuntu-Botho Investments (Pty) Limited	292 473 694	13.5%	292 473 694	13.5%	292 473 694	13.5%	292 471 806	13.1%
Government Employees Pension Fund (PIC)	276 008 508	12.7%	265 176 149	12.2%	253 043 907	11.7%	242 074 441	10.85%
Subsidiaries	163 351 974	7.5%	165 085 152	7.6%	161 618 797	7.5%	130 528 539	5.85%
Sanlam Limited Share Incentive Trust	22 747 954	1.1%	22 314 660	1.0%	20 798 129	1.0%	21 374 995	0.96%
Other shareholders	1 411 889 676	0.3%	1 421 422 151	0.3%	1 438 537 279	0.2%	1 545 539 266	69.24%
<b>Total</b>	<b>2 166 471 806</b>	<b>100.0%</b>	<b>2 166 471 806</b>	<b>100.0%</b>	<b>2 166 471 806</b>	<b>100.0%</b>	<b>2 231 989 047</b>	<b>100.0%</b>

Source: Sanlam

### II.3. Board of directors :

As of 30/06/2018, Sanlam's limited Board is composed as follows:

<i>Member of the Board of Directors</i>	<i>Title</i>
Johan van Zyl	Board of Directors chairman Director since 2016 et chairman since 2017
Patrice Motsepe	Vice-President of the Board Director since 2004
Rejoice Simelane	Director since 2004
Ian Kirk	The group general director
Heinie Werth	The group financial director
Temba Mvusi	Chief Executive Officer: Sanlam Group Market Development and Chief Executive Officer: Market Development in Santam Director since 2009
Anton Botha	Chairman of the Human Resources Committee Director since 2006
Sipho Nkosi	Director since 2006
Karabo Nondumo	Director since 2015
Chris Swanepoel	Director since 2011
Paul Hanratty	Director since 2017
Mathukana Mokoka	Independent Director (non-executive)

Source: Sanlam

## II.4. Financial aggregates

The table below shows Sanlam Income Statements between 2015 and 2017:

ZAR Millions	2015	2016	Var. 16/15	2017	Var. 17/16
<b>Net income</b>	<b>85 294</b>	<b>86 696</b>	<b>1.6%</b>	<b>113 977</b>	<b>31.5%</b>
Financial services income	53 754	58 189	8.3%	63 930	9.9%
In % of net income	63.0%	67.1%	4.1pts	56.1%	-11.0pts
Reinsurance premiums paid	6 831	7 626	11.6%	9 546	25.2%
Reinsurance commission received	1 275	1 396	9.5%	1 685	20.7%
Investment income	25 241	28 413	12.6%	30 288	6.6%
In % of net income	29.6%	32.8%	3.2pts	26.6%	-6.2pts
Investment surpluses	13 942	9 150	-34.4%	33 423	265.3%
In % of net income	16.3%	10.6%	-5.8pts	29.3%	18.8pts
Finance cost – margin business	101	106	5.0%	134	26.4%
Change in fair value of external investors' liability	1 987	2 721	36.9%	5 670	108.4%
<b>(-) Net insurance and investment contract benefits and claims</b>	<b>47 675</b>	<b>49 329</b>	<b>3.5%</b>	<b>72 576</b>	<b>47.1%</b>
In % of net income	55.9%	56.9%	1.0pts	63.7%	6.8pts
(-) Long-term insurance contract benefits	15 247	24 143	58.3%	26 863	11.3%
(-) Long-term investment contract benefits	21 736	13 204	-39.3%	32 588	146.8%
(-) General insurance claims	14 206	17 423	22.6%	21 036	20.7%
Reinsurance claims received	3 514	5 441	54.8%	7 911	45.4%
<b>(-) Expenses</b>	<b>23 024</b>	<b>24 731</b>	<b>7.4%</b>	<b>26 279</b>	<b>6.3%</b>
In % of net income	27.0%	29.0%	1.5pts	23.1%	-5.5pts
Sales remuneration	7 269	8 140	12.0%	8 832	8.5%
Administration costs	15 755	16 591	5.3%	17 447	5.2%
<b>(-) Impairments</b>	<b>173</b>	<b>340</b>	<b>96.5%</b>	<b>395</b>	<b>16.2%</b>
<b>(-) Amortization of intangibles</b>	<b>382</b>	<b>326</b>	<b>-14.7%</b>	<b>350</b>	<b>7.4%</b>
<b>Net operating result</b>	<b>14 040</b>	<b>11 970</b>	<b>-14.7%</b>	<b>14 377</b>	<b>20.1%</b>
Operating margin	16.5%	13.8%	-2.7pts	12.6%	-1.2pts
Equity-accounted earnings	1 310	2 095	59.9%	2 646	26.3%
(-) Finance cost – other	-580	-460	-20.7%	-690	50.0%
<b>Profit before tax</b>	<b>14 770</b>	<b>13 605</b>	<b>-7.9%</b>	<b>16 333</b>	<b>20.1%</b>
Margin before taxation	17.3%	15.7%	-1.6pts	14.3%	-1.4pts
<b>(-) Taxation</b>	<b>3 859</b>	<b>3 026</b>	<b>-21.6%</b>	<b>4 342</b>	<b>43.5%</b>
<b>Profit for the Year</b>	<b>10 911</b>	<b>10 579</b>	<b>-3.0%</b>	<b>11 991</b>	<b>13.3%</b>
Net margin	12.8%	12.2%	-0.6pts	10.5%	-1.7pts
Shareholders' fund	9 391	9 623	2.5%	10 923	13.5%
Non-controlling interest	1 519	955	-37.1%	1 067	11.7%

Source: Sanlam.

The tables below presents Sanlam Balance Sheet between 2015 and 2017:

ZAR Millions	2015	2016	Var. 16/15	2017	Var. 17/16
<b>Assets</b>					
Equipment	892	881	-1.2%	876	-0.6%
Owner-occupied properties	1 329	1 171	-11.9%	963	-17.8%
Goodwill	3 895	3 596	-7.7%	4 158	15.6%
<b>In (%) of total assets</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.0pts</b>	<b>0.6%</b>	<b>0.0pts</b>
Value of business acquired	487	1 606	229.8%	1 930	20.2%
Other intangible assets	1 943	575	-70.4%	517	-10.1%
Deferred acquisition costs	3 463	3 597	3.9%	3 659	1.7%
Long-term reinsurance assets	945	958	1.4%	1 063	11.0%
<b>Investments</b>	<b>590 894</b>	<b>592 945</b>	<b>0.3%</b>	<b>656 020</b>	<b>10.6%</b>
<b>In (%) of total assets</b>	<b>87.6%</b>	<b>88.2%</b>	<b>0.6pts</b>	<b>89.4%</b>	<b>1.3pts</b>
Properties	11 606	10 664	-8.1%	11 505	7.9%
Equity-accounted investments	15 999	21 560	34.8%	26 476	22.8%
Equities and similar securities	189 214	183 244	-3.2%	201 095	9.7%
Bonds and similar	165 261	170 584	3.2%	185 363	8.7%
Structured transactions	14 179	13 995	-1.3%	15 381	9.9%
Investment funds	157 288	154 511	-1.8%	177 235	14.7%
Short-term deposits and similar securities	37 347	38 387	2.8%	38 965	1.5%
Deferred tax	368	1 880	410.9%	2 083	10.8%
Assets of disposal groups classified as held for sale	540	663	22.8%	321	-51.6%
General insurance technical assets	4 251	5 022	18.1%	6 400	27.4%
<b>Working capital assets</b>	<b>65 501</b>	<b>59 665</b>	<b>-8.9%</b>	<b>55 593</b>	<b>-6.8%</b>
<b>In (%) of total assets</b>	<b>9.7%</b>	<b>8.9%</b>	<b>-0.8pts</b>	<b>7.6%</b>	<b>-1.3pts</b>
Trade and other receivables	45 360	40 904	-9.8%	33 633	-17.8%
Cash, deposits and similar securities	20 141	18 761	-6.9%	21 960	17.1%
<b>Total assets</b>	<b>674 508</b>	<b>672 559</b>	<b>-0.3%</b>	<b>733 583</b>	<b>9.1%</b>

Source: Sanlam.

ZAR Millions	2015	2016	Var. 16/15	2017	Var. 16/15
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and premium	22	22	0.0%	22	0.0%
Treasury shares	-3 683	-3 790	2.9%	-3 811	0.6%
Other reserves	12 505	9 903	-20.8%	9 084	-8.3%
Retained earnings	44 777	47 255	5.5%	52 125	10.3%
<b>Shareholders' fund</b>	<b>53 621</b>	<b>53 390</b>	<b>-0.4%</b>	<b>57 420</b>	<b>7.5%</b>
Non-controlling interest	6 571	5 696	-13.3%	6 017	5.6%
<b>Total equity</b>	<b>60 192</b>	<b>59 086</b>	<b>-1.8%</b>	<b>63 437</b>	<b>7.4%</b>
<b>In (%) of total liabilities</b>	<b>8.9%</b>	<b>8.8%</b>	<b>-0.1pts</b>	<b>8.6%</b>	<b>-0.1pts</b>
Long-term policy liabilities	480 910	483 748	0.6%	524 441	8.4%
<b>In (%) of total liabilities</b>	<b>71.3%</b>	<b>71.9%</b>	<b>0.6pts</b>	<b>71.5%</b>	<b>-0.4pts</b>
<b>Term finance</b>	<b>5 637</b>	<b>6 466</b>	<b>14.7%</b>	<b>6 426</b>	<b>-0.6%</b>
Margin business	1 737	1 652	-4.9%	1 918	16.1%
Other interest-bearing liabilities	3 900	4 814	23.4%	4 508	-6.4%
Structured transactions liabilities	2 374	1 298	-45.3%	4 187	222.6%
External investors in consolidated funds	53 641	55 486	3.4%	62 329	12.3%
Cell owners' interest	980	1 153	17.7%	3 217	179.0%
Deferred tax	2 180	2 069	-5.1%	2 435	17.7%
General insurance technical provisions	13 523	14 557	7.6%	18 668	28.2%
<b>Working capital liabilities</b>	<b>55 071</b>	<b>48 696</b>	<b>-11.6%</b>	<b>48 443</b>	<b>-0.5%</b>
<b>In (%) of total liabilities</b>	<b>8.2%</b>	<b>7.2%</b>	<b>-0.9pts</b>	<b>6.6%</b>	<b>-0.6pts</b>
Trade and other payables	52 751	46 636	-11.6%	46 507	-0.3%
Provisions	319	332	4.1%	333	0.3%
Taxation	2 001	1 728	-13.6%	1 603	-7.2%
<b>Total equity and liabilities</b>	<b>674 508</b>	<b>672 559</b>	<b>-0.3%</b>	<b>733 583</b>	<b>9.1%</b>

Source: Sanlam.

The net income amounts to ZAR 113,977 million in 2017 against ZAR 85,294 million in 2015.

The company's total balance sheet amounts to ZAR 733,583 million in 2017 against ZAR 674,508 million in 2015.

The investments represent 89.4% (ZAR 656,020 million) of total assets in 2017 against 87.6% (ZAR 590,894 million) in 2015.

### III. SAHAM INSURANCE PRESENTATION

#### III.1. General information

Saham Insurance is a holding company whose main activity is holding Saham Finances shares. Saham Insurance belongs to Sanlam Group.

<b>Corporate name</b>	Saham SA (Saham Insurance)
<b>Headquarters</b>	216. Zerktouni – Casablanca. Morocco
<b>Legal Form</b>	Limited Company with a board of Directors
<b>Establishment Date</b>	1995
<b>Business Purpose</b>	Carry on investment company and investment portfolio management activities and all ancillary activities and / or that may be determined by the board of directors.
<b>Share capital as of 30/09/2018</b>	330,998,100 MAD
<b>Number of shares as of 30/09/2018</b>	74,650 shares
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	N°86033 at Casablanca
<b>Court of competent jurisdiction</b>	Casablanca

Source: Saham Insurance

#### III.2. Saham Insurance shareholders structure

As of 30/09/2018. Saham insurance share capital is 330,998 100 MAD and consists of 74,650 shares with a par value of 4,434 MAD per share. SAHAM Insurance capital is held at 100% by Sanlam Emerging Markets Ireland Limited (SEMIL).

The evolution of Saham Insurance shareholdering structure from 2015 to November 2018 is as follows:

	<u>31/12/2015</u>		<u>31/12/2016</u>		<u>31/12/2017</u>		<u>November 2018</u>	
	Nb. Of Shares	% Capital & % of Voting rights	Nb. Of Shares	% Capital & % of Voting rights	Nb. Of Shares	% Capital & % of Voting rights	Nb. Of Shares	% Capital & % of Voting rights
Moulay Hafid Elalamy	94 797	82.2%	94 797	82.20%	94 798	82.2%		
Globex Afriquia	15 384	13.3%	15 384	13.30%	15 384	13.3%		
Ghita Lahlou	5 000	4.3%	5 000	4.30%	5 000	4.3%		
Other shareholders	204	0.2%	204	0.20%	203	0.2%		
SEMIL							74 650	100.00%
<b>Total</b>	<b>115 385</b>	<b>100.00%</b>	<b>115 385</b>	<b>100.00%</b>	<b>115 385</b>	<b>100.00%</b>	<b>74 650</b>	<b>100.00%</b>

Source: Saham Insurance

### III.3. Saham Insurance board of directors:

On the eve of the Operation, Saham Insurance board of directors is composed as follows:

<i>Board of directors members</i>	<i>Title</i>
Lizé LAMBRECHTS	Chairman of the board
Margaret DAWES	Director
Nadia FETTAH	Director and CEO
Raymond FARHAT	Director

Source: Saham Insurance

### III.4. Financial aggregates

The table below presents Saham Insurance Income Statement between 2015 and 2017:

<i>KMAD</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>Var. 16/15</i>	<i>Var. 17/16</i>
Turnover	29 076	27 777	53 913	-4.5%	94.1%
Other operating products	40	159	165	>100%	4.0%
Operating reversals: transfers of charges	805	1 560	30	93.7%	-98.1%
<b>Operating revenues</b>	<b>29 921</b>	<b>29 495</b>	<b>54 107</b>	<b>-1.4%</b>	<b>83.4%</b>
Purchases consumed of materials and supplies	869	995	810	14.5%	-18.5%
Other external charges	40 311	31 794	44 969	-21.1%	41.4%
Taxes	509	33 696	2 396	>100%	-92.9%
Staff costs	34 652	38 434	40 088	10.9%	4.3%
Operating allocations	10 847	11 826	10 706	9.0%	-9.5%
<b>Operating costs</b>	<b>87 188</b>	<b>116 745</b>	<b>98 969</b>	<b>33.9%</b>	<b>-15.2%</b>
<b>Operating income</b>	<b>-57 267</b>	<b>-87 250</b>	<b>-44 862</b>	<b>52.4%</b>	<b>-48.6%</b>
Income from holdings and other fixed securities	9 288	21 528	861 976	131.8%	>100%
Exchange gains	14 319	95	7 668	-99.3%	>100%
Interest and other financial income	101 416	53 774	43 541	-47.0%	-19.0%
Financial reversals: transfer of charges	8 244	8 706	471	5.6%	-94.6%
<b>Financial revenues</b>	<b>133 268</b>	<b>84 103</b>	<b>913 656</b>	<b>-36.9%</b>	<b>986.4%</b>
Interest expenses	88 679	105 858	90 941	19.4%	-14.1%
Exchange losses	107	18 353	125	>100%	-99.3%
Other financial expenses	7 314	-	-	-100.0%	NA
Financial allocations	1 731	22 801	266	>100%	-98.8%
<b>Financial charges</b>	<b>97 830</b>	<b>147 012</b>	<b>91 331</b>	<b>50.3%</b>	<b>-37.9%</b>
<b>Financial income</b>	<b>35 437</b>	<b>-62 909</b>	<b>822 324</b>	<b>&lt;100%</b>	<b>&lt;100%</b>
<b>Current result</b>	<b>-21 830</b>	<b>-150 159</b>	<b>777 463</b>	<b>&gt;100%</b>	<b>&lt;100%</b>
Proceeds from sale of fixed assets	38 748	171 370	1 252	>100%	-99.3%
Other non-current income	99	644	42	>100%	-93.4%
Non-current reversals: transfers of charges	-	884	-	NA	-100.0%
<b>Non-current revenues</b>	<b>38 847</b>	<b>172 899</b>	<b>1 294</b>	<b>&gt;100%</b>	<b>-99.3%</b>
Net value of sold fixed assets depreciation	10 323	11 569	517	12.1%	-95.5%
Other non-current expenses	3 347	5 116	1 086	52.9%	-78.8%
Non-current depreciation and amortization	-	128	-	NA	-100.0%

<b>Non-current expenses</b>	<b>13 670</b>	<b>16 813</b>	<b>1 603</b>	<b>23.0%</b>	<b>-90.5%</b>
<b>Non-current income</b>	<b>25 177</b>	<b>156 086</b>	<b>-309</b>	<b>&gt;100.0%</b>	<b>-100.2%</b>
<b>Pre-tax income</b>	<b>3 347</b>	<b>5 928</b>	<b>777 154</b>	<b>77.1%</b>	<b>&gt;100%</b>
Income taxes	771	2 729	4 837	>100%	77.2%
<b>Net profit</b>	<b>2 575</b>	<b>3 199</b>	<b>772 318</b>	<b>24.2%</b>	<b>&gt;100%</b>

Source: Saham Insurance

The table below presents Saham Insurance Balance Sheet between 2015 and 2017:

<b>ASSETS (KMAD)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Var. 16/15</b>	<b>Var. 17/16</b>
<b>Non value assets</b>	<b>12 464</b>	<b>8 704</b>	<b>7 061</b>	<b>-30.2%</b>	<b>-18.9%</b>
Patent, Trademarks, rights and similar securities	12 464	8 704	7 061	-30.2%	-18.9%
<b>Intangible assets</b>	<b>7 046</b>	<b>5 053</b>	<b>2 888</b>	<b>-28.3%</b>	<b>-42.8%</b>
Land	1 067	100	100	-90.6%	0.0%
Constructions	20 050	21 705	20 762	8.3%	-4.3%
Technical plant, machinery and equipment	-	-	-	NA	NA
Transport equipment	1 849	1 238	635	-33.0%	-48.7%
Office equipment, furniture and fittings	6 480	6 507	7 199	0.4%	10.6%
Other tangible assets	5 826	4 858	4 204	-16.6%	-13.5%
<b>Fixed assets</b>	<b>35 272</b>	<b>34 409</b>	<b>32 900</b>	<b>-2.4%</b>	<b>-4.4%</b>
Other financial receivables	94	94	12 948	0.0%	>100%
Equity interests	1 509 267	2 356 910	2 456 124	56.2%	4.2%
Securities and investment values	103	103	-	0.0%	-100.0%
<b>Financial assets</b>	<b>1 509 463</b>	<b>2 357 106</b>	<b>2 469 072</b>	<b>56.2%</b>	<b>4.8%</b>
<b>Total Fixed Assets</b>	<b>1 564 246</b>	<b>2 405 272</b>	<b>2 511 920</b>	<b>53.8%</b>	<b>4.4%</b>
Trade payables, advances and down payments	42	468	283	>100%	-39.6%
Customers and related accounts	254 701	391 683	254 944	53.8%	-34.9%
Staff	858	1 025	854	19.5%	-16.7%
Taxes	71 561	84 942	87 220	18.7%	2.7%
Other debtors	1 475 982	984 037	960 275	-33.3%	-2.4%
Adjustment accounts-Assets	92	-	883	-100.0%	NA
Conversion deferrals - Assets	1 731	471	266	-72.8%	-43.6%
<b>Current assets</b>	<b>1 804 968</b>	<b>1 462 626</b>	<b>1 304 725</b>	<b>-19.0%</b>	<b>-10.8%</b>
<b>Securities and investment values</b>	<b>95 037</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>NA</b>
<b>Cash assets</b>	<b>6 687</b>	<b>66 644</b>	<b>22 430</b>	<b>&gt;100.0%</b>	<b>-66.3%</b>
<b>Total assets</b>	<b>3 470 937</b>	<b>3 934 542</b>	<b>3 839 075</b>	<b>13.4%</b>	<b>-2.4%</b>

Source: Saham Insurance

<b>LIABILITIES (KMAD)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Var. 16/15</b>	<b>Var. 17/16</b>
Share capital	511 617	511 617	511 617	0.0%	0.0%
Issue, merger, contribution premium	612 473	612 473	612 473	0.0%	0.0%
Legal reserve	5 759	5 887	6 047	2.2%	2.7%
Other reserves	500	500	500	0.0%	0.0%
Retained earnings	330 137	332 583	335 622	0.7%	0.9%
Net income for the financial year	2 575	3 199	772 318	24.2%	>100%
<b>Equity</b>	<b>1 463 061</b>	<b>1 466 260</b>	<b>2 238 577</b>	<b>0.2%</b>	<b>52.7%</b>
Bond issues	1 000 000	1 000 000	500 000	0.0%	-50.0%
Other financing debts	44 437	686 053	686 053	>100%	0.0%
<b>Financial debts</b>	<b>1 044 437</b>	<b>1 686 053</b>	<b>1 186 053</b>	<b>61.4%</b>	<b>-29.7%</b>
<b>Total permanent financing</b>	<b>2 507 498</b>	<b>3 152 313</b>	<b>3 424 631</b>	<b>25.7%</b>	<b>8.6%</b>
Accounts payable	49 421	39 247	21 711	-20.6%	-44.7%
Accounts payable. advances and down payments			9	NA	NA
Staff	8 598	11 561	5 255	34.5%	-54.5%
Social organizations	1 253	1 654	978	32.0%	-40.9%
Taxes	30 369	34 793	35 420	14.6%	1.8%
Partner accounts	318	116	116	-63.6%	0.0%
Other creditors	151 062	60 225	177 982	-60.1%	>100.0%
Accruals and deferred income	17 010	44 723	27 050	>100.0%	-39.5%
Other provisions	2 323	598	393	-74.2%	-34.3%
Conversion deferrals - Liabilities	899	788	7 980	-12.4%	>100%
<b>Current liabilities</b>	<b>261 254</b>	<b>193 706</b>	<b>276 894</b>	<b>-25.9%</b>	<b>42.9%</b>
<b>Cash – Liabilities</b>	<b>702 185</b>	<b>588 523</b>	<b>137 550</b>	<b>-16.2%</b>	<b>-76,6%</b>
<b>Total liabilities</b>	<b>3 470 937</b>	<b>3 934 542</b>	<b>3 839 075</b>	<b>13.4%</b>	<b>-2.4%</b>

Source: Saham Insurance

The company's turnover amounts to MAD 53.9 million in 2017 against MAD 29.1 Million in 2015.

The company's total balance sheet amounts to MAD 3,839.1 million in 2017 against MAD 3,470.9 Million in 2015.

The company's total financial assets amounts to MAD 2,469 million in 2017 against MAD 1,059 million in 2015.

## IV. SAHAM FINANCES PRESENTATION

### IV.1. General information

<b>Corporate name</b>	SAHAM Finances
<b>Headquarters</b>	216. Bd Zerktouni – Casablanca. Maroc
<b>Legal Form</b>	Limited Company with a board of Directors
<b>Establishment Date</b>	2005
<b>Business Purpose</b>	<p>In Morocco and abroad. the corporate objectives of the company are as follows:</p> <ul style="list-style-type: none"> <li>▪ Purchase, sale or exchange of any securities, rights and interests;</li> <li>▪ Establishment and management of investment funds;</li> <li>▪ Carrying out all financial engineering. intermediation and representation operations;</li> <li>▪ Study, council for the realization of all investments as well as all technical, economic, financial, industrial, mining, commercial, tourist, agricultural and real estate projects;</li> <li>▪ Taking direct or indirect interest for itself or on behalf of third parties or in collaboration of any kind, with any person or entity, in any operations by creating new companies, contribution, subscription or purchase of securities or social rights. Merger, alliance association or otherwise;</li> <li>▪ And generally, all industrial, financial, commercial, and securities transactions directly or indirectly related to the above or with a purpose to promote the company's development.</li> </ul>
<b>Share capital as of 30/09/2018</b>	1,019,069,800 MAD with a per value of 100 MAD per share.
<b>Number of shares as of 30/09/2018</b>	10,190,698 shares.
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	N° 137,199 at Casablanca.
<b>Court of competent jurisdiction</b>	Casablanca.

Source: Saham Finances

## IV.2. Saham Finances shareholders structure

As of 31/12/2017, Saham Finances share capital is 1,019,069,800 MAD and consists of 10,190,698 shares with a par value of 100 MAD per share.

The evolution of Saham Finances shareholders structure between 2015 and November 2018 period is as follows:

	<u>31/12/2015</u>		<u>31/12/2016</u>		<u>31/12/2017</u>		<u>November 2018</u>	
	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>
SAHAM Insurance	4 851 945	62.45%	5 434 717	69.95%	5 434 717	53.3%	5 438 337	53.4%
SEM IRELAND (Sanlam Group)	-	0.00%	699 321	9.00%	4 752 361	46.6%	4 752 361	46.6%
SEMIL II BV (ex ABRAAJ COOP UA)	1 456 918	18.75%	1 165 534	15.00%				
SEMIL I BV (ex ALAC COOP UA)	582 767	7.50%	466 214	6.00%				
International Finance Corporation	874 151	11.25%						
Other shareholders	3 625	0.05%	3 620	0.05%	3 620	0.05%		
<b>Total</b>	<b>7 769 406</b>	<b>100.0%</b>	<b>7 769 406</b>	<b>100.0%</b>	<b>10 190 698</b>	<b>100.0%</b>	<b>10 190 698</b>	<b>100.0%</b>

Source: Saham Finances

## IV.3. Board of directors :

On the eve of the Operation, Saham Finances board of directors is composed as follows:

<i>Board of directors members</i>	<i>Title</i>	<i>Nomination date</i>	<i>Mandate Expiration</i>
Lizé LAMBRECHTS	Chairman of the board	As Director 18/03/2016 As Chairman 09/10/2018	General Meeting approving the accounts as of 31/12/2023
Raymond FARHAT	Director	02/03/2012	General Meeting approving the accounts as of 31/12/2023
Margaret Mercer DAWES	Director	14/12/2016	General Meeting approving the accounts as of 31/12/2023
Nadia FETTAH <sup>2</sup>	Chief Executive Officer	09/10/2018	General Meeting approving the accounts as of 31/12/2023

Source: Saham Finances

<sup>2</sup> Mrs. Nadia Fettah was co-opted as a director by the Board of Directors as of October 9<sup>th</sup>, 2018. Her nomination as a director will be ratified by the next general meeting.

#### IV.4. Consolidated financial aggregates :

The table below presents Saham Finances Consolidated Income Statement between 2015 and 2017:

(MMAD)	2015	2016	Var. 15/16	2017	Var. 16/17
Written premiums	9 716	10 358	6.6%	11 510	11.1%
Variation in unearned premiums	-21	99	NA	-201	NS
<b>Earned premiums</b>	<b>9 695</b>	<b>10 458</b>	<b>7.9%</b>	<b>11 309</b>	<b>8.1%</b>
Other products out of insurance activity	479	344	-28.2%	439	27.7%
<b>Investment result</b>	<b>1 217</b>	<b>1 049</b>	<b>-13.9%</b>	<b>1 154</b>	<b>10.1%</b>
Investment products	1 584	1 995	26.0%	1 665	-16.6%
Investment expenses	-366	-947	NA	-511	NA
<b>Change in impairments on investments</b>	<b>-317</b>	<b>27</b>	<b>100%</b>	<b>-108</b>	<b>NS</b>
Reversals of investment write-downs	2	164	NA	83	-49.6%
Depreciation of investments	-319	-137	-57.1%	-190	39.0%
<b>Net investment result</b>	<b>901</b>	<b>1 075</b>	<b>19.4%</b>	<b>1 046</b>	<b>-2.7%</b>
Technical charges of insurance activities	-4 720	-6 169	30.7%	-6 885	11.6%
Net result of reinsurance disposals	-1 868	-1 144	-38.8%	-1 093	-4.4%
Contract acquisition costs	-972	-1 188	22.2%	-1 243	4.7%
Amortization of portfolio value	-13	-13	0.4%	-13	
<b>General charges of exploitation</b>	<b>-2 082</b>	<b>-2 087</b>	<b>0.2%</b>	<b>-2 214</b>	<b>6.1%</b>
Net operating expenses	-1 260	-1 140	-9.5%	-1 073	-5.9%
Wage costs	-734	-868	18.4%	-942	8.5%
Reversal of depreciation and impairment	171	199	16.4%	66	-66.8%
Depreciation and impairment	-260	-277	6.6%	-265	-4.5%
Other operating income and expenses	-11	-154	NS	19	-112.6%
<b>Operating income</b>	<b>1 408</b>	<b>1 122</b>	<b>-20.3%</b>	<b>1 365</b>	<b>21.6%</b>
Net exchange result	-19	162	100%	165	1.9%
Financing charges	-192	-175	-9.0%	-111	-36.8%
Quote share in the results of associates or joint ventures	-11	8	172.7%	-1	-108.0%
Impairment of acquisition gaps					
Net result of discontinued operations					
Link account must be zero in aggregate					
Taxes on income	-392	-357	-9.0%	-372	4.4%
<b>Net income of the consolidated group</b>	<b>795</b>	<b>761</b>	<b>-4.2%</b>	<b>1 047</b>	<b>37.6%</b>
Interests without control	-312	294	100%	323	10.0%
<b>Net income group share</b>	<b>483</b>	<b>467</b>	<b>-3.3%</b>	<b>724</b>	<b>54.9%</b>

Source: Saham Finances

The table below presents Saham Finances Consolidated Balance Sheet between 2015 and 2017:

<b>ASSETS (MMAD)</b>	<b>2015</b>	<b>2016</b>	<b>Var. 15/16</b>	<b>2017</b>	<b>Var. 16/17</b>
Goodwill	2 977	2 971	-0.2%	3 120	5.0%
Values of contract portfolios of acquired insurance companies	82	68	-16.5%	57	-16.4%
Other intangible assets	251	226	-10.0%	270	19.3%
<b>Intangible assets</b>	<b>3 310</b>	<b>3 265</b>	<b>-1.3%</b>	<b>3 448</b>	<b>5.6%</b>
Investment real estate	1 688	1 584	-6.2%	1 921	21.3%
Financial investments	15 321	17 065	11.4%	17 915	5.0%
<b>Investments</b>	<b>17 009</b>	<b>18 649</b>	<b>9.6%</b>	<b>19 836</b>	<b>6.4%</b>
<b>Investments in associates or co-companies</b>	<b>41</b>	<b>52</b>	<b>26.3%</b>	<b>0</b>	<b>-100.0%</b>
<b>Receivables of financing companies</b>	<b>1 320</b>	<b>1 365</b>	<b>3.3%</b>	<b>1 265</b>	<b>-7.3%</b>
<b>Shareholders and retrocessions in assets and financial insurance contracts</b>	<b>2 978</b>	<b>2 894</b>	<b>-2.8%</b>	<b>2 537</b>	<b>-12.3%</b>
Real estate and other property. Plant and equipment	1 078	1 121	4.1%	1 256	12.0%
Deferred profit sharing active	367	10	-97.4%	23	139.1%
Deferred tax assets	446	463	3.8%	482	4.2%
Stocks	714	1 245	74.3%	1 709	37.3%
Receivables arising from insurance or reinsurance transactions	4 192	4 504	7.4%	3 963	-12.0%
Accounts receivable - income tax	263	191	-27.4%	253	32.4%
Other tax receivables	0	172	NA	244	41.9%
Other receivables	3 286	2 437	-25.8%	2 379	-2.4%
<b>Other assets</b>	<b>10 346</b>	<b>10 143</b>	<b>-2.0%</b>	<b>10 309</b>	<b>1.6%</b>
<b>Cash and cash equivalents</b>	<b>1 959</b>	<b>2 337</b>	<b>19.3%</b>	<b>2 253</b>	<b>-3.6%</b>
<b>Assets</b>	<b>36 963</b>	<b>38 704</b>	<b>4.7%</b>	<b>39 647</b>	<b>2.4%</b>

Source: Saham Finances

<b>LIABILITIES (MMAD)</b>	<b>2015</b>	<b>2016</b>	<b>Var. 15/16</b>	<b>2017</b>	<b>Var. 16/17</b>
Capital	777	777	0.0%	1 019	31.2%
Issuance and merger premiums	1 648	1 648	0.0%	4 619	180.3%
Consolidated reserves	1 610	2 223	38.1%	1 795	-19.3%
Conversion differences	55	-64	-215.3%	-200	212.9%
Net income-group share	483	467	-3.3%	724	54.9%
<b>SHAREHOLDERS 'EQUITY - GROUP SHARE</b>	<b>4 573</b>	<b>5 051</b>	<b>10.4%</b>	<b>7 957</b>	<b>57.5%</b>
<b>INTEREST WITHOUT CONTROL</b>	<b>2 580</b>	<b>2 805</b>	<b>8.7%</b>	<b>2 742</b>	<b>-2.2%</b>
<b>SHAREHOLDERS 'EQUITY</b>	<b>7 153</b>	<b>7 856</b>	<b>9.8%</b>	<b>10 699</b>	<b>36.2%</b>
Provisions for risks and charges	222	214	-3.5%	253	18.1%
Financial debts	1 946	1 999	2.7%	1 017	-49.1%
<b>LONG-TERM LIABILITIES</b>	<b>2 168</b>	<b>2 213</b>	<b>2.1%</b>	<b>1 270</b>	<b>-42.6%</b>
Technical liabilities relating to insurance contracts	19 807	20 118	1.6%	20 324	1.0%
Technical liabilities relating to investment contracts	37	38	2.5%	35	-7.7%
Deferred Profit Sharing	329	93	-71.6%	121	30.0%
<b>TECHNICAL LIABILITIES OF INSURANCE COMPANIES</b>	<b>20 173</b>	<b>20 250</b>	<b>0.4%</b>	<b>20 481</b>	<b>1.1%</b>
Deferred tax liabilities	617	600	-2.7%	822	37.0%

Debts arising from insurance or reinsurance transactions	2 755	3 069	11.4%	2 627	-14.4%
Current tax debts	595	232	-61.1%	273	17.9%
Other tax debts	0	430	NA	372	-13.4%
Other debts	1 964	2 178	10.8%	1 725	-20.8%
<b>OTHER LIABILITIES</b>	<b>5 932</b>	<b>6 509</b>	<b>9.7%</b>	<b>5 820</b>	<b>-10.6%</b>
<b>DEBTS OF FINANCING COMPANIES</b>	<b>1 042</b>	<b>1 052</b>	<b>1.0%</b>	<b>1 018</b>	<b>-3.3%</b>
<b>SHORT-TERM FINANCIAL DEBTS</b>	<b>496</b>	<b>825</b>	<b>66.5%</b>	<b>360</b>	<b>-56.4%</b>
<b>TOTAL LIABILITIES</b>	<b>36 963</b>	<b>38 704</b>	<b>4.7%</b>	<b>39 647</b>	<b>2.4%</b>

Source: Saham Finances

The net premiums written amounts to MAD 11,510 million in 2017 against MAD 9,716 million in 2015.

The company's net income group share amounts to MAD 724 million in 2017 against MAD 483 million in 2015.

The company's total balance sheet amounts to MAD 39,647 million in 2017 against MAD 36,963 million in 2015.

## V. Saham Finances Participations Presentation

### V.1. General information

<b>Corporate name</b>	Saham Finances Participations
<b>Headquarters</b>	216. Bd Zerktouni – Casablanca. Maroc
<b>Legal Form</b>	Limited Liability Company
<b>Establishment Date</b>	2018
<b>Business Purpose</b>	Investment company and investment portfolio management activities
<b>Share capital as of 31/10/2018</b>	100,000 MAD
<b>Number of shares as of 31/10/2018</b>	1,000 shares
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	N°413719 at Casablanca
<b>Court of competent jurisdiction</b>	Casablanca

Source: Saham Finances Participations

### V.2. Saham Finances Participations shareholders

Saham Finances Participations was established in October 2018. Its capital consists of 1,000 shares of MAD 100 per share.

On the eve of the takeover bid, Saham Finances Participations is 100% owned by Saham Finances.

Ms. Nadia Fettah is the Managing Partner of Saham Finances Participations.

## PART III. Presentation of Saham Assurance

### I. General information

<b>Corporate name</b>	Saham Assurance
<b>Headquarters</b>	216. Bd Zerktouni – Casablanca. Maroc
<b>Legal Form</b>	Limited Company with board of Directors
<b>Establishment Date</b>	1949
<b>Business Purpose</b>	<p>In Morocco or Abroad, the corporate objectives of Saham Assurance are :</p> <ul style="list-style-type: none"> <li>▪ Exercising all insurance and reinsurance operations against all risks, including those of human life and capitalization under the conditions of the authorization given by the Minister of Finance.</li> <li>▪ And generally all commercial, industrial, financial, securities or real estate transactions that may be directly or indirectly related to the above corporate purpose and all similar or related purposes; as well as the transactions that are likely to directly or indirectly promote the purpose of Saham Assurance, its extension, its development and its social patrimony.</li> </ul>
<b>Share capital on the eve of the operation</b>	Saham Assurance share capital is 411,687,400 MAD, composed of 4,116,874 shares with a value per share of 100 MAD.
<b>Exercise duration</b>	From January 1 <sup>st</sup> to December 31 <sup>st</sup>
<b>Trade Register Number</b>	N° 22,341 at Casablanca.
<b>Court of competent jurisdiction</b>	Casablanca.

Source : Saham Assurance

### II. Saham Assurance shareholding structure

The evolution of Saham Assurance shareholding structure between 2015 and 30/06/2018 period is as follows:

	<u>31/12/2015</u>		<u>31/12/2016</u>		<u>31/12/2017</u>		<u>30/06/2018</u>	
	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>	<i>Nb. Of Shares</i>	<i>% Capital &amp; % of Voting rights</i>
Saham Finances <sup>3</sup>	2 132 249	51.79%	2 132 249	51.79%	2 407 750	58.48%	2 407 750	58.48%
Sanam Holding	816 422	19.83%	796 422	19.35%	793 872	19.28%	793 872	19.28%
Moulay Hafid Elalamy	235 501	5.7%	235 501	5.7%	0	0.0%	0	0.0%
Said ALJ	91 432	2.22%	91 438	2.22%	91 420	2.22%	91 408	2.22%
Other shareholders	841 270	20.43%	861 264	20.92%	823 832	20.01%	823 844	20.01%
<b>Total</b>	<b>4 116 874</b>	<b>100.00%</b>	<b>4 116 874</b>	<b>100.00%</b>	<b>4 116 874</b>	<b>100.00%</b>	<b>4 116 874</b>	<b>100.00%</b>

Source: Saham Assurance

On the eve of this offer, the shareholding structure is as follows:

<sup>3</sup> Including 10 Shares belonging to Saham Insurance

<b>Shareholders</b>	<b>Number of Shares</b>	<b>% of capital</b>	<b>% of Voting Rights</b>
Saham Finances	2 407 750 <sup>4</sup>	58.5%	58.5%
Sanam Holding	793 872	19.3%	19.3%
Said ALJ	91 408	2.2%	2.2%
Other shareholders	823 844	20.0%	20.0%
<b>Total</b>	<b>4 116 874</b>	<b>100.00%</b>	<b>100.00%</b>

Source : Saham Assurance

### III. Board of directors

On the eve of the Operation, Saham Assurance board of directors is composed as follows:

<b>Members</b>	<b>Title</b>	<b>Nomination / Renewal Date</b>	<b>Expiration date</b>	<b>Links with Saham Assurance</b>	<b>Shares held</b>
Said ALJ	Chairman of the Board of Directors	OGM <sup>5</sup> approving 2017 accounts	OGM approving 2020 accounts	Shareholder	91 408
Nadia FETTAH	Director	OGM approving 2016 accounts	OGM approving 2019 accounts		10
Jude Kofi BUCKNOR	Independent Director	OGM approving 2016 accounts	OGM approving 2019 accounts		10
Mohamed BERRADA	Independent Director	OGM approving 2016 accounts	OGM approving 2019 accounts		10
Mohamed ELALAMY	Director	OGM approving 2016 accounts	OGM approving 2019 accounts		10
Raymond FARHAT	Director	OGM approving 2017 accounts	OGM approving 2020 accounts		10
Mercer DAWES MARGARET	Director	OGM approving 2016 accounts	OGM approving 2019 accounts		10
SAHAM Insurance represented by Raymond FARHAT	Director	OGM approving 2017 accounts	OGM approving 2020 accounts	Shareholder of Saham Finances	10
SAHAM Finances represented by Emmanuel BRULE	Director	OGM approving 2016 accounts	OGM approving 2019 accounts	Shareholder	2 407 740
John MELVILLE	Director	OGM approving 2017 accounts	OGM approving 2020 accounts		10

Source: Saham Assurance

The Board of Directors of September 5th 2018 appointed Mr Said ALJ as the Chairman of the Board of Directors of Saham Assurance.

<sup>4</sup> Including 10 Shares belonging to Saham Insurance

<sup>5</sup> Ordinary General Meeting

## IV. Financial aggregates

### IV.1. Individual accounts aggregates

The table below shows Saham Assurance life technical income statement between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

Life Insurance – Technical account ( MMAD)	2015	2016	Var. 16/15	2017	Var. 17/16	H1. 2017	H1. 2018	Var. H1 17 /H1 18
<b>Premium</b>	<b>343,9</b>	<b>754,7</b>	<b>&gt;100%</b>	<b>1 010,6</b>	<b>33,9%</b>	<b>347,5</b>	<b>400,8</b>	<b>15,3%</b>
Premiums written	343,9	754,7	>100%	1 010,6	33,9%	347,5	400,8	15,3%
<b>Technical Operating revenues</b>	<b>24,0</b>	<b>0,0</b>	<b>NS</b>	<b>0,0</b>	<b>NA</b>	<b>0,0</b>	<b>0,1</b>	<b>&gt;100%</b>
Other operating revenues	4,0	0,0	NS	-	NA	-	0,1	NA
Operating reversals, expenses transfer	20,0	0,0	NS	0,0	NA	0,0	0,0	NS
<b>Claims &amp; Costs</b>	<b>435,7</b>	<b>827,1</b>	<b>89,8%</b>	<b>1 043,7</b>	<b>26,2%</b>	<b>405,2</b>	<b>434,0</b>	<b>7,1%</b>
Claims & costs paid	470,1	469,7	-0,1%	456,1	-2,9%	214,8	224,3	4,4%
Variation of provisions for claims payable	-55,0	-39,5	-28,2%	-22,4	-43,4%	1,1	4,1	>100%
Variation of mathematical provisions (life)	-63,0	334,0	NS	605,3	81,2%	137,1	206,8	50,8%
Variation of provisions for claims fluctuation	29,1	29,8	2,4%	29,3	-1,9%	-	-	NS
Variation of provisions for profit sharing	54,5	33,1	-39,2%	-24,5	NA	52,2	-1,1	NS
Variation of other technical provisions	-	-	NS	-	NA	-	-	NS
<b>Technical Operating Expenses</b>	<b>87,6</b>	<b>79,5</b>	<b>-9,3%</b>	<b>104,1</b>	<b>30,9%</b>	<b>40,8</b>	<b>57,3</b>	<b>40,4%</b>
Contract acquisition expenses	19,0	31,0	62,9%	33,3	7,3%	11,3	21,5	90,1%
Cost of supplies and consumable materials	4,3	3,0	-29,6%	7,3	>100%	2,4	3,6	50,8%
Other external expenses	16,1	11,7	-27,4%	20,3	73,8%	6,8	9,7	42,7%
Taxes	1,9	1,5	-20,4%	3,5	>100%	1,7	2,1	28,4%
Staff costs	20,2	13,6	-32,8%	26,7	96,6%	11,1	13,5	21,7%
Other operating expenses	15,2	12,6	-16,8%	3,8	-69,8%	2,1	0,9	-56,9%
Depreciation & Amortization	10,9	6,1	-44,3%	9,2	50,6%	5,5	6,0	8,7%
<b>Investment revenues related to insurance transactions</b>	<b>416,9</b>	<b>403,6</b>	<b>-3,2%</b>	<b>236,6</b>	<b>-41,4%</b>	<b>163,8</b>	<b>162,3</b>	<b>-0,9%</b>
Investment revenues	106,7	90,7	-15,0%	87,4	-3,7%	60,7	60,2	-0,8%
Foreign exchange gains	-	-	-	-	-	-	-	-
Revenues from the difference in reimbursement price to receive	0,2	0,0	NS	0,0	>100%	0,0	0,0	0,0%
Profits on investment realization	183,2	156,0	-14,8%	134,2	-14,0%	98,4	91,3	-7,2%
Interest and other investment income	4,5	4,1	-8,1%	6,5	59,0%	4,4	1,6	-64,5%
Reversals of investment expenses: transfer of charges	122,3	152,7	24,9%	8,5	-94,4%	0,4	9,2	>100%
<b>Investment expenses related to insurance transactions</b>	<b>197,2</b>	<b>179,7</b>	<b>-8,9%</b>	<b>29,6</b>	<b>-83,5%</b>	<b>14,0</b>	<b>18,8</b>	<b>34,2%</b>
Management fees on investments	8,8	13,5	54,1%	13,3	-1,8%	8,7	4,7	-46,3%
Foreign exchange loss	-	-	-	-	-	-	-	-
Amortization of differences in reimbursement price	2,5	1,6	-34,8%	0,8	-49,5%	0,5	0,3	-47,0%
Loss on investment realization	11,7	36,2	>100%	2,0	-94,4%	0,4	9,9	>100%
Other investment expenses	0,0	105,5	>100%	4,8	-95,5%	0,5	-	NA
Depreciation on investment	174,2	22,9	-86,9%	8,8	-61,7%	4,0	4,0	0,8%
<b>Technical income - Life</b>	<b>64,3</b>	<b>72,0</b>	<b>11,9%</b>	<b>69,8</b>	<b>-3,1%</b>	<b>51,3</b>	<b>52,9</b>	<b>3,1%</b>

Source: Saham Assurance.

The total technical income-life amounts to MAD 69.8 millions in 2017 versus MAD 64.3 millions in 2015.

The table below shows Saham Assurance non-life technical income statement between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

<i>Non-Life Insurance – Technical account (MMAD)</i>	2015	2016	Var. 16/15	2017	Var. 17/16	H1. 2017	H1. 2018	Var. H1 17 /H1 18
<b>Net written premiums</b>	<b>2 986,3</b>	<b>3 321,7</b>	<b>11,2%</b>	<b>3 469,4</b>	<b>4,4%</b>	<b>1 678,7</b>	<b>1 867,5</b>	<b>11,2%</b>
Premiums written	3 018,6	3 312,7	9,7%	3 511,8	6,0%	1 935,2	2 168,4	12,0%
Provisions Variation for unearned premiums	32,3	-9,0	NS	42,4	NS	256,6	300,9	17,3%
<b>Technical Operating revenues</b>	<b>142,9</b>	<b>226,8</b>	<b>58,8%</b>	<b>80,1</b>	<b>-64,7%</b>	<b>23,9</b>	<b>29,3</b>	<b>22,8%</b>
Other operating expenses	24,1	36,3	50,6%	57,7	59,1%	15,1	25,0	65,1%
Operating reversals, expenses transfer	118,8	190,5	60,4%	22,4	-88,3%	8,8	4,4	-49,9%
<b>Claims &amp; Costs</b>	<b>1 957,4</b>	<b>2 212,0</b>	<b>13,0%</b>	<b>2 355,9</b>	<b>6,5%</b>	<b>1 134,0</b>	<b>1 265,5</b>	<b>11,6%</b>
Claims & costs paid	1 897,9	1 962,7	3,4%	2 253,2	14,8%	1 221,0	1 327,0	8,7%
Variation of provisions for claims payable	25,3	207,8	>100%	63,1	-69,6%	-91,2	-58,3	-36,1%
Variation of provisions for claims fluctuation	46,0	41,7	-9,4%	37,1	-10,9%	-	0,0	NS
Variation of provisions for financial contingencies	-	-	NS	-	NS	-	-	NS
Variation of provisions for profit sharing	-	-	NS	-	NS	-	-	NS
Variation of other technical provisions	-11,8	-0,2	-98,1%	2,4	NS	4,3	-3,2	NS
<b>Technical Operating Expenses</b>	<b>1 021,5</b>	<b>1 116,4</b>	<b>9,3%</b>	<b>975,2</b>	<b>-12,6%</b>	<b>473,2</b>	<b>513,8</b>	<b>8,6%</b>
Contract acquisition expenses	391,5	406,8	3,9%	442,7	8,8%	207,9	230,3	10,8%
Cost of supplies and consumable materials	39,4	44,2	12,2%	55,0	24,5%	21,7	28,8	32,8%
Other external expenses	148,0	171,0	15,6%	152,8	-10,6%	61,1	76,8	25,7%
Tax	17,1	21,7	26,8%	26,2	20,7%	14,9	16,9	13,1%
Staff cost	185,7	198,7	7,0%	200,8	1,0%	99,6	106,8	7,2%
Other operating expenses	139,5	184,9	32,6%	28,7	-84,5%	18,6	7,1	-62,0%
Depreciation & Amortization	100,4	89,0	-11,3%	68,9	-22,6%	49,3	47,2	-4,3%
<b>Investment revenues related to insurance transactions</b>	<b>760,4</b>	<b>570,0</b>	<b>-25,0%</b>	<b>457,1</b>	<b>-19,8%</b>	<b>301,5</b>	<b>268,3</b>	<b>-11,0%</b>
Investment revenues	237,2	233,5	-1,6%	274,0	17,3%	215,4	220,1	2,2%
Foreign exchange gains	-	-	NS	-	NS	-	-	NS
Revenues from the difference in reimbursement price to receive	0,5	0,0	NS	0,0	-11,0%	-	-	NS
Profits on investment realization	134,1	195,6	45,8%	134,1	-31,4%	60,9	40,9	-32,8%
Interest and other investment income	52,0	53,5	2,8%	39,5	-26,2%	22,6	6,3	-71,9%
Reversals of investment expenses: transfer of charges	336,5	87,4	-74,0%	9,5	-89,1%	2,6	0,9	-64,4%
<b>Investment expenses related to insurance transactions</b>	<b>553,3</b>	<b>319,0</b>	<b>-42,3%</b>	<b>139,6</b>	<b>-56,2%</b>	<b>82,6</b>	<b>47,0</b>	<b>-43,1%</b>
Interest expenses	-	-	NS	-	NS	-	-	NS
Management fees on investments	57,3	55,4	-3,3%	38,3	-30,9%	26,3	17,7	-32,9%
Foreign exchange loss	-	-	NS	-	NS	-	-	NS
Amortization of differences in reimbursement price	0,6	2,1	>100%	3,8	80,8%	1,9	1,9	-0,1%
Loss on investment realization	76,4	108,0	41,3%	14,0	-87,0%	10,7	0,1	NS
Losses from affected investments revaluation	-	-	NS	-	>100%	-	-	NS
Other investment expenses	-	65,4	NS	8,0	-87,8%	0,3	-	NS
Depreciation on investment	418,9	88,1	-79,0%	75,6	-14,2%	43,4	27,4	-36,9%
<b>Technical income – Non Life</b>	<b>357,4</b>	<b>471,2</b>	<b>31,9%</b>	<b>535,9</b>	<b>13,7%</b>	<b>314,3</b>	<b>338,9</b>	<b>7,8%</b>

Source: Saham Assurance.

The total technical income-non life amounts to MAD 535.9 millions in 2017 versus MAD 357.4 millions in 2015.

The table below shows Saham Assurance non-technical income statement between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

<i>Non technical income statement - MMAD</i>	2015	2016	Var. 15/16	2017	Var. 16/17	H1. 2017	H1. 2018	Var. H1 17 / H1 18
<b>Non-technical current revenues</b>	<b>113,9</b>	<b>46,4</b>	<b>-59,3%</b>	<b>71,5</b>	<b>54,3%</b>	<b>55,7</b>	<b>22,6</b>	<b>-59,5%</b>
Operating non-technical current revenues	-	-	NS	-	NS	-	-	NS
Interests and other non-technical current revenues	73,2	43,4	-40,7%	54,3	25,0%	30,7	21,5	-30,1%
Other non-technical current revenues	1,2	0,7	-43,3%	0,6	-19,2%	0,5	0,3	-42,9%
Non-technical reversals, expenses transfer	39,5	2,2	-94,3%	16,7	NS	24,5	0,8	-96,7%
<b>Non-technical current expenses</b>	<b>55,0</b>	<b>34,3</b>	<b>-37,6%</b>	<b>65,6</b>	<b>91,1%</b>	<b>51,7</b>	<b>2,1</b>	<b>-96,0%</b>
Operating non-technical current expenses	1,7	-	NS	1,3	NS	0,0	0,0	>100%
Interests and other non-technical current expenses	22,6	-	NS	6,9	NS	6,9	-	NS
Other non-technical current expenses	2,7	0,5	NS	13,0	NS	6,9	0,0	NS
Non-technical depreciation & amortization	28,0	33,8	20,6%	44,5	31,5%	37,8	2,1	-94,6%
<b>Non-technical current income</b>	<b>58,9</b>	<b>12,0</b>	<b>-79,6%</b>	<b>5,9</b>	<b>-50,8%</b>	<b>4,1</b>	<b>20,5</b>	<b>&gt;100%</b>
<b>Non-technical non-current revenues</b>	<b>0,5</b>	<b>46,5</b>	<b>NS</b>	<b>0,7</b>	<b>NS</b>	<b>0,1</b>	<b>0,3</b>	<b>&gt;100%</b>
Proceeds from assets disposals	0,5	-	NS	0,0	NS	0,0	0,2	97,4%
Other non-technical non-current revenues	0,0	46,5	NS	0,6	NS	-	0,2	NS
<b>Non-technical non-current expenses</b>	<b>6,9</b>	<b>139,1</b>	<b>NS</b>	<b>1,4</b>	<b>NS</b>	<b>2,5</b>	<b>0,4</b>	<b>-83,6%</b>
Net book value of assets sold	0,0	-	NS	0,1	NS	0,1	-	<100%
Other non-operating revenues	6,9	139,1	NS	1,3	NS	0,3	0,4	20,0%
Noncurrent depreciation & amortization	-	-	NS	-	NS	2,1	-	<100%
<b>Non-technical non-current income</b>	<b>-6,4</b>	<b>-92,6</b>	<b>NS</b>	<b>-0,7</b>	<b>NS</b>	<b>-2,4</b>	<b>-0,1</b>	<b>-97,1%</b>
<b>Non-technical income</b>	<b>52,6</b>	<b>-80,5</b>	<b>NS</b>	<b>5,2</b>	<b>NS</b>	<b>1,6</b>	<b>20,5</b>	<b>&gt;100%</b>

Source: Saham Assurance.

The total non-technical income amounts to MAD 5.2 millions in 2017 versus MAD 52.6 millions in 2015.

The table below shows Saham Assurance net income between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

MMAD	2015	2016	Var. 15/16	2017	Var. 16/17	H1. 2017	H1. 2018	Var. H1 17 / H1 18
<b>Technical income - Life</b>	<b>64,3</b>	<b>72,0</b>	<b>11,9%</b>	<b>69,8</b>	<b>-3,1%</b>	<b>51,3</b>	<b>52,9</b>	<b>3,1%</b>
<b>Technical income – Non Life</b>	<b>357,4</b>	<b>471,2</b>	<b>31,9%</b>	<b>535,9</b>	<b>13,7%</b>	<b>314,3</b>	<b>338,9</b>	<b>7,8%</b>
<b>Non-technical income</b>	<b>52,6</b>	<b>-80,5</b>	<b>NS</b>	<b>5,2</b>	<b>NS</b>	<b>1,6</b>	<b>20,5</b>	<b>NS</b>
<b>Income before tax</b>	<b>474,2</b>	<b>462,6</b>	<b>-2,4%</b>	<b>610,8</b>	<b>32,0%</b>	<b>367,2</b>	<b>412,3</b>	<b>12,3%</b>
Income tax	134,2	181,0	34,9%	170,3	-5,9%	112,2	133,3	18,8%
<b>Net income</b>	<b>340,0</b>	<b>281,6</b>	<b>-17,2%</b>	<b>440,5</b>	<b>56,4%</b>	<b>255,0</b>	<b>279,0</b>	<b>9,4%</b>

Source: Saham Assurance.

The total technical income-non life amounts to MAD 535.9 millions in 2017 versus MAD 357.4 millions in 2015.

The total technical income-non life amounts to MAD 535.9 millions in 2017 against MAD 357.4 millions in 2015.

The Net Income amounts to MAD 440.5 millions in 2017 against MAD 340.0 millions in 2015.

The table below shows Saham Assurance balance sheet between 2015 and the first half of 2018 (H1 2018):

Assets - MMAD	2015	2016	Var. 16/15	2017	Var. 17/16	H1. 2018	Var. H1. 18 / H1 17
<b>Non value assets</b>	<b>6,8</b>	<b>3,5</b>	<b>-48,0%</b>	<b>15,6</b>	<b>&gt;100%</b>	<b>15,2</b>	<b>-3,0%</b>
Preliminary expenses	1,1	0,3	-69,0%	-	NS	-	NS
Deferred expenses over several years	5,7	3,2	-43,9%	15,6	>100%	15,2	-3,0%
<b>Intangible assets</b>	<b>1 592,4</b>	<b>1 586,0</b>	<b>-0,4%</b>	<b>1 646,7</b>	<b>3,8%</b>	<b>1 676,9</b>	<b>1,8%</b>
Goodwill	1 559,3	1 560,8	0,1%	1 565,3	0,3%	1 565,3	0,0%
Other intangible assets	33,1	25,2	-23,9%	81,4	>100%	111,6	37,1%
<b>Tangible assets</b>	<b>198,1</b>	<b>187,9</b>	<b>-5,2%</b>	<b>179,1</b>	<b>-4,7%</b>	<b>175,8</b>	<b>-1,9%</b>
Lands	12,4	12,4	0,0%	12,4	0,0%	12,4	0,0%
Constructions	41,0	10,2	-75,1%	13,3	30,5%	15,1	13,4%
Transport equipment	1,4	1,7	19,7%	1,1	-34,2%	0,9	-18,6%
Furniture, office equipment and various furnishings	121,2	110,7	-8,7%	94,6	-14,6%	92,5	-2,2%
Ongoing tangible assets	22,1	52,9	>100%	57,7	9,2%	54,9	-4,9%
<b>Financial assets</b>	<b>59,7</b>	<b>1 121,0</b>	<b>&gt;100%</b>	<b>969,5</b>	<b>-13,5%</b>	<b>992,7</b>	<b>2,4%</b>
Fixed loans	0,2	0,2	-11,1%	125,3	>100%	115,5	-7,8%
Other financial receivables	16,0	1 047,4	>100%	773,5	-26,1%	793,7	2,6%
Securities	43,5	73,5	69,1%	70,7	-3,8%	83,5	18,1%
<b>Investments allocated to insurance operations</b>	<b>12 031,1</b>	<b>12 326,4</b>	<b>2,5%</b>	<b>12 771,3</b>	<b>3,6%</b>	<b>13 179,1</b>	<b>3,2%</b>
Real estate investments	2 465,2	2 428,6	-1,5%	2 830,5	16,5%	3 045,7	7,6%
Bonds and negotiable debt securities	2 154,7	2 217,0	2,9%	1 809,1	-18,4%	1 579,5	-12,7%
Shares	6 954,8	7 247,9	4,2%	7 284,1	0,5%	7 557,5	3,8%
Loans & similar	6,1	3,5	-42,9%	4,1	17,0%	4,0	-0,5%
Deposits on unavailable accounts	401,9	428,8	6,7%	842,9	96,6%	991,7	17,7%
Other investments	48,3	0,6	-98,7%	0,6	0,0%	0,6	0,0%
<b>Share of assignees in technical provisions</b>	<b>1 284,6</b>	<b>1 187,7</b>	<b>-7,5%</b>	<b>1 088,0</b>	<b>-8,4%</b>	<b>1 074,1</b>	<b>-1,3%</b>
Provisions for unearned premiums	133,0	99,1	-25,5%	61,3	-38,2%	109,4	78,5%
Provisions for claims payable	720,2	681,0	-5,4%	649,5	-4,6%	598,6	-7,8%
Mathematical Provisions	430,9	407,7	-5,4%	377,2	-7,5%	366,1	-2,9%
<b>Current receivables</b>	<b>3 276,5</b>	<b>2 790,6</b>	<b>-14,8%</b>	<b>2 566,6</b>	<b>-8,0%</b>	<b>2 845,9</b>	<b>10,9%</b>
Assignees and Accounts Receivable	153,1	225,3	47,1%	191,3	-15,1%	256,9	34,3%
Insured, intermediaries, transferors, insurers and accounts receivable	1 308,3	1 505,1	15,0%	1 266,8	-15,8%	1 556,9	22,9%
Staff receivables	5,6	8,9	59,0%	9,6	7,9%	9,8	1,7%
Tax receivables	138,7	189,3	36,5%	230,4	21,7%	169,8	-26,3%
Shareholders accounts receivables	919,2	0,0	NS	0,0	NS		
Other receivables	133,6	229,3	71,6%	189,9	-17,2%	218,4	15,0%
Accruals	618,0	632,7	2,4%	678,5	7,2%	634,0	-6,5%
<b>Short term securities</b> (not assigned to insurance operations)	<b>146,6</b>	<b>110,8</b>	<b>-24,4%</b>	<b>515,4</b>	<b>365,2%</b>	<b>499,7</b>	<b>-3,1%</b>
<b>Cash</b>	<b>101,5</b>	<b>161,1</b>	<b>58,7%</b>	<b>137,4</b>	<b>-14,7%</b>	<b>162,9</b>	<b>18,5%</b>
<b>Total assets</b>	<b>18 697,3</b>	<b>19 475,0</b>	<b>4,2%</b>	<b>19 889,7</b>	<b>2,1%</b>	<b>20 622,1</b>	<b>3,7%</b>

Source: Saham Assurance.

<i>Liabilities - MMAD</i>	2015	2016	Var. 16/15	2017	Var. 17/16	H1. 2018	Var. 17 / H1 18
<b>Equity</b>	<b>3 529,1</b>	<b>3 646,1</b>	<b>3,3%</b>	<b>3 922,0</b>	<b>7,6%</b>	<b>4 036,2</b>	<b>2,9%</b>
Share Capital or Establishment Fund	411,7	411,7	0,0%	411,7	0,0%	411,7	0,0%
Share, merger, contribution premiums	1 155,0	1 155,0	0,0%	1 155,0	0,0%	1 155,0	0,0%
Revaluation gap	27,7	27,7	0,0%	27,7	0,0%	27,7	0,0%
Legal reserve	41,6	41,6	0,0%	41,6	0,0%	41,6	0,0%
Other reserves	1 549,0	1 724,0	11,3%	1 841,0	6,8%	2 117,0	15,0%
Retained earnings	4,1	4,5	8,6%	4,4	-1,2%	4,3	-3,2%
Net income	340,0	281,6	-17,2%	440,5	56,4%	279,0	-36,7%
<b>Long term debt</b>	<b>800,0</b>	<b>800,0</b>	<b>0,0%</b>	<b>800,0</b>	<b>0,0%</b>	<b>800,0</b>	<b>0,0%</b>
<b>Gross technical provisions</b>	<b>12 126,5</b>	<b>12 627,4</b>	<b>4,1%</b>	<b>13 263,7</b>	<b>5,0%</b>	<b>13 697,0</b>	<b>3,3%</b>
Provisions for unearned premiums	818,5	775,7	-5,2%	780,3	0,6%	1 129,2	44,7%
Provisions for claims payable	6 897,6	7 026,8	1,9%	7 034,7	0,1%	6 927,7	-1,5%
Provisions for life insurance	3 608,0	3 918,8	8,6%	4 493,6	14,7%	4 689,3	4,4%
Provisions for claims fluctuations	609,5	681,0	11,7%	747,4	9,8%	747,4	0,0%
Provisions for profit sharing	109,2	142,3	30,3%	117,7	-17,2%	116,6	-1,0%
Technical provisions on investments	69,1	69,1	0,0%	73,7	6,6%	73,7	0,0%
Other technical provisions	14,5	13,8	-5,4%	16,2	17,5%	12,9	-20,0%
<b>Debts for cash surrendered by assignees</b>	<b>328,0</b>	<b>251,1</b>	<b>-23,4%</b>	<b>304,0</b>	<b>21,0%</b>	<b>304,1</b>	<b>0,0%</b>
<b>Current liabilities</b>	<b>1 663,7</b>	<b>1 914,0</b>	<b>15,0%</b>	<b>1 380,9</b>	<b>-27,9%</b>	<b>1 432,6</b>	<b>3,7%</b>
Assignees and Accounts Payable	200,6	267,2	33,2%	102,6	-61,6%	173,0	68,6%
Assignees, Intermediaries, Transferors, Insurers and Accounts Payable	171,6	202,5	18,0%	233,6	15,4%	258,1	10,5%
Staff payables	38,3	41,2	7,5%	39,1	-5,0%	27,4	-30,1%
Social organization payables	14,3	14,3	-0,4%	18,9	32,5%	18,1	-4,0%
Tax payables	179,9	235,1	30,7%	235,9	0,3%	210,0	-11,0%
Shareholders accounts payables	0,1	0,1	16,3%	0,0	-84,9%	164,7	>100%
Other payables	1 037,7	1 109,5	6,9%	719,2	-35,2%	546,2	-24,1%
Accruals	21,2	44,2	108,1%	31,6	-28,5%	35,2	11,4%
<b>Overdraft</b>	<b>249,8</b>	<b>236,3</b>	<b>-5,4%</b>	<b>219,1</b>	<b>-7,3%</b>	<b>352,2</b>	<b>60,7%</b>
<b>Total liabilities</b>	<b>18 697,3</b>	<b>19 475,0</b>	<b>4,2%</b>	<b>19 889,7</b>	<b>2,1%</b>	<b>20 622,1</b>	<b>3,7%</b>

Source: Saham Assurance.

The company's total balance sheet amounts to MAD 19,889.7 million in 2017 against MAD 18,697.3 million in 2015.

## IV.2. Consolidated aggregates

The table below shows Saham Assurance consolidated income statements between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

<i>Consolidated Income Statement - MMAD</i>	2015	2016	Var. 16/15	2017	Var. 17/16	H1 2017	H1 2018	Var. H1 17/H1 18
Written premiums	3 773	4 392	16.4%	4 846	10.3%	2 482	2 760	11.2%
Variation in unearned premiums	-25	43	NS	-5	NS	254	349	37.7%
<b>Earned premiums</b>	<b>3 748</b>	<b>4 435</b>	<b>18.3%</b>	<b>4 841</b>	<b>9.2%</b>	<b>2 229</b>	<b>2 411</b>	<b>8.2%</b>
Other products out of insurance activity	435	306	-29.8%	338	10.5%	153	148	-3.2%
<b>Investment result</b>	<b>613</b>	<b>374</b>	<b>-39.1%</b>	<b>638</b>	<b>70.6%</b>	<b>383</b>	<b>360</b>	<b>-6.0%</b>
Investment products	755	750	-0.7%	932	24.4%	430	387	-10.1%
Investment expenses	-142	-376	NS	-295	NS	-47	-26	-43.6%
<b>Change in impairments on investments</b>	<b>-313</b>	<b>46</b>	<b>NS</b>	<b>-85</b>	<b>NS</b>	<b>-64</b>	<b>-29</b>	<b>-54.0%</b>
Reversals of investment write-downs	0	162	>100%	39	-76.1%	25	11	-58.1%
Depreciation of investments	-313	-116	NS	-124	NS	-89	-40	NS
<b>Net investment result</b>	<b>300</b>	<b>420</b>	<b>39.8%</b>	<b>553</b>	<b>31.6%</b>	<b>320</b>	<b>331</b>	<b>3.5%</b>
<b>Technical charges of insurance activities</b>	<b>-2 420</b>	<b>-3 139</b>	<b>NS</b>	<b>-3 505</b>	<b>NS</b>	<b>1 650</b>	<b>1 737</b>	<b>5.3%</b>
<b>Net result of reinsurance disposals</b>	<b>-204</b>	<b>-175</b>	<b>NS</b>	<b>-176</b>	<b>0.8%</b>	<b>-90</b>	<b>-99</b>	<b>9.5%</b>
Contract acquisition costs	-411	-438	6.7%	-476	8.7%	219	252	14.8%
Amortization of portfolio value						0	0	-
<b>General charges of exploitation</b>	<b>-773</b>	<b>-692</b>	<b>-10.5%</b>	<b>-712</b>	<b>3.0%</b>	<b>367</b>	<b>390</b>	<b>6.2%</b>
Net operating expenses	-472	-445	NS	-312	NS	153	158	3.6%
Wage costs	-259	-279	7.6%	-303	8.9%	146	156	7.3%
Reversal of depreciation and impairment	142	173	22.1%	34	-80.5%	9	5	-51.0%
Depreciation and impairment	-184	-142	-22.7%	-131	-7.9%	79	80	2.2%
Other operating income and expenses	0	-93	NA	-21	NS	10	1	-92.5%
<b>Operating income</b>	<b>677</b>	<b>624</b>	<b>-7.8%</b>	<b>841</b>	<b>34.8%</b>	<b>364</b>	<b>412</b>	<b>13.1%</b>
Financing charges	2	23	-23.5%	-58	NS	32	30	-7.1%
Quote share in the results of associates or joint ventures	677	624	-7,8%	12	-44.8%	8	8	1.3%
Impairment of acquisition gaps						-	-	-
Net result of discontinued operations						-	-	-
Link account must be zero in aggregate								
Taxes on income	-188	-233	NS	-222	NS	124	144	16.0%
<b>Net income of the consolidated group</b>	<b>379</b>	<b>329</b>	<b>-13.3%</b>	<b>574</b>	<b>74.4%</b>	<b>216</b>	<b>247</b>	<b>14.1%</b>
Minority interests	-7	-11	NS	-10	NS	5	4	-11.7%
<b>Net income group share</b>	<b>372</b>	<b>318</b>	<b>-14.6%</b>	<b>564</b>	<b>77.4%</b>	<b>212</b>	<b>243</b>	<b>14.6%</b>

Source: Saham Assurance.

The table below shows Saham Assurance consolidated balance sheet between 2015 and 2017 as well as for the first half of 2018 (H1 2018) compared to the first half of 2017 (H1 2017):

<b>ASSETS (MMAD)</b>	<b>2015</b>	<b>2016</b>	<b>Var. 16/15</b>	<b>2017</b>	<b>Var 17/16</b>	<b>H1 2018</b>	<b>Var. 17 / H1 18</b>
Goodwill	1 322	1 322	0.0%	1 388	5.0%	1 388	0.0%
Values of contract portfolios of acquired insurance companies	0	0	NA	0	NA	-	-
Other intangible assets	128	119	-7.6%	171	44.6%	200	16.9%
<b>Intangible assets</b>	<b>1 450</b>	<b>1 440</b>	<b>-0.7%</b>	<b>1 560</b>	<b>8.3%</b>	<b>1 588</b>	<b>1.9%</b>
Investment real estate	1 229	1 123	-8.6%	1 450	29.1%	1 426	-1.6%
Financial investments	9 175	10 189	11.0%	10 594	4.0%	10 778	1.7%
<b>Investments</b>	<b>10 404</b>	<b>11 312</b>	<b>8.7%</b>	<b>12 044</b>	<b>6.5%</b>	<b>12 204</b>	<b>1.3%</b>
<b>Investments in associates or co-companies</b>	<b>91</b>	<b>106</b>	<b>17.2%</b>	<b>117</b>	<b>10.4%</b>	<b>115</b>	<b>-1.9%</b>
<b>Receivables of financing companies</b>	<b>1 320</b>	<b>1 365</b>	<b>3.3%</b>	<b>1 265</b>	<b>-7.3%</b>	<b>1 170</b>	<b>-7.5%</b>
<b>Shareholders and retrocessions in assets and financial insurance contracts</b>	<b>1 285</b>	<b>1 188</b>	<b>-7.5%</b>	<b>1 088</b>	<b>-8.4%</b>	<b>1 074</b>	<b>-1.3%</b>
Real estate and other property. Plant and equipment	589	642	9.0%	659	2.7%	647	-1.9%
Deferred profit sharing active	366	9	-97.6%	22	150.9%	27	23.1%
Deferred tax assets	228	113	-50.7%	112	-0.2%	106	-5.3%
Stocks	714	1 245	74.3%	1 709	37.3%	1 720	0.7%
Receivables arising from insurance or reinsurance transactions	1 458	1 730	18.7%	1 526	-11.8%	1 814	18.8%
Current tax receivables	231	315	36.7%	421	33.5%	347	-17.5%
Other receivables	1 396	1 056	-24.3%	913	-13.5%	1 140	24.9%
<b>Other assets</b>	<b>4 982</b>	<b>5 110</b>	<b>2.6%</b>	<b>5 363</b>	<b>5.0%</b>	<b>5 802</b>	<b>8.2%</b>
<b>Assets of activities intended to be cited or abandoned</b>			<b>NA</b>		<b>NA</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents</b>	<b>111</b>	<b>170</b>	<b>53.2%</b>	<b>179</b>	<b>5.2%</b>	<b>188</b>	<b>5.1%</b>
<b>Assets</b>	<b>19 642</b>	<b>20 690</b>	<b>5.3%</b>	<b>21 615</b>	<b>4.5%</b>	<b>22 141</b>	<b>2.4%</b>

Source: Saham Assurance.

LIABILITIES (MMAD)	2015	2016	Var. 16/15	2017	Var. 17/16	H1 2018	Var. 17 / H1 18
Capital	412	412	0.0%	412	0.0%	412	0.0%
Issuance and merger premiums	1 170	1 170	0.0%	1 170	0.0%	1 170	0.0%
Consolidated reserves	1 250	1 711	36.9%	2 081	21.6%	2 456	18.0%
Conversion differences		0	NA	0	NA	-	-
Net income-group share	372	318	-14.6%	564	77.4%	243	-57.0%
<b>Shareholders' equity - group share</b>	<b>3 204</b>	<b>3 610</b>	<b>12.7%</b>	<b>4 226</b>	<b>17.1%</b>	<b>4 280</b>	<b>1.3%</b>
<b>Interest without control</b>	<b>97</b>	<b>101</b>	<b>4.1%</b>	<b>99</b>	<b>-2.1%</b>	<b>91</b>	<b>-7.1%</b>
<b>Shareholders' equity</b>	<b>3 300</b>	<b>3 711</b>	<b>12.4%</b>	<b>4 325</b>	<b>16.5%</b>	<b>4 372</b>	<b>1.1%</b>
Provisions for risks and charges	94	92	-2.9%	102	10.9%	103	1.3%
Financial debts	616	635	3.0%	654	3.1%	707	8.1%
<b>Long-term liabilities</b>	<b>710</b>	<b>726</b>	<b>2.2%</b>	<b>756</b>	<b>4.1%</b>	<b>810</b>	<b>7.2%</b>
Technical liabilities relating to insurance contracts	11 474	11 877	3.5%	12 443	4.8%	12 876	3.5%
Technical liabilities relating to investment contracts	0	0	NA	0	NA	-	-
Deferred profit sharing	219	46	-78.9%	99	114.5%	76	-23.4%
<b>Technical liabilities of insurance companies</b>	<b>11 693</b>	<b>11 924</b>	<b>2.0%</b>	<b>12 542</b>	<b>5.2%</b>	<b>12 952</b>	<b>3.3%</b>
Deferred tax liabilities	502	533	6.1%	751	41.0%	731	-2.6%
Debts arising from insurance or reinsurance transactions	737	749	1.7%	741	-1.2%	786	6.1%
Current tax debts and other tax debts	273	303	11.0%	309	1.9%	268	-13.1%
Other debts	1 133	1 451	28.1%	950	-34.6%	913	-3.8%
<b>Other liabilities</b>	<b>2 645</b>	<b>3 036</b>	<b>14.8%</b>	<b>2 750</b>	<b>-9.4%</b>	<b>2 698</b>	<b>-1.9%</b>
<b>Debts of financing companies</b>	<b>1 042</b>	<b>1 052</b>	<b>1.0%</b>	<b>1 018</b>	<b>-3.3%</b>	<b>948</b>	<b>-6.9%</b>
<b>Short-term financial debts</b>	<b>253</b>	<b>241</b>	<b>-4.6%</b>	<b>225</b>	<b>-6.6%</b>	<b>361</b>	<b>60.4%</b>
Liabilities of activities to be cited or abandoned	-	0	NA	0	NA	-	-
<b>Liabilities</b>	<b>19 642</b>	<b>20 690</b>	<b>5.3%</b>	<b>21 615</b>	<b>4.50%</b>	<b>22 141</b>	<b>2.4%</b>

Source: Saham Assurance.

Saham Assurance Consolidated written premiums amounts to MAD 4,846 millions in 2017, versus MAD 3,773 millions in 2015.

Saham Assurance consolidated net income amounts to MAD 574 MMAD in 2017 versus MAD 379 million in 2015.

The company's total balance sheet amounts to MAD 21,615 million in 2017 against MAD 19,642 million in 2015.

## PART IV. SAHAM ASSURANCE RISK FACTORS

### I. Market risk

Market risk is defined as any market event that may have a negative impact on the valuation or the investment income allocated to the insurance operations.

The main market risks that SAHAM ASSURANCE could face are:

Interest rate risk: The bonds price evolution is inversely correlated with interest rates evolution. Lower interest rates result in higher bond prices and vice versa. The level of the interest rate also determines the conditions for reinvestment of the coupons (principal + interests) received.

Also, an increase in interest that would impact the market value of bond investments and liabilities could adversely affect the company's coverage margin.

The risk of a decline in the stock markets: the decline in the stock market could have a negative impact on the company's financial margin due to the accounting of provisions

Risk on real estate assets: exposure to the real estate markets makes it possible to diversify portfolios, protect against inflation and the volatility of financial market returns, and also have quality operating assets.

Real estate investment exposes the company to three types of risk: the risk of provision recording in the event of a decline in valuation, the risk of non-recovery of rents, the risk of vacancy, the risk of exceeding investment budgets and the risk of pace of selling units produces.

Credit Risk: is defined as the potential default of a counterparty to honor its commitments, it is the inability to repay a bond principal or interests, or the non-payment of a guaranteed performance in case of a specific investment mandate.

For several years, SAHAM ASSURANCE has initiated a risk management system enabling it to measure and reduce market risk impacts.

Asset/liability management system that analyzes the asset / liability adequacy under different market situations. Indeed, the asset / liability adequacy is simulated according to several shock scenarios, which makes it possible to verify the company's financing ratio evolution and its resilience in the event of possible shocks.

The purpose of these analyses is also to develop the appropriate strategic allocations between risky assets and non-risky assets, so as to minimize the risk associated with an Asset / Liability mismatch, taking into account constraints related to liquidity and profitability required for policyholders and shareholders.

Thus, SAHAM ASSURANCE holds a diversified portfolio weighted mainly in monetary and bond assets.

The company relies on its subsidiary SAHAM ASSET MANAGEMENT for a dynamic portfolio management and an approach adapted to the nature of these activities which takes into account the recommendations made by the ALM.

The subsidiary constantly study the macroeconomic situation, the stock market indicators, as well as the bond market indicators, in order to make recommendations on the right positioning in terms of assets but also in terms of management approach.

The subsidiary also has a team of dedicated analysts who work on the valuation of listed companies and on credit analysis. As a result, the company has real-time visibility into the risks inherent to issuers, enabling it to regularly monitor issuer concentration control rules.

In terms of real estate management, SAHAM ASSURANCE is exposed by more than 75% to Rabat / Casablanca area. This area is the least affected by the crisis and the one offering the most important demand and yield and therefore less exposed to prices and valuations decrease. In addition, the assets for professional rental are located in strategic locations, and meet the needs of the professional market.

The real estate assets are leased to well-known and diversified clients, the lease contracts are signed mainly with companies (corporate clients), offering a better return and limiting the risk of non-collectability of rents.

Rigorous and professional facility management allows to retain tenants and reduce the risk of vacancy. An annual revaluation plan makes it possible to follow the evolution of the stock market values and to appreciate it at its fair value.

## **II. COUNTERPARTY RISK**

Counterparty risk is the risk of default of a borrower who can no longer fully repay its debt.

Insurance companies are exposed to counterparty risk in the event of doubtful clients, a failure of an insurance intermediary or in the event of a reinsurer default.

SAHAM ASSURANCE has several recovering entities (Front Office, Back Office and Litigation) to control the counterparty and insurance intermediary risks.

SAHAM ASSURANCE is insured with leading reinsurers, thereby limiting the risk of reinsurers default.

## **III. LIQUIDITY RISK**

Liquidity risk arises from the short-term inability of insurance companies to meet the cash requirements imposed by its current operations (claims settlements, investment operations, etc.).

Liquidity risk concerns both assets and liabilities as well as any interactions between them.

SAHAM ASSURANCE constantly ensures that it has sufficient liquidity to meet all its commitments in the short term as well as in the long term.

Thus, SAHAM ASSURANCE's investments are correctly distributed between highly liquid and illiquid assets. Cash monitoring is done on a daily basis, monthly as well as in the annual cash flows forecasts.

## **IV. UNDERWRITING RISK/ CLAIM EXPERIENCES INCREASE :**

Underwriting risk is related to errors in the acceptance, pricing or reinsurance coverage of a risk.

The risk of an increase in claims is related to the realization of risks covered by the insurer in an unusual proportion. It can also relate to the occurrence of a major risk that is very unlikely to occur.

SAHAM ASSURANCE continually monitors these risks through a selection of underwriting acceptances thanks to a team of experienced underwriters, powerful underwriting tools including underwriting prices and guides and a risk engineer's team.

In addition, SAHAM ASSURANCE has a Portfolio Monitoring entity in charge of detecting loss-making cases and underwriting and management conditions that could compromise the company's portfolio quality and have a negative impact on its underwriting results. This entity is also responsible for analyzing and proposing recovery actions for detected loss-making cases.

## **V. OPERATIONAL RISKS**

Operational risk is defined as the risk of a loss resulting from inadequate or erroneous internal processes, or from staff, information systems, or external events.

Operational risk includes legal risks and excludes risks arising from strategic risks and reputational risks.

As part of operational risk management, SAHAM ASSURANCE has a global internal control system that is structured into three levels of controls:

- 1<sup>st</sup> level control of the operational teams and their hierarchy: these are controls integrated into the operations and controls carried out later by the operational managers.
- 2<sup>nd</sup> level control: this level of control is provided by internal controllers hierarchically and operationally attached to the internal control entity. These are retrospective controls carried out by sampling and according to a predefined periodicity.
- 3<sup>rd</sup> level control: this level of control is provided by Internal Audit, which reports hierarchically to General Management and operationally to the Audit Committee. The main mission of the Internal Audit function is to evaluate the internal control system as a whole and to ensure its effective implementation.

In addition, SAHAM ASSURANCE has other entities that participate in the control system (for example: General Inspection, Customer Service and Quality, Portfolio Supervision, Actuarial, etc.).

The internal control entity is in charge of Risk Management whose mission is to identify, evaluate and control the risks associated with the company's activities and processes.

On the other hand, the "Organization" entity ensures the formalization and optimization of the company's processes and related control activities.

In terms of information system security risks, SAHAM ASSURANCE has set up a Comprehensive IT Support Plan and a Business Continuity Plan, including a backup site and a fallback site.

The management of external fraud risks is a priority for SAHAM ASSURANCE, which launched in 2018 an ambitious project to fight against fraud.

## **VI. OTHER MATERIAL RISKS**

## STRATEGIC RISK

Strategic risk is a risk that has a negative impact on the company's results or equity as a result of a failure to consider sectorial changes or inappropriate managerial decisions.

SAHAM ASSURANCE has governance entities to anticipate and mitigate this risk.

## REPUTATION RISK

Reputational risk is the risk that an internal or external event negatively influences the perception and confidence of the company various stakeholders, or following a gap between the expectations of its stakeholders and attitudes, actions or inactions of the company.

SAHAM ASSURANCE proactively manages reputational risks to avoid and minimize negative elements that have an impact on its reputation and establishes trust-based relationship with its various stakeholders.

## REGULATORY RISK

The regulation of the insurance sector tends to provide new measures to ensure the development and sustainability of the sector.

In recent years, regulations have also been strengthened in terms of the laws protecting insured people with regard to the confidentiality of personal data as well as free competition and the consumer rights.

Other regulatory measures have been adopted to strengthen the anti-money laundering and financing terrorism.

The Sector was submitted in 2018, along with the financial sector to the US FATCA law and a transitional period was granted to all companies to comply.

Some of these regulatory measures may be coercive for the profitability of all insurers such as: the adoption of new life tables, the transfer of certain contracts initially covered by insurers (AMO) to public entities (CNSS or others) and the repeal of certain mandatory insurance.

The implementation of risk-based solvency will have an impact on companies' own funds as well as on risk governance devices. This reform principle is to take into account other risks inherent to the insurance business, such as market risk, reinsurer counterparty risk, default risk or operational risks. So far, only the underwriting risk has been taken into account.

Discussions between the operators and the regulator are on the right track. Impact studies are carried out by the regulator individually with each company in order to make the necessary adjustments to the quantitative model to take into account the specificities of the Moroccan sector, both on the technical and the financial sides.

Continued compliance with regulatory requirements and potential commitments to the regulator could have significant consequences on the Company, such as the deterioration of its net income or financial situation, as well as an increase in required regulatory capital.

To Face the Moroccan regulatory environment quick evolution, the company has since 2009 a compliance entity that deals with all aspects related to actual or potential regulatory changes through impact studies, which allow the company to better anticipate these changes and even contain their impacts.

#### TAX RISK

Changes in tax legislation may have adverse effects on some of the company's products by reducing their attractiveness, including those receiving favorable tax treatment, or on the company's tax burden.

In general, SAHAM Assurance remains vigilant regarding future interpretations or changes in the tax systems in which it operates, which could lead to an increase in tax expenditures, additional compliance costs or have a negative impact on the company's business, cash and net result.

#### COMPETITION RISK

Saham Assurance offers a wide range of products (non-life insurance, health, life, savings, retirement etc.). The company is therefore in direct competition not only with Moroccan insurers but also with private health insurers, welfare institutions and even commercial or investment banks. These different operators are very often subject to different regulations, with multiple distribution channels and sometimes offering alternative or similar products at more competitive rates than those of the company.

In addition to the intense competition, the Moroccan insurance market have witnessed the arrival of various disruptive trends observed worldwide: consumer behavior changes, consumers demanding and paying more attention to quality and prices and the rise of digital. Companies will also face new types of risks to be insured, some of which have already been considered and will have the appropriate legal framework, including the risk of natural disasters. At the same time, the legal framework of Takaful is being adopted.

In order to face this demanding environment, SAHAM Assurance has implemented a global transformation project of the Company, through the implementation of new production tools, the digitization of work processes and the improvement of the customer experience. Created for this purpose in 2017, the Digital Factory has enabled Saham Assurance to stand out through the launch of a significant number of innovations (the mobile application evolution, the digitalization of many processes, including the Check Auto Express, which deals with the settlement of small automobile claims, and the creation of a single platform hosting all customers claims related to assistance and reporting of automobile claims ...).

The commitment of proximity taken by the Company is also reflected in covering all the Moroccan cities and many rural communes where Saham Assurance stands out by its strong presence.

However, despite this strong position, competitive pressure could lead Saham Assurance to adjust some of its products and services prices, which could affect its ability to maintain/ improve its profitability.

#### ACTUARIAL RISK

Actuarial risk is the risk related to technical provisions computation inaccuracy.

As part of its activities, SAHAM Assurance, in accordance with the accounting and regulatory obligations, establishes technical provisions, including provisions for claims and mathematical provisions related to life insurance operations.

Provisions represent a technical valuation of liabilities corresponding to a given date, they allow to take into account the uncertain nature of the liability arising from insurance activity:

- Claim provisions represent an estimate of probable future liabilities, including both reported claims and late claims (occurred but unreported claims).  
These estimates are made using several actuarial projection techniques and take into account all endogenous & exogenous parameters recognized and known at the reporting date and which may have a positive or negative impact on future commitments.
- For mathematical provisions related to life insurance operations, the computation is done separately for each contract according to the regulatory methods, without resorting to any methods other than the use of the statutory life tables (TD 88 – 90 et la TV 88 – 90).  
These mathematical provisions are therefore estimated using prudent actuarial methods taking into account the Company's future commitments in accordance with the conditions established for each current contract (guaranteed benefits, including repurchase values, guaranteed minimum rate, options offered to the insured, etc.).

Provisions are, however, subject to change because of the number of variables influencing their determination. These can be of various natures such as the intrinsic evolution of claims, regulatory changes, jurisprudential trends, changes in the financial markets.

Some of these elements may be difficult to apprehend, especially on a prospective basis. Therefore, the real expenses may differ significantly from the initially registered gross reserves. The difference between expenses and provisions can have an impact on the net income.

To face that, Saham Assurance has an Actuarial entity that regularly and closely monitors the claims by branch and product so that it can adjust the level of technical provisions accordingly, if necessary.

In addition, the Actuarial entity also has the following tasks:

- Assess the sufficiency and quality of the data used in the technical provisions computation.
  - Regular analyses and projections of the technical provisions levels (follow-up of the average cost, frequency, files registering and revision method, etc.) and propose adequate corrective actions.
  - Regular analysis and adjustment of opening schedules by branch
  - Quantification of the impact of a new law or modification of the regulations on the company's commitments.
- Review and adjust product prices regularly and closely monitor their profitability levels.
- Follow the realization of these actions.

In addition, and in order to ensure that the technical provisions are sufficient, Saham Assurance mandates annually independent actuaries to examine the regulatory nature of the provisions and assess their economic level.

Finally, the regulator also carries out regular checks to ensure compliance with the regulations and the quality of the provisioning.

#### **RISK RELATED TO BANK-INSURANCE**

In 2016, Saham Assurance has signed a partnership with Crédit du Maroc and Crédit du Maroc Assurance for the distribution of life and non-life insurance products, for a period of 10 years.

The premiums collected and related to this partnership for life insurance represent a significant part of Saham Assurance "Life" branch turnover, but contributes slightly to the Company's overall net income as of December 31, 2017.

As a result, the termination of the partnership with Crédit du Maroc and Crédit du Maroc Assurance would have little impact on the profitability of Saham Assurance, given the importance of the profit-sharing paid to life insured.

Also, if the level of claims accelerates, which would automatically lead to a decrease in the mathematical provisions, Saham Assurance could then apply the mechanism provided for by Article 50-4 of Decree 1548-05 of 10 October 2005 which authorizes the withdrawal of assigned securities in the case of technical provisions decrease. As a result, the impact of the termination on the company's cash flow remains limited.

**WARNING**

The abovementioned information only represent a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC), under the reference VI/EM/038/2018 on 27/12/2018.

The AMMC advises the reading of the full prospectus made available for the public in French.