



**SOCIETE D'EQUIPEMENT DOMESTIQUE ET MENAGER
"EQDOM"**

Prospectus Summary

*Issuance of an Ordinary Bond for a Maximum Amount of
MAD 1.5 billion*

Type	Ordinary
Maximum Issuance Amount	1 500 000 000 MAD
Maturity	4 years
Nominal Value	100 000 MAD
Nominal Interest Rate	Fixed between 2,67% and 2,77%, with reference to the sovereign rating of 4-year equivalent maturity, fixed, depreciable annually, calculated from the reference curve of the secondary market for Treasury Bills as published by Bank Al Maghrib on November 12, 2019, i.e. a rate of 2,37% increased by a risk premium of between 30 and 40 bps
Risk premium (bps or basis points)	[30-40] bps
Bond Negotiability (Tradability)	Over-the-counter (OTC)
Repayment Method	Annual Straight-line Depreciation
Subscription Period	From 21 to 25 November, 2019 (inclusive)
Allocation Method	Dutch auction

THE PROSPECTUS APPROVED BY THE AMMC IS COMPOSED OF:
THIS OFFERING MEMORANDUM
THE EQDOM REFERENCE DOCUMENT REGISTERED BY THE AMMC (MOROCCAN CAPITAL MARKET AUTHORITY) ON
13/11/2019 UNDER REFERENCE NO. EN/EM/004/2019

Subscription to this bond is reserved to qualified investors under Moroccan law listed in this offering memorandum.

ADVISORY BODY AND PLACEMENT AGENT



Approval of the Moroccan Capital Market Authority (AMMC)

In accordance with the provisions of the AMMC circular issued pursuant to Article 5 of Dahir No. 1-12-55 of 28 December, 2012 promulgating Law No. 44-12 on the public call for savings and the information required of corporations and organizations making public offerings, this prospectus has been approved by the AMMC on the date of 14/11/2019 under Reference No. VI/EM/028/2019.

This prospectus summary is only part of the prospectus approved by the AMMC. The full prospectus consists of the reference document registered on 13/11/2019 under Reference No. EN/EM/004/2019

Aaron Babel
4, Yasmine 2, Ave. Taddart, Casablanca
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

DISCLAIMER

The Moroccan Capital Market Authority (AMMC) approved on Novembre 14, 2019 a prospectus relating to the issuance of a Bond Loan by EQDOM.

The AMMC approved prospectus comprises:

- The Securities Note ;
- EQDOM's Reference Document registered by the AMMC on Novembre 13, 2019 under reference number EN/EM/004/2019.

The prospectus approved by the AMMC is available at any time at EQDOM's headquarters, on EQDOM's website, www.eqdom.ma, and from its financial advisor. It is also available within 48 hours at the placement agent premises.

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

This summary has been translated by Aaron Babel under the joint responsibility of that translator and Société Générale Maroc. In the event of any discrepancy between the contents of this summary and the prospectus approved by the AMMC, the approved prospectus will prevail.

Aaron Babel
47, Yasmina 2, Ave. Taddart, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

Part I. Presentation of the Transaction

Haron & Babel
4, Yasmina 2, Ave. Taddart, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

I.1. Overall characteristics of the transaction

This transaction concerns a maximum total amount of one billion five hundred million (1,500,000,000) Moroccan Dirhams.

EQDOM plans to issue fifteen thousand (15,000) ordinary, unlisted bonds with a nominal value of one hundred thousand (100,000) Dirhams.

I.2. Objectives of the issuance

This bond issuance, which is the subject of this prospectus, enables EQDOM to strengthen its presence in the capital market and diversify its sources of financing.

In this context, EQDOM's use of the bond market is primarily aimed at:

- ✓ Financing its activities;
- ✓ Diversifying its financing sources and further optimization of financing costs;
- ✓ Consolidating its image vis-à-vis the main partners and the strengthening of its position as issuer in the capital market.

I.3. Transaction Schedule

N°	Step	Date
1	Reception of AMMC approval	14/11/2019
2	Publication of the Prospectus extract on the Issuer's website	14/11/2019
3	Publication of the press release by the Issuer in a legal gazette or newspaper	19/11/2019
4	Opening of the subscription period	21/11/2019
5	Closing of the subscription period	25/11/2019
6	Centralization of subscription orders by Société Générale Maroc	25/11/2019
7	Allotment of securities	25/11/2019
8	Reporting results of the transaction to subscribers	26/11/2019
9	Payment / Delivery	27/11/2019
10	Publication by the Issuer of the operation's results in a legal gazette and on its website	28/11/2019

Aaron Babel
 4, Yasmîna 2, Ave. Taddart, Californie
 Casablanca 20420
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I.4. Characteristics of the securities to be issued

Type of securities	Ordinary unlisted bonds, fully dematerialized by registration with authorized financial intermediaries and admitted to the operations of the Central Depository (Maroclear)
Legal form	Bearer bonds
Issuance Limit	1 500 000 000 MAD
Maximum number of securities to be issued	15 000
Unit nominal value	100 000
Subscription price	At par, 100% of the nominal value
Maturity	4 years
Subscription period	November 21 to 25, 2019 (inclusive)
Vesting date	27/11/2019
Maturity Date	27/11/2023
Allocation method	Dutch auction
Nominal interest rate	Fixed rate (will be determined at the end of the subscription and communicated to investors by the centralizing body Societe Generale Maroc by any means considered useful (email, mail, etc.). It will also be communicated on the EQDOM website. The nominal interest rate is determined with reference to the sovereign rating of 4-year equivalent maturity, fixed, repayable annually, calculated on the basis of the reference curve of the secondary market for Treasury Bills as published by Bank Al Maghrib on November 12, i.e. a rate of 2,37%, increased by a risk premium of between 30 and 40 basis points, that is to say between 2,67% and 2,77%.
Risk premium	Between 30 and 40 basis points
Method of calculating interest	The interest will be calculated according to the following formula: Capital Remaining Due x Nominal Rate
Coupon payment	Coupons will be paid annually on each anniversary date of the dividend date, which is November 27 of each year, or the first business day after that date. No deferral of interest will be possible under this Transaction.
Tradability	OTC. There are no restrictions imposed by the terms of the issue on the free transferability of these bonds.
Principal repayment	The repayment of the principal of the bond, which is the subject of this prospectus, will be made annually and in a linear manner on each anniversary of the dividend date of the issue or on the next following business day.
Early repayment	EQDOM undertakes not to proceed to any early repayment on the bonds which are the subject of this issuance. However, EQDOM reserves the right to proceed, with the prior approval of Bank Al-Maghrib, to bond buybacks on the secondary market, provided that legal and regulatory provisions allow, such redemptions being without consequences for a subscriber wishing to hold his securities until normal maturity and without affecting the normal repayment schedule. The bonds thus bought back can only be canceled with the agreement of Bank Al-Maghrib.
Assimilation clause	The bonds issued by EQDOM are not assimilated to the securities of a previous issue. In the event that Eqdom subsequently issues new securities having, in all respects, rights identical to those of this issue, it may, without the consent of the holders (provided that the issue contracts so provide), proceed to the assimilation of all the securities of the successive issues, thus unifying all the operations relating to their management and their negotiation.
Bond ranking	Bonds issued by EQDOM and their interests constitute direct, general, unconditional and unsubordinated bonds from the Issuer, ranking paripassu with each other and all other unsecured, present or future debts of the Issuer.
Repayment guarantee	Bonds issued by EQDOM are not covered by any guarantee.
Rating	Bonds issued by EQDOM have not been the subject of a rating request.
Applicable law	Moroccan law.
Jurisdiction	Casablanca Commercial Court.
Bondholders representation	Pending the General Meeting of the Bondholders, the Board of Directors of EQDOM held on 14/11/2019 designates Mr. Mohamed HDID as provisional representative of the bondholders. This decision will take effect as of the opening of the subscription period. In addition, the Board of Directors undertakes to convene the general meeting of bondholders to appoint the bondholders' definitive representative within 6 months from the opening of the subscription period. Mr. Mohamed HDID does not maintain any capital or business relationship with EQDOM.

Haron Babel
4, Yasmine 2, Ave. Taddart, Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

I.4.a. Event of default

An event of default ("Event of Default") is defined as the failure to pay all or part of the amount of the annuity consisting of capital and interest depreciation, owed by the Company with respect to any Bond, unless payment is made within 14 business days of the due date.

In the event of the occurrence of an Event of Default, the Bondholders' Representative must immediately send a formal notice to the Company to remedy the Event of Default with an order to pay any amount in annuity due by the Company in the 14 working days following the formal notice.

If the Company has not remedied the Default Event within 14 working days from the date of receipt of the formal notice, the Bondholders' Representative may (after convening the general meeting of bondholders, and upon decision of the latter acting under the conditions of quorum and majority provided for by law and on simple written notification to the Issuer, with a copy to the paying agent and to the AMMC) make the entire issue obligatory, automatically entailing the obligation for the Company to repay such Bonds in the amount of principal plus interest accrued since the last interest payment date and accrued interest not yet paid. (Principal being the outstanding principal)

Haron & Babel
47, Yasmina 2, Ave. Taddart, Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

Part II. Presentation of the issuer

Baron & Babel
43, Yasmina 2, Ave. Taddert, Casablanca
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

II.1. General information

Company name	EQDOM
Headquarters	127, Bd Zerktouni, Casablanca
Telephone	05.22.25.99.99
Fax	05.22.25.00.06
Website	www.EQDOMnet.ma
Legal status	Public limited company with Board of Directors, Moroccan private law
Share capital as of 30/06/2019	167.025.000 dirhams, divided into 1,670,250 shares, fully paid up and with a par value of 100 dirhams each
Date of incorporation	September 2 nd , 1974
Lifespan	99 years, from the date of incorporation, except in the case of early dissolution or extension provided for in the articles of association
Registration number in the trade register	32775 - Casablanca
Fiscal year	The fiscal year begins on January 1 and ends on December 31
Corporate purpose (Article 3 of the Articles of Association)	<ul style="list-style-type: none"> ▪ "All financing and credit operations, such as to enable or facilitate the payment of any tangible asset, including all household appliances, bicycle and moped, furnishings and office technology; ▪ All financing and credit operations, such as to enable or facilitate the payment of any goods or services of an economic, sociocultural or health/well-being nature; ▪ and generally any financial, commercial, industrial, movable or immovable transaction relating directly or indirectly to these purposes."
Legal documents	The articles of association, the minutes of general meetings and the reports from Statutory Auditors can be consulted at EQDOM's headquarters: 127, Bd Zerktouni, Casablanca
List of applicable laws and regulations	<p>Through its legal status, EQDOM is governed by Law N° 17-95 of August 30, 1996, related to limited companies as amended and completed</p> <ul style="list-style-type: none"> ▪ Law N° 1-14-193 of the Rabii I 1436 (December 24, 2014) promulgating Law N° 103-12 related to credit institutions and assimilated organizations; <p>Because of its stock market listing, EQDOM is subject to the provisions of the:</p> <ul style="list-style-type: none"> ▪ General Regulation of the Casablanca Stock Exchange approved by Order of the Minister of the Economy and Finance, N° 2208-19 of July 3, 2019. ▪ Dahir (Royal Decree) bearing Law N° 1-96-246 of January 9, 1997, promulgating Law N° 35-96 related to the creation of a central depository and to the institution of a general system for the book-entry of certain securities; ▪ General Regulation of the central depository approved by order of the Minister of Economy and Finance N° 932-98 of April 16, 1998 and amended by the Order of the Minister of Economy, Finance, Privatization and Tourism N° 1961-01 of October 30, 2001; ▪ Dahir N° 1-04-21 of April 21, 2004, promulgating Law N° 26-03 related to the public offers on the stock market, as amended and completed; ▪ General Regulation of the AMMC approved by the Order of the Minister of Economy and Finance N° 2169-16 of 9 Chaoual, 1437 (July 14, 2016); ▪ Dahir N° 1-13-21 of March 13, 2013, promulgating Law N° 43-12 related to the Moroccan Capital Market Authority;

	<ul style="list-style-type: none"> ▪ Dahir N° 1-12-55 of 14 Safar, 1434 (December 28, 2012), promulgating Law N° 44-12 on public offerings and information required of legal persons and bodies making public offerings of securities. ▪ AMMC bulletins; <p>By issuing Finance Company Bonds (BSF), EQDOM is subject to the provisions of:</p> <ul style="list-style-type: none"> ▪ Dahir N° 1-95-3 of 26 January, 1995, promulgating Act N° 35-94 related to certain negotiable debt securities as amended and supplemented.
Tax system	EQDOM is governed by the applicable commercial and tax legislation applicable to financing companies. It is subject to corporate tax (37%) and VAT (10% for consumer credit and 20% for leasing with purchase option (LOA))
Court of jurisdiction in case of dispute	Casablanca Commercial Court

Aaron & Babel
 4, Yasmine 2, Ave. Taddart, Casablanca 20420
 Office: 0522 21 34 53
 MOb: 06 61 77 08 38

II.2. Information about the issuer's capital

II.2.a. Current Share Ownership

As of June 30, 2019, the detailed breakdown of EQDOM's share capital is as follows:

Shareholder	Number of shares held	% of share capital	Number of votes	% of voting rights held
SGMB	897 241	53,72%	897 241	53,72%
RCAR	281 972	16,88%	281 972	16,88%
CIMR	100 606	6,02%	100 606	6,02%
SCR	86 668	5,19%	86 668	5,19%
INVESTIMA	51 812	3,10%	51 812	3,10%
SAHAM ASSURANCE	25 173	1,51%	25 173	1,51%
ALLIANZ MAROC	19 388	1,16%	19 388	1,16%
CathelleEdet	1	0,0%	1	0,0%
Khalid CHAMI	1	0,0%	1	0,0%
Gérard TOUATI	1	0,0%	1	0,0%
Abdelaziz TAZI	1	0,0%	1	0,0%
Mustapha BAKKOURY	1	0,0%	1	0,0%
OtherShareholders	207 385	12,42%	207 385	12,42%
Total	1 670 250	100%	1 670 250	100%

Source: EQDOM

NB: It should be specified that the percentage ownership of capital corresponds to the percentage of voting rights.

II.2.b. Evolution of the Company's shareholders

EQDOM shareholding has evolved as follows over the last five years:

Shareholder	2014		2015		2016		2017		2018*	
	Shares	%**	Shares	%**	Shares	%**	Shares	%**	Shares	%**
SG Financial Services Holding	583 681	35,0%	583 681	35,0%	583 681	35,0%	583 681	35,0%	-	-
SGMB	313 560	18,8%	313 560	18,0%	313 560	18,8%	313 560	18,8%	897 241	53,7%
RCAR	281 972	16,9%	281 972	16,9%	281 972	16,9%	281 972	16,9%	281 972	16,9%
CIMR	100 606	6,0%	100 606	6,0%	100 606	6,0%	100 606	6,0%	100 606	6,0%
SCR	-	-	77 675	4,7%	-	-	-	-	-	-
Investima	51812	3,1%	51 812	3,1%	51 812	3,1%	51 812	3,1%	51 812	3,1%
Allianz Maroc	-	-	41 330	2,5%	41 331	2,5%	22 885	1,4%	22 885	1,4%
Saham Assurance	-	-	25 172	1,5%	25 173	1,5%	25 173	1,5%	25 173	1,5%
OtherShareholders	338 619	20,3%	194 442	11,7%	272 115	16,3%	290 561	17,4%	290 561	17,4%
Total	1 670 250	100%	1 670 250	100%	1 670 250	100%	1 670 250	100%	1 670 250	100%

Source: EQDOM

* Acquisition of 34.95% of EQDOM's capital by SGMB from SG Finance Services Holding on June 1, 2018

NB: It should be specified that the percentage ownership of capital corresponds to the percentage of voting rights.

** Rounded up to the nearest decimal place

Haroun Babel
 4, Yasmina 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

II.3. EQDOM Governance

EQDOM operates under the direction of senior management, with the supervision of a board of directors:

II.3.a. Board of directors

As of 30/09/2019, the EQDOM Board of Directors is composed of 10 members and chaired by Mr. Khalid Chami.

The current composition of the EQDOM Board of Directors as well as the start and expiry dates of their terms of office is as follows:

First and last name	Position	Term starting date	Term expiry date
Khalid CHAMI	Chairman of the Board of Directors	AGM on 13/09/2018	AGM ruling on 2019 accounts
Amina FIGUIGUI	Independent board member	AGM on 13/09/2018	AGO statuant sur les comptes de 2021
Cathelle EDET	Board member	AGM on 28/05/2018	AGM ruling on 2019 accounts
Mustapha BAKKOURY	Board member	AGM on 11/05/2017	AGM ruling on 2022 accounts
Abdelaziz TAZI	Board member	AGM on 11/05/2017	AGM ruling on 2022 accounts
Mohamed TAHRI	Board member	Board meeting on 26/09/2019 (Proposal not ratified by AGM and in process of approval by Bank Al Maghrib)	AGM ruling on 2022 accounts
Saïd RKAIBI	Board member	AGM on 15/05/2018	AGM ruling on 2022 accounts
SGMB (represented by its Chairman of the Executive Board Mr. Ahmed EL YACOUBI)	Board member	AGM on 11/05/2017	AGM ruling on 2022 accounts
CIMR (represented by its Chairman and Chief Executive Officer, Mr Khalid CHEDDADI)	Board member	AGM on 11/05/2017	AGM ruling on 2022 accounts
SCR (represented by its Chief Executive Officer Mr Youssef FASSI FIIHRI)	Board member	AGM on 11/05/2017	AGM ruling on 2022 accounts
Gérard TOUATI	Board member	AGM on 15/05/2018	AGM ruling on 2022 accounts

Source: EQDOM

The composition of the Board of Directors, as well as the appointment and dismissal of its members are provided for by the provisions of Article 16 of EQDOM Articles of Association.

Aaron Babel
 4, Yasmîna 2, Ave. Taddart, Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

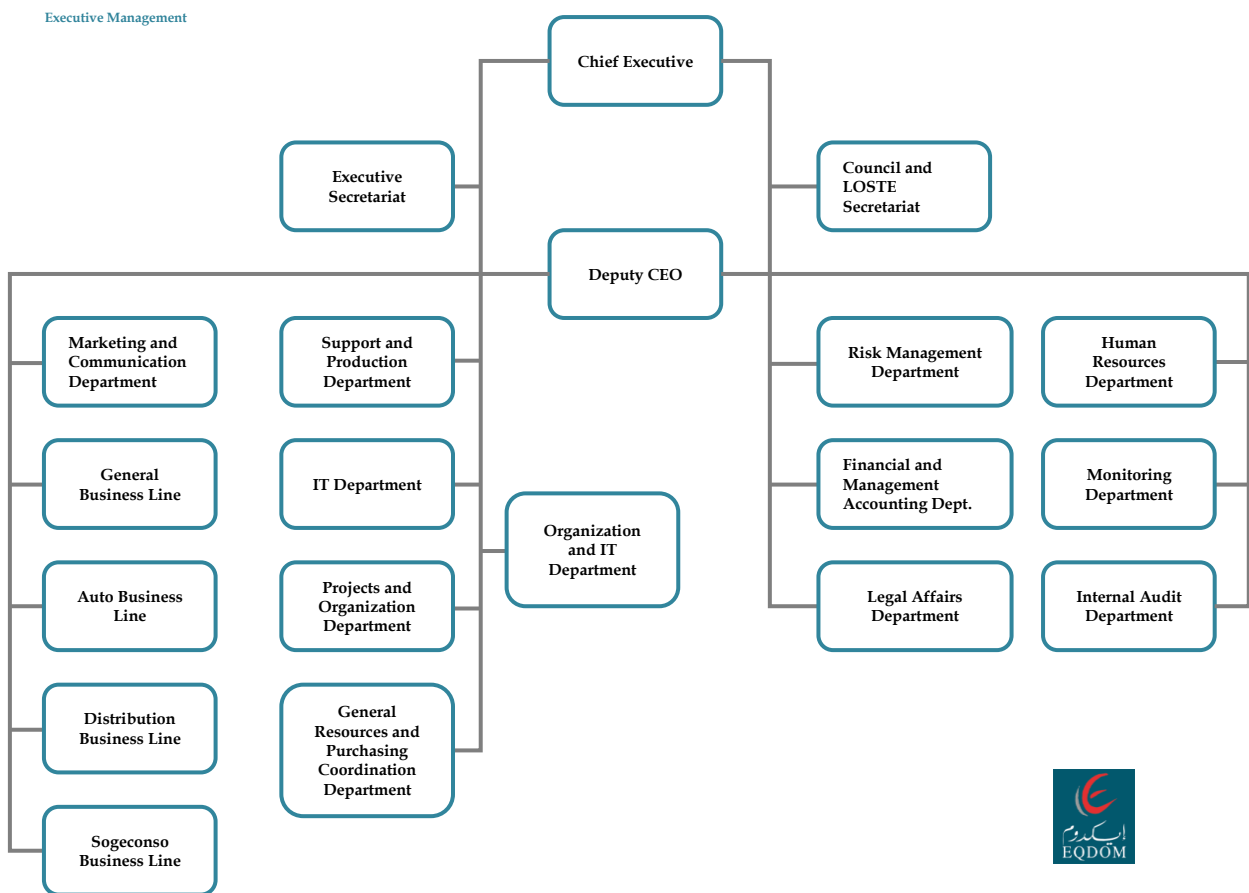
II.3.b. Executive management:

The primary leaders of the company are:

First and Last Name	Date of entry into office	Position held	Term expiry date	Other positions held in other entities
Mr. Ben Boujida Youness	2014	Chief Executive Officer	n/a	None
Mr. Vincent Jean-Philippe	2019	Deputy CEO	n/a	None

II.3.a. Operational flowchart of EQDOM:

The company operational flow chart as of 30/06/2019 is as follows:



Haron Babel
 4, Yasmina 2, Ave. Taddert, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

II.4. Evolution of the operational indicators of EQDOM

II.4.a. Distribution network

	Distribution network		
	2016	2017	2018
Branch offices	23	24	25
Companies under agreement	402	340	375
Authorized intermediaries	100	108	106

Source: EQDOM

Between 2016 and 2018, and alongside the launch of new products, EQDOM made a special effort to strengthen and optimize its commercial coverage of the country by expanding its network of intermediaries across various cities in the Kingdom.

At the end of June 2019, several commercial partnerships were established with distribution chains, notably Aswak Assalam, which currently has 13 stores in the cities of Rabat, Kenitra, Temara, Casablanca, Mohammedia, Marrakesh, Agadir, Oujda, Tangier and Essaouira.

II.4.b. Production

In MAD million (MMAD)	2016	2017	2018	CAGR16/18
Gross Production of EQDOM	4 716	4 350	4 869	2%
Change in %	-	-8%	12%	
Net production of EQDOM	2 033	1 841	2 222	4,5%
Change in %	-	-9%	21%	

Source: EQDOM

Between 2016 and 2018, the gross production of EQDOM increased at an average annual growth rate of 2% from 4.7 to 4.9 billion dirhams over the period considered.

For its part, EQDOM's net production is growing at an average annual growth rate of + 4.6%, rising from 2.0 to 2.2 billion dirhams between 2016 and 2018, the result of EQDOM's sales momentum associated with a growing market.

In MAD million (MMAD)	2016	2017	2018
Net production of EQDOM	2 033	1 841	2 222
Change in %	-	-9%	21%
Net production of the sector	17 501	15 440	16 824
Change in %	-	6%	9%
EQDOM market share	11,6%	11,9%	13,2%

Source: APSF

Net production shows an increase of 21% between 2017 and 2018 and amounts to 2.2 billion dirhams.

EQDOM's share of sector net production is up (13.21% in 2018 compared to 11.92% in 2017) due to the increase in the company's net production compared to the more moderate growth in the sector's net production between 2017 and 2018 (+ 7.5%).

In 2017, EQDOM's share of sector net production was 12%, compared to 14% in 2016, a decrease of 2 percentage points compared to the previous year. This change was mainly due to EQDOM production being down 9% in a growing market (+ 6% compared to 2016).

Aaron Babel
 4, Yasmine 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

The drop in EQDOM production can be explained by an 18% decrease recorded in personal loans compared to the 2016 fiscal year. This setback was mainly related to the full-year effect of the termination of the CMR agreement (12 months in 2017 against 6 months in 2016).

II.4.c. Projects financed

	2016	2017	2018	CAGR 18/16
Number of projects financed	47 307	40 388	41 879	-5,91%
Average amount of projects financed (dirhams)	98 948	107 633	116 245	8,40%
Average loan period (months)	73	75	76	2,00%

Source: EQDOM

The average amount of the projects financed registered an average annual growth rate of 8.4%, reaching 116245 dirhams in 2018 against 98948 dirhams in 2016.

The increase in the average amount of projects financed is due to an increase in production in the automotive segment.

The average loan period was 76 months in 2018, 75 months in 2017 and 73 months in 2016.

II.4.d. Gross credit outstanding

The evolution of gross credit outstanding

In MAD million (MMAD)	2016	2017	2018
EQDOM gross credit outstanding	8 813	8 911	9 368
Change in %	0,22%	1,11%	5,13%
Sector gross credit outstanding	45 502	48 700	52 135
Change in %	7,39%	7,02%	7,06%
%/ sector	19,40%	18,30%	18,0%

EQDOM's gross credit outstanding remained stable between 2016 and 2017 against an outstanding sector expanding at 7% per year, thus losing EQDOM market share.

In 2018, the outstanding sector shows evolution that allows EQDOM to maintain its market share.

EQDOM is the second largest provider of consumer credit in Morocco in terms of credit outstanding (source: APSF 2018).

Aaron Babel
 4, Yasmina 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 MOb: 06 61 77 08 38

Part III. EQDOM Financial Data

Haron & Babel
47, Yasmina 2, Ave. Taddert, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

III.1. Key indicators

In MAD million (MMAD)	2016	2017	Change 17/16	2018	Change18/17
Net Banking Income (NBI)	609	558	-8%	530	-5%
General operating expenses	-257	-232	-10%	-240	3%
Net Cost of Risk	-111	-101	-9%	-76	-25%
Net Profit	136	135	-1%	131	-3%

Credit outstanding	9 416	9 771	4%	10 431	7%
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In 2017, Net Profit shows a 1% decrease due mainly to:

- The decline in net banking income of 8% compared to 2016 due to the decrease in banking operating income on the business of personal credit. The refinancing savings and the correct behavior of lease (with option to purchase) fees did not fully offset this decline. Note also the reclassification to NBI of a portion of the reserved premiums previously provisioned in the net cost of risk, following the establishment of the automatic Provisions processing. Apart from this exceptional event, the decrease would have been -6.6%
- The decrease in general operating expenses by 10% compared to 2016. Note two non-recurring events with a tax reminder in 2016 and a correction of income tax (IR) in 2017.
- The decline in the net cost of risk to 101 MMAD vs 111 MMAD in 2016, explained by the decrease in inflows due to the volume of production on conventional loans and correct risk control on leases with option to purchase. It should be noted that the 2017 financial year was marked by the recognition of a write-off of 11.4 MMAD to lighten the balance sheet of old unpaid receivables fully provisioned and presenting no chance of recovery.

In 2018, the net result shows a decline of 3% mainly due to:

- The decrease in net banking income of 5% compared to 2017 (-29 MMAD), explained by the decrease in the interest margin, partially offset by the increase in commissions received.
- The increase in general operating expenses of 3% compared to 2017 resulting mainly from the increase in commissions paid (+6 MMAD) related to the increase in production (+ 21%). Restated commissions directly related to production, general operating expenses would be up 0.9%.
- The decrease in the Net Cost of Risk to 76 MMAD in 2018 vs 101 MMAD in 2017, mainly explained by the decrease in defaulted inflows on conventional loans and correct risk control on the lease option.

Credit outstanding stood at 9771 MMAD in 2017 and 10431 MMAD in 2018, representing an increase of + 4% and + 7%, respectively. This change results from the decrease in the outstanding amount of Personal Loan and the increase in outstanding automobile loans.

Haron Babel
 4, Yasmina 2, Ave. Taddart, Casablanca
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

III.2. Consolidated financial statements:

Consolidated income statement

The following table presents EQDOM's consolidated income statement data for the 2016-2018 period:

In MAD '000 (KMAD)	2016	2017	Change 17/16	2018	Change 18/17
BANKING OPERATING INCOME	1 811 825	2 001 729	10,5%	2 235 806	11,7%
Interest and similar income on transactions with credit institutions	42	67	59,5%	92	37,3%
Interest and similar income on customer transactions	653 756	576 752	-11,8%	535 088	-7,2%
Revenue from Capital Leases and rentals	1 072 462	1 321 172	23,19%	1 580 114	19,6%
Commissions on services	85 489	103 706	21,3%	120 512	16,2%
Other banking income	76	32	-57,9%	0	-100,0%
BANKING OPERATING EXPENSES	1 202 990	1 443 531	20,0%	1 706 151	18,2%
Interest and similar expenses on transactions with credit institutions	78 305	60 345	-22,9%	24 387	-59,6%
Interest and similar expenses on debt securities issued	121 963	118 157	-3,1%	145 427	23,1%
Expenses on fixed assets in capital leasing and rentals	1 001 942	1 264 268	26,2%	1 535 519	21,5%
Other banking expenses	780	761	-2,4%	818	7,5%
NET BANKING INCOME	608 835	558 198	-8,3%	529 655	-5,1%
Non-banking income	43	48	11,6%	282	487,5%
Non-banking operating expenses	9 692	0	-100,0%	0	
GENERAL OPERATING EXPENSES	257 005	232 099	-9,7%	239 633	3,3%
Personnel expenses	84 786	85 441	0,8%	88 934	4,1%
Duties and taxes	2 140	2 142	0,1%	2 190	2,2%
External expenses	133 719	127 685	-4,5%	133 845	4,8%
Other general operating expenses	21 528	4 629	-78,5%	4 482	-3,2%
Depreciation and provisions of intangible and tangible assets	14 832	12 202	-17,7%	10 182	-16,6%
GROSS OPERATING INCOME	342 181	326 147	-4,7%	290 304	-11,0%
DEPRECIATION, AMORTIZATION AND LOSSES ON BAD DEBTS	496 003	234 058	-52,8%	212 827	-9,1%
Provisions for non performing loans and signature commitments	194 500	208 439	7,2%	193 446	-7,2%
Losses on bad debts	293 814	11 364	-96,1%	9 077	-20,1%
Other additions to provisions	7 689	14 255	85,4%	10 304	-27,7%
RECOVERY OF PROVISIONS AND RECOVERIES ON AMORTIZED CLAIMS	411 871	124 789	-69,7%	132 660	6,3%
Reversals of provisions for claims and commitments by outstanding signature	374 973	111 269	-70,3%	109 255	-1,8%
Recoveries on amortized receivables	2 290	7 193	214,1%	17 111	137,9%
Other reversals of provisions	34 608	6 327	-81,7%	6 294	-0,5%
CURRENT INCOME	258 049	216 878	-16,0%	210 137	-3,1%
Non-recurring income	4 723	1 676	-64,5%	2 109	25,8%
Non-recurring expenses	108 072	2 526	-97,7%	4	-99,8%
INCOME BEFORE TAXES	154 700	216 028	39,6%	212 242	-1,8%
Income tax	18 238	81 007	344,2%	81 453	0,6%
NET INCOME	136 462	135 021	-1,1%	130 790	-3,1%
Group share	135 640	134 260	-1,0%	130 059	-3,1
Share of minority interests	822	761	-7,4%	731	-3,9%

Haron Babel
 4, Yasmina 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 M6: 06 61 77 08 38

Consolidated balance sheet

The following table details the elements of EQDOM's balance sheet for the 2016-2018 period:

ASSETS (in MAD '000 - KMAD)	2016	2017	Change 17/16	2018	Change 18/17
1. Cash on hand, Central Banks, Treasury, Postal Check Service	8 064	12 851	59,4%	12 455	-3,1%
2. Claims on credit institutions and similar	36 963	29 307	-20,7%	381	-98,7%
• On demand	36 963	29 307	-20,7%	381	-98,7%
• At term					
3. Customer claims	6 759 731	6 394 556	-5,4%	6 618 648	3,5%
• Cash and consumer loans	6 635 233	6 270 312	-5,5%	6 484 403	3,4%
• Equipment loans					
• Real estate loans					
• Other loans	124 498	124 244	-0,2%	134 245	8,1%
4. Leasing and rental transactions					
5. Accounts receivable by billing					
6. Transaction and investment securities					
7. Other assets	436 653	536 778	22,9%	499 165	-7,0%
8. Investment securities					
9. Equity and related employment					
10. Equity-accounted securities					
11. Subordinated claims					
12. Intangible assets	11 000	10 255	-6,8%	11 402	11,2%
13. Property, plant and equipment	74 556	67 695	-9,2%	62 424	-7,8%
14. Goodwill					
Total Assets	7 326 967	7 051 442	-3,8%	7 204 475	2,2%

The outstanding amounts of leasing transactions are recorded under the heading of Cash and Consumer Credits. Outstanding amounts are presented net of the Guarantee Deposit.

Aaron Babel
 4, Yasmina 2, Ave. Taddart, Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

LIABILITIES (InMAD'000 - KMAD)	2016	2017	Change 17/16	2018	Change 18/17
1. Cash on hand, Central Banks, Postal Check Service					
2. Debt to credit institutions and similar	2 692 771	770 691	-71,38%	699 943	-9,18%
• On demand	28 265	17 531	-38,00%	43 382	147,46%
• At term	2 664 506	753 160	-71,70%	656 561	-12,83%
3. Customer deposits	0	0			
4. Debt securities issued	2 791 933	4 398 518	57,50%	4 645 965	5,63%
• Negotiable debt securities issued	2 791 933	4 398 518	57,50%	4 645 965	5,63%
• Bonds issued					
• Other debt securities issued					
5. Other liabilities	314 419	354 234	12,70%	331 819	-6,33%
6. Goodwill					
7. Provisions for risks and expenses	12 175	20 102	65,10%	24 113	19,95%
8. Regulated provisions					
9. Grants, affected public funds and special guarantee funds					
10. Subordinated debt					
11. Capital premiums	83 325	83 325	0,00%	83 325	0,00%
12. Capital	167 025	167 025	0,00%	167 025	0,00%
13. Shareholders. Unpaid capital (-)					
14. Consolidated reserves, revaluation surpluses, foreign exchange adjustments and differences on equity method	1 128 857	1 122 526	-0,60%	1 121 495	-0,09%
• Group Share	1 128 838	1 122 507	0,00%	1 121 476	-0,09%
• Share of minority interests	19	19	0,00%	19	0,00%
15. Net profit for the year (+/-)	136 462	135 021	-1,10%	130 790	-3,13%
• Group Share	135 640	134 260	-1,00%	130 059	-3,13%
• Share of minority interests	822	761	-7,40%	731	-3,94%
Total Liabilities	7 326 967	7 051 442	-3,80%	7 204 475	2,17%

EQDOM's consolidated balance sheet totaled MAD 7 204.5 million in 2018, compared to MAD 7,051.4 million in 2017, representing an average annual variation of 2.2% between 2017 and 2018.

Haron Babel
 4, Yasmina 2 Ave. Taddert, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

III.3. Half-year consolidated financial statements (at 30/06/2018 and 30/06/2019):

In MAD million (MMAD)	30/06/2018	30/06/2019	Change 19/18
Net Banking Income (NBI)	272	273	0,1%
General Operating Expenses	-123	-119	-3,5%
Net Costs of Risks	-129	-184	42,3%
Net Income	84	80	-4,6%

As of 30/06/2019, the net income shows a decline of 4.6% mainly due to the following:

- Net banking income rose slightly by 0.1% from 272.5 MMAD on 30/06/2018 to 272.7 MMAD on 30/06/2019. This variation is explained by the combined effect of the increase in banking operating expenses compared to the banking operating income.
- At 30/06/2019, general operating expenses decreased by 3.5% compared to 30/06/2018 to reach 118.9 million dirhams. This decrease is mainly due to:
 - o Decrease in personnel expenses by 2.1% due to the decrease in the workforce (retirement, resignation, dismissal);
 - o The decrease in external expenses of 3.7% mainly due to the decrease in advertising expenses.
- Allowances for bad debt provisions and losses were up 42.3% between 30/06/2019 and 30/06/2018 and from 129.3 to 183.9 MMAD due to increased bad debt losses.

Haron Babel
 4, Yasmine 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

Consolidated half-yearly income statement

The following table presents the half-yearly data from EQDOM's consolidated income statement:

In MAD'000 (KMAD)	30/06/2018	30/06/2019	Ch. 19/18
BANKING OPERATING INCOME	1 099 473	1 197 418	8,9%
Interest and similar income on transactions with credit institutions	64	14	-78,1%
Interest and similar income on customer transactions	268 280	269 986	0,6%
Income from capital leases and rentals	769 258	853 077	10,9%
Commissions on services	61 871	67 311	8,8%
Other banking products	0	7 030	>100%
BANKING OPERATING EXPENSES	826 992	924 736	11,8%
Interest and similar expenses on transactions with credit institutions	11 790	16 388	39,0%
Interest and similar expenses on debt securities issued	70 849	74 980	5,8%
Expenses on fixed assets in leasing and rentals	743 952	833 001	12,0%
Other banking expenses	401	367	-8,5%
NET BANKING INCOME	272 481	272 682	0,1%
Non-banking income	24	5	-79,2%
Non-banking expenses	0	0	
GENERAL OPERATING EXPENSES	123 187	118 888	-3,5%
Personnel expenses	44 909	43 965	-2,1%
Duties and taxes	1 079	1 106	2,5%
External expenses	67 820	65 278	-3,7%
Other general operating expenses	4 156	4 154	0,0%
Amortization and provisions of intangible and tangible assets	5 223	4 385	-16,0%
GROSS OPERATING INCOME	149 318	153 799	3,0%
DEPRECIATION, AMORTIZATION AND LOSSES ON BAD DEBTS	129 257	183 940	42,3%
Provisions for non performing loans and outstanding signature commitments	124 658	129 147	3,6%
Losses on bad debts	2 519	49 806	1877,2%
Other additions to provisions	2 080	4 987	139,8%
RECOVERY OF PROVISIONS AND RECOVERIES ON AMORTIZED CLAIMS	95 932	150 101	56,5%
Reversals of provisions for claims and commitments by outstanding signature	82 447	137 744	67,1%
Recoveries on amortized receivables	9 405	8 097	-13,9%
Other reversals of provisions	4 080	4 260	4,4%
CURRENT RESULT	115 993	119 960	3,4%
Non-recurring income	0	9	>100%
Non-recurring expenses	0	2 390	>100%
INCOME BEFORE TAXES	115 993	117 579	1,4%
Income tax	43 832	48 182	9,9%
NET INCOME	72 161	69 397	-3,8%
Group Share	71 776	69 007	-3,9%
Share of minority interests	385	390	1,3%

Aaron Babel
 43, Yasmîna 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 M&M: 06 61 77 08 38

Consolidated half-year balance sheet

The following table details the elements of EQDOM balance sheet:

ASSETS (In MAD'000 - KMAD)	2018	30/06/2019	Ch. 18/19
1. Cash on hand, Central Banks, Treasury, Postal Check Service	12 455	1 889	-84,8%
2. Claims on credit institutions and similar	381	901	136,5%
• On demand	381	901	136,5%
• At term			
3. Claims on customers	4 997 738	5 235 577	4,8%
• Cash and consumer loans	4 863 493	5 080 142	4,5%
• Equipment loans			
• Real estate loans			
• Other Loans	134 245	155 435	15,8%
4. Leasing and rental transactions	1 620 910	1 666 583	2,8%
5. Accounts receivable through billing			
6. Transaction and investment securities			
7. Other Assets	499 165	537 313	7,6%
8. Investment securities			
9. Equity and related employment			
10. Equity-accounted securities			
11. Subordinated claims			
12. Intangible assets	11 402	15 501	35,9%
13. Property, plant and equipment	62 424	59 187	-5,2%
14. Goodwill			
Total Assets	7 204 475	7 516 951	4,3%


 Hannon & Babel
 4, Yasmina 2, Ave. Taddart, Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

LIABILITIES (In MAD'000 - KMAD)	2018	30/06/2019	Ch. 18/19
1. Central Banks, Treasury, Postal Check Service			
2. Debt to credit institutions and similar	699 943	1 233 551	76,2%
• On demand	43 382	84 838	95,6%
• At term	656 561	1 148 713	75,0%
3. Customer deposits			
4. Debt securities issued	4 645 965	4 470 340	-3,8%
• Negotiable debt securities issued	4 645 965	4 470 340	-3,8%
• Bonds issued			
• Other debt securities issued			
5. Other liabilities	331 819	347 200	4,6%
6. Goodwill			
7. Provisions for risks and expenses	24 113	24 840	3,0%
8. Regulated provisions			
9. Grants, affected public funds and special guarantee funds			
10. Subordinated debt			
11. Capital premiums	83 325	83 325	0,0%
12. Capital	167 025	167 025	0,0%
13. Shareholders. Unpaid capital (-)			
14. Consolidated reserves, revaluation surpluses, foreign exchange adjustments and differences on equity method	1 121 495	1 121 273	0,0%
• Group Share	1 121 476	1 121 254	0,0%
• Share of minority interests	19	19	0,0%
15. Net profit for the year (+/-)	130 790	69 397	-46,9%
• Group Share	130 059	69 007	-46,9%
• Share of minority interests	731	390	-46,6%
Total Liabilities	7 204 475	7 516 951	4,3%


 Aaron Babel
 4, Yasmîna 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

Part IV. Risk

Aaron & Babel
47, Yasmina 2, Ave. Taddert, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

IV.1. Risks related to the issuer

EQDOM has a risk factor management system due to the risks it incurs in connection with its activity. The main risk factors are client risk, interest rate risk, operating risk and the risk of fraud.

IV.1.a. Client Risk

EQDOM maintains its risk management system by improving procedures for the collection of operational losses and setting up the self-assessment of risks and controls and Permanent Surveillance as well as compliance with credit granting procedures.

EQDOM's clientele is divided into three categories: Civil servants and retirees, employees of regulated companies and direct customers.

Each category has specific risks which are presented below:

SEGMENT OF CONTRACTED CLIENTS

The contracted company agrees to deduct the amount of the monthly payment due to EQDOM from the salary of its employees. Events that can lead to an unpaid situation in this segment are:

- The bankruptcy of the company: To minimize this risk, EQDOM ensures, before the signing of the agreement, the solvency of the company and selects carefully the eligible sectors of activity.
- It is difficult for the consumer credit company to recover its claim as the client is no longer able to honor his obligations due to the loss of his job. To minimize this risk, EQDOM only finances credit applications made by regular and confirmed employees in their workstations.
- Failure by the employer to repay the monthly payments: This case is rare and concerns employers who, for various reasons, including cash, take the monthly payment but do not return it to EQDOM. However, it should be noted that in this case, the employer exposes himself to legal proceedings.

This risk is nevertheless mitigated by EQDOM's selective policy in the context of the acceptance of credit files.

SEGMENT OF CIVIL SERVANTS AND RETIREES

The risk of dismissal or departure of an official remains, even if it remains comparatively weak compared to the years 2005 and 2006; This period was marked by the voluntary departure of a large number of officials on early retirement. Today, voluntary departure for early retirement is less and less seen.

A memorandum of understanding was signed, at the initiative of EQDOM in 2005, between the CMR (Moroccan Pension Fund) and five financing companies which were members of the Professional Association of Financing Companies (APSF). The purpose of the said memorandum was to lay down the terms and conditions of the withholding tax to the benefit of the financing companies with respect to the loans that they will grant to the CMR-affiliated retirees.

SEGMENT OF DIRECT CUSTOMERS (NON-CONTRACTED AND NON-CIVIL SERVANT)

This category presents a high risk to the extent that:

- Monthly payments are not deducted at the source, unlike contracted clients and civil servants;
- The setting up of an irrevocable direct debit from the customer's bank account does not constitute a guarantee of settlement of the deadlines, especially in the case where the bank account is insufficiently provisioned.

Haron Babel
 47, Yasmina 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06-61-77-08-38

For this segment, EQDOM intends to develop gradually and in calculated manner, thanks to a strict selectivity in granting credit. EQDOM aims to achieve healthy and sustainable growth in a segment with potential for development.

IV.1.b. Risk linked to changes in the maximum conventional interest rate

The maximum conventional interest rate is calculated by the monetary authorities on the basis of the annual weighted average interest rate of the previous year, which is assigned a margin coefficient.

The maximum rate that can be applied today by the profession is 13.57% (effective since April 2019). The evolution of the maximum rate of conventional interest has a significant impact on the profitability of the sector and, more particularly, on the small consumer credit companies which often have less control over the risks in case of a fall in the maximum rate of conventional interest and who are not always able to pass on the fall in their margin to their refinancing costs.

In this context, EQDOM has the means to adapt to the decline in the maximum conventional interest rate, in particular through the development of commercial activity both by the launch of new products and the continuous improvement of team productivity.

IV.1.c. Interest rate risk

Like all financial institutions, EQDOM is exposed to interest rate risk. A rise in interest rates on the market would imply an increase in the cost of refinancing.

In this context, EQDOM has the means to adapt to interest rate fluctuations thanks to the diversification of its sources of financing, notably through the BSF issuance program that is the subject of this information package.

IV.1.d. Operating Risk

EQDOM has a Business Continuity Plan (BCP) and crisis management and secures its exchanges with the various partners.

EQDOM also has a Computer Continuity Plan (CCP) which consists of setting up an emergency computer platform in the event of a crisis. This same plan is adapted to the requirements of the BCP plan.

➤ BCP/CCP Tests:

Both tests were conducted over the 2018 fiscal year:

- Fallback test simulating the unavailability of headquarters (conclusive test).
- Test failover (CCP) in case of unavailability of the IT facilities (inconclusive test).

IV.1.e. Operating Risk

EQDOM has set up a system to manage operational risks. This system consists of:

- Establishment of procedures governing operational risk management, operational controls, the fight against external fraud and the collection of operational losses
- Declaration of fraud and operational losses, completeness check and monitoring of the implementation of corrective actions
- Monitoring of risk indicators

Haron & Babel
47, Yasmina 2, Ave. Taddart, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38

- Self assessment of risks and inspections/supervision
- Periodic reporting on operational risk monitoring indicators
- Training and sensitization of the actors concerned, especially the account managers.

IV.1.f. Risk relating to asset / liability backing

The company has adopted the precautionary principles of the group to which it belongs. These include:

- Trading in fixed rate loans and borrowings;
- The backing of the refinancing source structure to client receivables by maturity.

In addition, in the context of the continuous reinforcement of the monitoring of the interest rate and liquidity risk, several actions have been put in place by the company. These include:

- The development, by the Finance Department, of quarterly reporting, intended for the parent company, on the management by maturity of assets and liabilities which essentially includes the backing of the sources of refinancing to the usage;
- The setting of internal limits in terms of overall interest rate risk and liquidity "sensitivity threshold". This threshold corresponds to the impact of the fluctuation of market rates of 1% on the company's income statement. This threshold is monitored by the parent company;
- Monitoring of refinancing authorizations (refinancing agreements received from banks) and their extension according to liquidity needs;
- Diversification of sources of refinancing (bank lines, finance company bonds/notes or "BSF").

IV.1.g. Risk of change in the regulatory framework

EQDOM is, like banks and other Moroccan finance companies, subject to the risk of regulatory change (tax measures of the Finance Act, Bank Al-Maghrib's measures in terms of decommissioning in default, measures relating to the protection of consumer, etc.), however, thanks to its monitoring system, supported by regular exchanges with the bank and the various supervisory bodies, particularly the Group, EQDOM is able to deal with this type of risk, and thus can either avoid them or limit their impacts.

IV.1.h. Risk of dependence on public servants

As it is one of the least risky segments in terms of lending, a relative concentration of lending in this segment has been noted among all market players.

A commercial policy firmly focused on diversified growth, combined with risk management in other segments, will enable EQDOM to soundly limit its level of concentration in this segment while developing its product mix.

IV.1.i. Risk of early repayment / redemption of loans

The risk of early repayment / redemption of loans is a risk inherent to EQDOM's activity – which is the subject of a specific follow-up. In order to mitigate the impact of said early repayment or redemption, EQDOM has put in place commercial provisions consisting of a close follow-up of the requests for issuance of RPA (Robotic Process Automation) notices in order to counteract the departures as much as possible.

Haron & Babel
 47, Yasmina 2, Ave. Taddart, Californie
 Casablanca 20420
 Office: 0522 21 34 53
 Mob: 06 61 77 08 38

IV.2. Operating Risks

IV.2.a. Liquidity risk

Subscribers to ordinary EQDOM bonds may be subject to liquidity risk on the secondary market for private debt. In fact, depending on the market conditions (liquidity, evolution of the reference curve, etc.), the liquidity of EQDOM securities may temporarily be affected.

IV.2.b. Interest rate risk

The bond issue covered by this prospectus is based on a fixed rate, calculated on the basis of the secondary curve of Treasury Bills as published by Al Maghrib on November 12, 2019. Thus, the value of fixed-rate bonds could vary up or down, depending on the evolution of the benchmark secondary market reference curve for Bank Al Maghrib.

DISCLAIMER

The aforementioned information is only a part of the prospectus approved by the Moroccan Capital Market Authority (AMMC) under the reference N° VI/EM/028/2019 on November 14, 2019.
The AMMC recommends reading the complete Prospectus made available to the public in French.

Aaron & Babel
47, Yasmina 2, Ave. Taddart, Californie
Casablanca 20420
Office: 0522 21 34 53
Mob: 06 61 77 08 38