بنك المغرب
BANK AL-MAGHRIB

ANNUAL REPORT ON BANKING SUPERVISION

YEAR 2015

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FOREWORD BY THE GOVERNOR

In 2015, the global economy grew at a moderate pace, amid an environment marked primarily by low oil prices and continued accommodative monetary policies of central banks in developed countries. Economic consolidation in these countries was broadly slow, while emerging economies showed a less rapid growth.

Nationally, thanks to a bumper crop year, gross domestic product (GDP) expanded by 4.5 percent, as against 2.6 percent a year earlier, reflecting a 12.8 percent increase in the agricultural value added and a growth of only 3.5 percent in non-agricultural sectors.

Against this backdrop, despite the narrowing of macroeconomic imbalances and the easing of bank liquidity and interest rates, bank lending to the non-financial sector decelerated substantially, as it grew by merely 0.8 percent. For the first time in the last 15 years, bank financing to businesses contracted by 2 percent, while loans to households continued to grow, up 5.6 percent.

Coupled with a further increase in credit risk, this trend caused a 6.5 percent decline in net income generated by banks on individual basis. On a consolidated basis, this income improved by 5.5 percent thanks to the good contribution of activities abroad.

In terms of prudential balances, the banking sector remained well capitalized, generating an average Tier 1 capital ratio of 11.8 percent and a capital adequacy ratio of 13.7 percent, defined according to Basel III rules. Banks also complied with the new minimum liquidity ratio that came into force on July 1, 2015.

As in previous years, Bank Al-Maghrib devoted special attention to the impact of economic conditions on bank balance sheets and continued to closely monitor credit and concentration risks and their coverage by adequate provisions. In response to the difficulties facing some large groups, which accumulated large debts, it put in place appropriate arrangements requiring banks to develop a system for collecting aggregate information on the financial debt and consolidated accounts of these counterparties.

Moreover, the rising cybercrime risks led Bank Al-Maghrib to examine with banks the necessary preventive measures and to issue a directive on intrusion tests that banks must conduct regularly on their information systems.

Bank Al-Maghrib also paid particular attention to the supervision of activities carried by banks abroad. It monitored the projects relating to the deployment of harmonized risk management arrangements, and strengthened information exchange with foreign supervisors, concluding two new cooperation agreements on banking supervision. For the second consecutive year, the Bank received the colleges of supervisors for cross-border banking groups to review the financial and prudential situation of these groups as well as their strategy and risk management. Two onsite monitoring missions at subsidiaries of these banks were conducted jointly with the authorities of the host country.

Regarding regulation, work focused on drafting the implement regulations of the banking law, published in January 2015. In this context, Bank Al-Maghrib adopted the circular on the information and documents necessary for reviewing licensing applications. After discussions with the banking industry, it also developed draft circulars relating to the rules governing independent directors, equity holdings and the protection of credit institutions' customers.

The Bank also developed regulations setting out the technical specifications of participatory finance products and launched the process of submitting licensing applications by the operators concerned. The standards governing how conventional banks can perform this activity through windows were also examined and discussed with the banking industry in order to promote balanced and healthy development of the market. In addition, based on a coordinated approach, it worked on the implementation of the support measures to promote this new financial industry, particularly in terms of tax and legal frameworks and the establishment of a market sovereign sukuk.

At the macro-prudential level, the Bank strengthened the analytical framework of financial system oversight, in coordination with the other members of the Coordinating and Systemic Risk Monitoring Committee. Its actions also focused on preparing the macro-prudential instruments recommended by the Basel Committee. In this context, it considered introducing in its regulatory framework the countercyclical capital buffer to mitigate, if necessary, risks from the credit cycle.

Turning to financial inclusion, the Bank, in partnership with the banking system, continued efforts to improve access to financial services. Thus, the banking network got larger to 6.139 branches and 6.529 ATMs and the rate of access to banking services rose to 68 percent. Beneficiaries of micro-credit exceeded 886.000 customers.

As part of furthering its financial literacy activities, the Bank organized in March 2015, under the aegis of the Moroccan Foundation for Financial Education, the 4th edition of the Finance Week, which benefited nearly 100.000 young people aged 8 to 17 years. It also extended its scope of action, together with relevant stakeholders, to very small enterprises through appropriate financial awareness programs.

As part of measures to support VSMEs, the financial support fund, set up with banks to co-finance viable enterprises facing temporary troubles because of economic conditions, has benefited since its establishment 183 enterprises for a budget of 1.2 billion dirhams, which helped save nearly 24.000 jobs.

Finally, a financial sector assessment program mission was jointly conducted in 2015 by the International Monetary Fund and the World Bank, after previous missions in 2002 and 2007. The mission concluded that the banking system is sound and resilient to a set of stress test scenarios and confirmed the progress made in terms of micro- and macro-prudential supervision, crisis resolution and financial inclusion. It identified a number of improvements that the Bank and the other authorities concerned are working to implement.

HIGHLIGHTS OF 2015

January 22 : Law No. 103-12 on credit institutions and similar entities was published in the Official Bulletin.

January 25 : Bank Al-Maghrib participated in a study visit organized by the Central Bank of Bahrain for seven members of the CSO (Muslim Scholars Council) to ask about the Bahraini experience in Islamic finance.

February 23 : Bank Al-Maghrib participated in a study visit organized by the Central Bank of Malaysia on Islamic finance.

March 5 : Bank Al-Maghrib organized the 12th meeting of the Group of French-Speaking Banking Supervisors.

March 11 : Bank Al-Maghrib participated in the 1st meeting of the Arab Monetary Fund (AMF) Working Group on Financial Stability, held in Abu Dhabi.

March 30 : Bank Al-Maghrib organized the first meeting of the College of Supervisors of Crédit Populaire du Maroc group.

March 31 : Bank Al-Maghrib organized the first meeting of the College of Supervisors of BMCE Bank group.

April 4 : The Financial Sector Assessment Program mission was conducted jointly by the IMF and the World Bank.

April 27 : Bank Al-Maghrib participated in a meeting organized in Casablanca by the Professional Association of Brokerage Firms and the Moroccan Participatory Finance Association on "Benchmarking of Sharia-compliant indexes: which model for Morocco?".

April 28 : Participation of Bank Al-Maghrib at the 21st plenary meeting of the FATF for the Middle East region and North Africa, held in Muscat.

May 7 : Bank Al-Maghrib participated in the 26th meeting of the Arab Committee of supervisors from the Arab Monetary Fund in Abu Dhabi.

May 9 : Bank Al-Maghrib participated in a high-level meeting on banking supervision and financial stability developments, organized in Abu Dhabi jointly by the AMF, the Basel Committee and the Financial Stability Board.

May 13 : Bank Al-Maghrib participated in the 25th meeting of the Arab Committee of supervisors from the Arab Monetary Fund in Abu Dhabi.

May 27 : Bank Al-Maghrib participated in a workshop on financial stability and banking supervision in the Euro-Mediterranean region, organized in Marseille by the Banque de France in collaboration with the World Bank.

June 4 : Bank Al-Maghrib held the biannual meeting with the Moroccan Bankers Association (GPBM).

June 9 : Bank Al-Maghrib participated in the annual meeting of the College of Supervisors of Crédit Agricole group, organized in Paris by the Prudential Control and Resolution Authority (ACPR).

June 9	: Bank Al-Maghrib participated in the annual meeting of the College of Supervisors of Societé Générale group, organized in Paris by the ACPR.
June 10	: Bank Al-Maghrib participated in Abu Dhabi in the meeting of the AMF Working Group on Financial Inclusion.
June 22	: Bank Al-Maghrib held the 7th meeting of its internal Financial Stability Committee.
June 23	: The 1st meeting of the Coordinating and Systemic Risk Monitoring Committee, which replaced the Coordinating Commission of Financial Sector Supervisory Bodies.
September 1	: Bank Al-Maghrib participated in Maputo in the 7th Global Policy Forum on financial inclusion, organized by the Alliance for Financial Inclusion (AFI).
September 7	: Bank Al-Maghrib participated in the 2nd regional workshop on mobile banking, organized in Barcelona by the Union for the Mediterranean.
September 9	: Bank Al-Maghrib participated in the 2nd meeting of the AMF Working Group on Financial Stability, held in Abu Dhabi.
October 1	: Bank Al-Maghrib organized the 2nd meeting of Attijariwafa Bank group's College of Supervisors.
October 26	: Bank Al-Maghrib participated in the 8th meeting of the Financial Stability Board (FSB) Regional Consultative Group for the Middle East and North Africa, held in Abu Dhabi.
October 28	: The Governor of Bank Al-Maghrib meets with the National Federation of Microcredit Associations.
November 10	: Bank Al-Maghrib participated in the High-Level Policy Dialogue on Financial Inclusion and Employment in the MENA region, co-organized in Amman by the Central Bank of Jordan, German Agency for International Cooperation (GIZ) and the AMF.
November 19	: Bank Al-Maghrib participated in the 13th meeting of the Group of French-Speaking Banking Supervisors (GSBF), held in Abidjan.
November 22	: Bank Al-Maghrib participated in the 22nd plenary meeting of the MENAFATF, held in Manama.
November 24	: Bank Al-Maghrib held the biannual meeting with the board of GPBM.
December 18	: Bank Al-Maghrib held the 8th meeting of its internal Financial Stability Committee.
December 29	: The 2nd meeting of the Coordinating and Systemic Risk Monitoring Committee.

KEY FIGURES OF THE BANKING SYSTEM

1 - Structure of the banking system

- Number of credit institutions and similar bodies : 84

- Banks : 19
- Finance companies : 34
- Offshore banks : 6
- Microcredit associations : 13
- Funds transfer companies : 10
- Other institutions : 2

- Network:

- In Morocco: 6.139 branches, or 5.500 inhabitants per branch
  6.529 automated teller machines
- Abroad: 41 subsidiaries and 18 branches with about 1.453 banking agencies

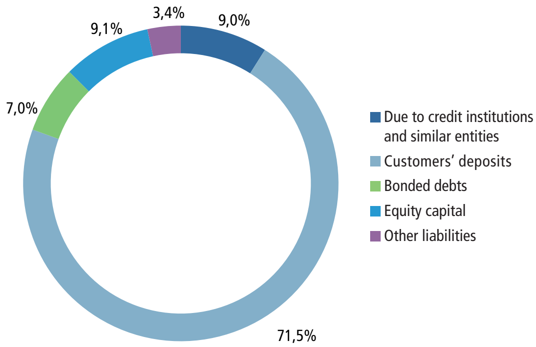
- Staff of credit institutions and similar entities: 52.448

2 - Banks' activity and profitability indicators

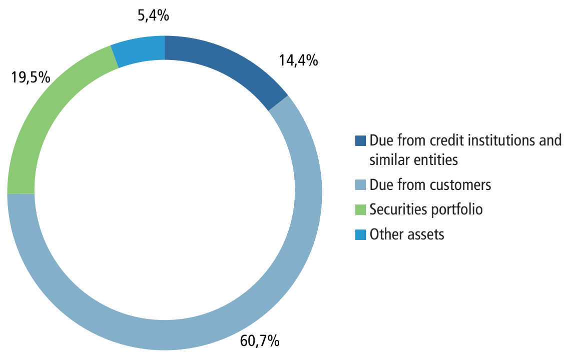
Amounts in billion of dirhams	2013	2014	2015
Total of balance sheet	1.095	1.103	1.145
Loans by disbursement (net of provisions) (1)	726	734	750
Customers' deposits	722	770	819
Equity (excluding profit for the year)	94	98	104
Net banking income	40,3	44,0	43,6
Gross operating income	21,5	23,8	23,7
Net income	9,9	10,0	9,4
Average yield of assets	5,19%	5,49%	4,82%
Average cost of liabilities	1,98%	1,94%	1,59%
Average operating ratio	47,7%	46,1%	49,1%
Return on assets (ROA)	0,9%	0,9%	0,8%
Return on equity (ROE)	10,6%	10,2%	9,1%
Non-performing loans ratio (NPL)	5,9%	6,9%	7,4%
NPL coverage ratio	64%	65%	68%

(1) Including loans to finance companies

Structure of banks' liabilities



Structure of banks' assets

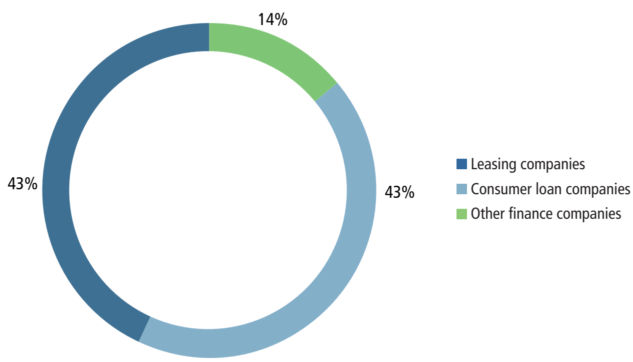


3 - Finance companies' activity and profitability indicators

Amounts in billion of dirhams	2013 (*)	2014	2015
Total of balance sheet	95	99	103
Loans by disbursement (net of provisions)	87	89	91
Net banking income	5	5,3	5,3
Gross operating income	3,2	3,3	3,3
Net income	1,47	1,50	1,50
NPL ratio	9,8%	10,3%	9,8%
Return on assets (ROA)	1,5%	1,5%	1,5%
Return on equity (ROE)	15,5%	15,9%	15,0%

(*) The figures of 2013 were reprocessed

Share of each category of finance companies in the total of assets



4 - Microcredit associations' activity and profitability indicators

Amounts in billion of dirhams	2013	2014	2015
Total of balance sheet	5,7	6,5	6,9
Gross outstanding loans	4,9	5,5	5,9
NPL ratio	4,3%	3,7%	3,8%
Net income	0,21	0,22	0,25

5 - Offshore banks' activity and profitability indicators

Amounts in billion of dirhams	2013	2014	2015
Total of balance sheet	37,9	41,7	41,0
Gross outstanding loans	16,3	15,1	13,3
Customers' deposits	4,0	4,7	4,3
Net income	0,25	0 ,37	0,49

6 - Activity and profitability indicators of the nine banking groups[1]- on a consolidated basis

Amount in billion of dirhams	2013 (*)	2014 (*)	2015
Total of balance sheet	1.241	1.293	1.359
Loans by disbursement (net of provisions)	844	864	887
Customers' deposits	811	871	934
Equity - group share	104	110	116
Net banking income	55	60	61
Gross operating income	28	31	30
Net income - group share	9,9	10,9	11,5
Average operating ratio	49,7%	48,4%	50,7%
Return on assets (ROA)	0,8%	0,8%	0,8%
Return on equity (ROE)	9,0%	9,5%	9,9%

(*) The figures of 2013 and 2014 were updated.

[1] Attijariwafabank, BMCE, CPM, Société Générale, Crédit du Maroc, BMCI, CIH, CAM and CDG Capital.

CHAPTER I

MOROCCAN BANKING LANDSCAPE

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In 2015, banks continued their network expansion and financial inclusion policy both nationally and regionally.

Meanwhile, the concentration level strengthened further in favor of private-owned banks with mainly Moroccan capital.

1 - Structure of the banking system and shareholding

In 2015, the number of credit institutions authorized in Morocco remained stable at 84 institutions. By category, the number of institutions also remained unchanged.

Table 1: Change in the number of credit institutions and similar entities

	2011	2012	2013	2014	2015
Banks	**19**	**19**	**19**	**19**	**19**
Majority foreign-owned banks	7	7	7	7	7
Majority state-owned banks	5	5	5	5	5
Finance companies	**35**	**36**	**35**	**34**	**34**
Consumer loan companies	18	18	17	16	16
Leasing companies	6	6	6	6	6
Real estate loan companies	2	2	2	2	2
Surety companies	2	2	2	2	2
Factoring companies	2	2	2	2	2
Payment-means management companies	2	3	3	3	3
Other companies	3	3	3	3	3
Total number of credit institutions	**54**	**55**	**54**	**53**	**53**
Offshore banks	**6**	**6**	**6**	**6**	**6**
Microcredit associations	**13**	**13**	**13**	**13**	**13**
Payment institutions (funds transfer companies)	**10**	**10**	**9**	**10**	**10**
Other institutions	**2**	**2**	**2**	**2**	**2**
Total	**85**	**86**	**84**	**84**	**84**

The banking system shareholding has a dominant share of private shareholding, which consists particularly of holdings of Moroccan private groups, insurance companies, social security bodies and foreign banking groups.

Seven banks and eight finance companies are essentially owned by foreign shareholders of French, Spanish, American and Jordanian origins.

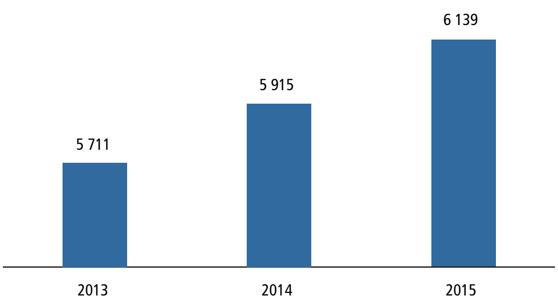
Twelve credit institutions, including six banks, were listed on the stock exchange at the end of 2015, representing over 39 percent of market capitalization.

Abroad, the number of subsidiaries and branches of Moroccan banks stood at 41 subsidiaries and 18 branches. These entities have nearly 1.453 banking agencies, including 56 percent in West African countries, 15 percent in Eastern and Southern Africa, 15 percent in North Africa, 7 percent in Central Africa and 7 percent in Europe. They also have 50 representative offices, of which 84 percent are based in Europe.

2 - Change in financial inclusion indicators

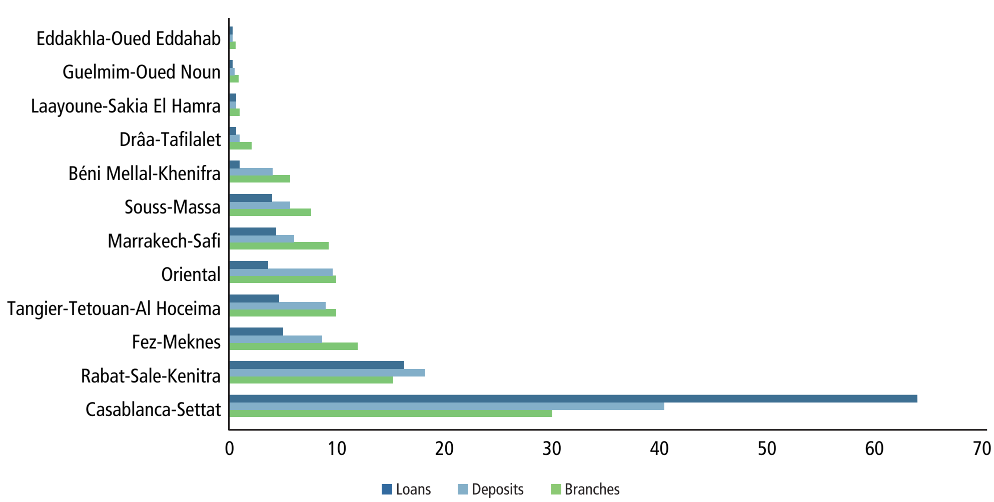
In 2015, banks opened 231 new bank branches, as against 222 a year earlier, and closed 7 branches, as opposed to 18. As a result, their network stands at 6.139 banking agencies.

Chart 1: Change in the banking network



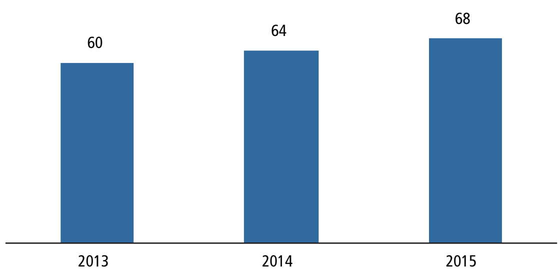
Consequently, the banking density, measured by the number of inhabitants per branch, stood at 5.500. The density, measured by the number of branches per 10.000 inhabitants, stood at nearly 1.8 branch, as against less than one branch about ten years ago.

Chart 2: Share of each region of the total banking network, deposits and loans (in %)



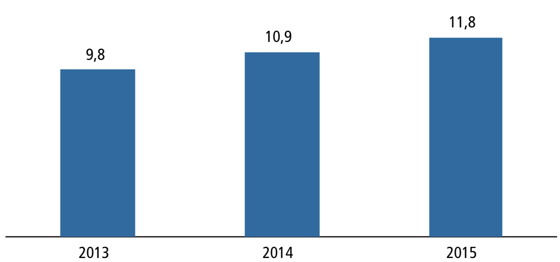
Based on the new territorial division adopted in Morocco, the region of Casablanca-Settat in 2015 has 29.4 percent of branches, 40 percent of deposits and 64 percent of loans, followed by the region of Rabat-Sale-Kenitra with about 15 percent of branches, 17.4 percent of deposits and 16 percent of loans. Fez-Meknes region ranked third with 11.3 percent of branches, 8 percent of deposits and about 5 percent of loans.

Chart 3: Change in the ratio of the total number of banking accounts to population (in %)



The rate of public access to banking services[2] strengthened this year by 4 points to 68 percent. Meanwhile, the number of accounts opened on the books of banks rose to 23 million accounts, up more than 1.7 million additional accounts compared to 2014. The territorial coverage of branches still shows divergent levels of using banking services from urban to rural areas, as the latter remained poorly covered.

Chart 4: Change in the number of banking cards in circulation (in million)



The number of cards issued by banks reached 11.8 million, up almost 900.000 new cards compared to the previous year (+7.3 percent). Meanwhile, the ATM network continued to expand, as 295 new units were installed, to reach 6.529, or 2 ATMs per 10.000 inhabitants.

[2] Ratio of the number of accounts opened on banks' books to the total population.

Box n°1: Key actions taken in 2015 to develop financial inclusion

In 2015, Bank Al-Maghrib continued its efforts to improve access to and use of banking services. In this regard, it organized in March the 4th edition of the Finance Week for Children and Youth, under the auspices of the Moroccan Financial Education Foundation and in collaboration with its partners. Visits to branches and the Museum of Bank Al-Maghrib, Dar As-Sikkah, the Casablanca Stock Exchange, banking agencies and insurance companies, were organized for nearly 100.000 pupils and students aged from 8 to 17 years.

Meanwhile, it launched a study with the National Telecommunications Regulatory Agency for the implementation of a new strategy to develop electronic means of payments in order to establish a national platform of low cost payment via mobile phones, to be used by an expanded ecosystem composed of merchants, households, infrastructure providers and authorized payment providers.

Financial inclusion of the population is likely to increase in 2016, with the completion of projects that started in 2015, relating to the participatory finance implementation framework and the framework for the creation of payment institutions.

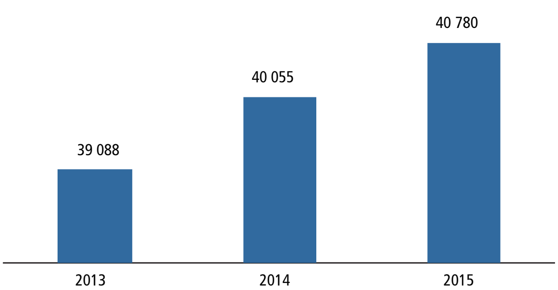
To boost the financial inclusion levers, a more comprehensive reflection was initiated on a national strategy, bringing together public and private stakeholders and supported by an ad-hoc governance framework.

Internally, Bank Al-Maghrib adapted its organization to accompany these new challenges and set up a new department for developing financial inclusion and surveillance of payment systems and means.

3 - Staff of credit institutions and similar entities

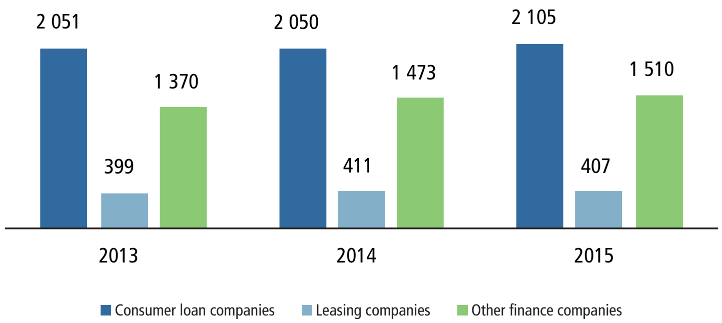
The staff of credit institutions and similar entities totaled 52.448 employees at end-December 2015, including nearly 78 percent employed by banks, about 8 percent by finance companies and 13 percent by microcredit associations.

Chart 5: Change in the number of banks' personnel



Banks increased the number of their staff by 725 employees, as against 967 in 2014, to stand at 40.780 employees, nearly four-fifths of them are employed by private-owned banks.

Chart 6: Change in the number of finance companies' personnel



At end-December 2015, the staff of finance companies stood at 4.022 employees, up 88 persons compared to 2014. The majority of this workforce is hired by consumer loan companies and payment means management companies.

Almost 52 percent of the total workforce is employed by consumer loan companies, as against 10 percent by leasing companies, 20 percent by payment means management companies and 9 percent by real estate loan companies.

The staff of microcredit associations increased by 465 employees to 6,590 persons at the end of 2015.

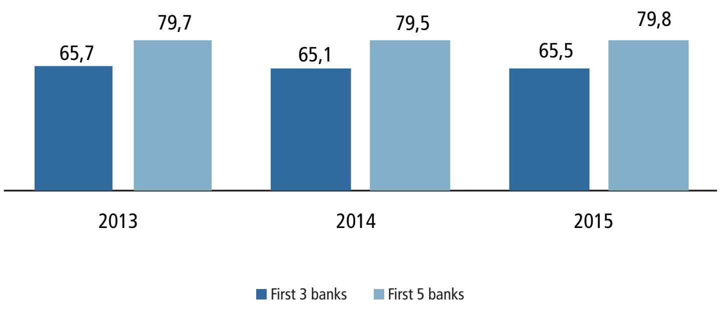
4 - Change in the banking concentration

Measured by the proportion of total assets, collected deposits and granted loans, the banking system concentration rose slightly in 2015 in terms of total assets and deposits and decreased in terms of loans.

4.1- Concentration of banking activity on an individual basis

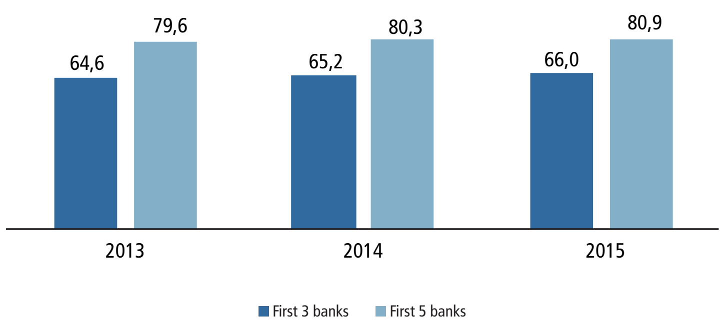
In terms of total assets, the contribution of the first three banks moved up by 0.4 to 65.5 percent and that of the top five banks increased from 79.5 percent to 79.8 percent.

Chart 7: Concentration of total assets (in %)



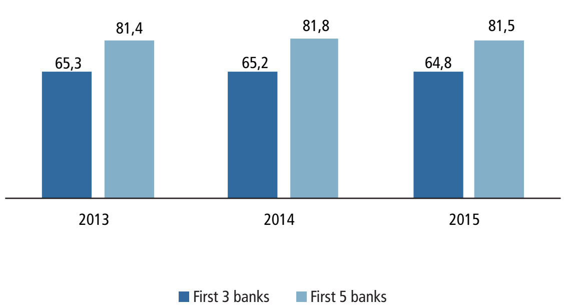
Regarding deposits, shares of the three and five largest banks increased to 66 percent (+0.8 point) and 80.9 percent (+0.6 point), respectively.

Chart 8: Concentration of deposits (in %)



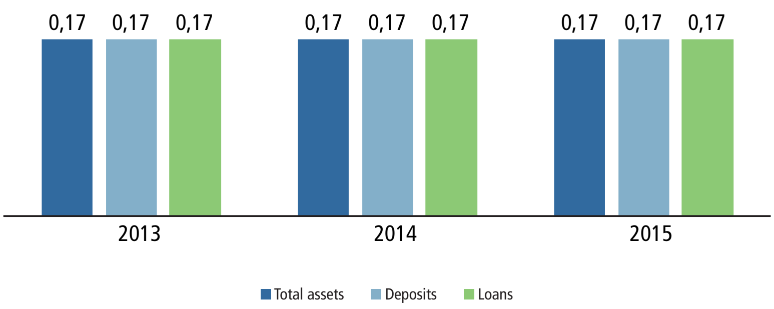
As for loans, the first three banks were the source of 64.8 percent of the total, down 0.4 percentage point and the share of the top five banks decreased by 0.3 point to 81.5 percent.

Chart 9: Concentration of loans (in %)



As shown in Chart 10, the concentration level of total assets, deposits and loans of banks, measured by Herfindahl-Hirschman Index, remained unchanged from the previous year, reflecting a moderate concentration level in the banking market.

Chart 10: Banking concentration according to Herfindahl-Hirschman Index



The analysis of concentration depending on the status of shareholding shows that the share of private-owned banks with mainly Moroccan capital grew to 53.1 percent of branches (+0.6 point), to 65.9 percent of assets (+0.4 point), to 66.2 percent of deposits (0.7 point) and decreased to 65.1 percent of loans (-0.3 point).

Chart 11: Concentration according to the status of shareholding - 2014 (in %)

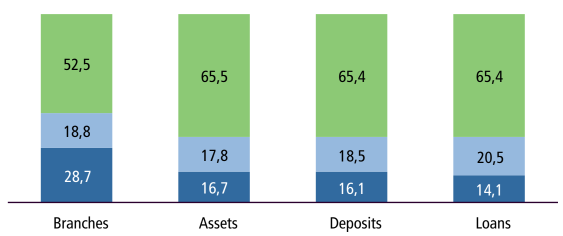
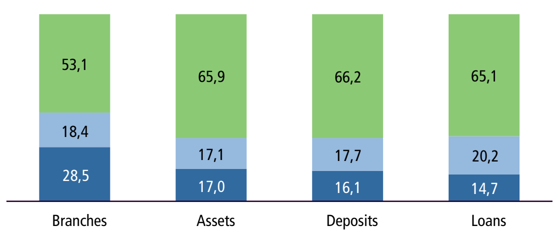


Chart 12: Concentration according to the status of shareholding - 2015 (in %)



Majority Moroccan private-owned banks Majority foreign-owned banks Majority state-owned banks

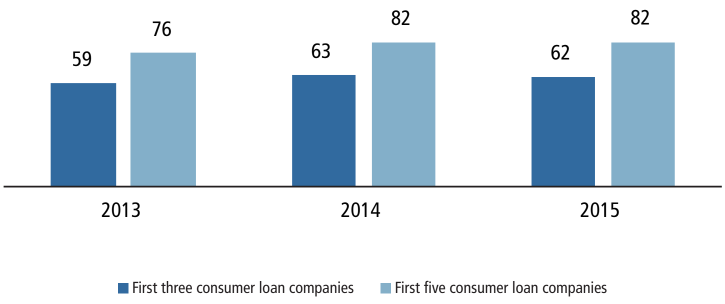
The share of majority state-owned banks increased by 0.3 point to 17 percent in terms of assets and 0.6 point to 14.7 percent in terms of loans. Their share in terms of deposits stagnated at 16.1 percent and that relating to branches fell 0.2 point to 28.5 percent.

The share of majority foreign-owned banks decreased in terms of branches to 18.4 percent (-0.4 percent), total assets to 17.1 percent (-0.7 percent), deposits to 17.7 percent (-0.8 percent) and loans to 20.2 percent (-0.3 percent).

4.2- Concentration of finance companies' activities

The finance companies sector remained characterized by the dominant share of companies affiliated to banks.

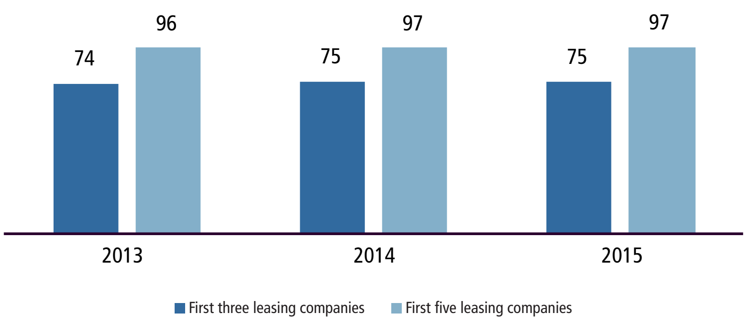
Chart 13: Total assets' concentration of consumer loan companies (in %)



The three largest consumer loan companies have disposed of 62 percent of total assets of the sector, as against 63 percent a year ago and the five largest companies accounted for 82 percent, unchanged from 2014.

Nearly 98 percent the sector's activity is carried out by 10 companies affiliated to financial institutions.

Chart 14: Total assets' concentration of leasing companies (in %)



Concerning leasing companies, the shares of the first three and five companies in terms of total assets accounted for 75 percent and 97 percent, respectively, levels unchanged from the previous year.

4.3- Concentration of banking activity on a consolidated basis

On a consolidated basis, the concentration level of credit activity did not change significantly, as the share of the first three banks remained at 65 percent, while that of the first five banks dropped by one point to 81 percent.

Table 2: Change in the credit concentration on a consolidated basis (in %)

	Equipment loans and cash facilities to businesses			Real estate loans			Consumer loans			Total loans		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
The first 3 banking groups	64	64	63	64	65	65	65	63	63	65	65	65
The first 5 banking groups	82	83	83	82	81	81	82	81	80	81	82	81

The concentration analysis by type of loan operations shows that for cash facilities and equipment loans, the share of the top three banking groups fell by one point to 63 percent and that of the first five groups remained unchanged (83 percent). Regarding real estate loans, the share of the first three and five groups was 65 percent and 81 percent, respectively, a similar rate as in 2014. In terms of consumer loans, the share of the first five groups fell by one point to 80 percent, while it stabilized at 63 percent for the top three banking groups.

CHAPTER II

ACTIVITY AND PROFITABILITY OF CREDIT INSTITUTIONS AND SIMILAR ENTITIES

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In 2015, the slowdown of credit activity, lower interest rates and the still high level of cost of risk caused a decrease in banks' net income on individual basis. On a consolidated basis, these trends on the domestic market were offset by the good contribution of activities conducted internationally.

1 - Activity and profitability of banks on individual basis

The banking activity is analyzed on the basis of the balance sheets describing their activity in Morocco[3].

The volume of banks' activities was overall trending upwards. As to liabilities, the increase in deposits and equity was the main factor leading to this trend. Regarding assets, this change was attributed to dues from credit institutions and, to a lesser extent, loans to customers.

1.1 - Banking activity recovered thanks to the collection of deposits

The banking activity volume, as measured by total assets, amounted to 1,145 billion dirhams at end-December 2015, up 3.8 percent, as against 0.7 percent in 2014 and 5.2 percent in 2013. Of this total, the share of transactions with non-residents in foreign currency remained limited to 3 percent for assets and 2 percent for liabilities. Compared to GDP at current prices, banks' total assets accounted for 117 percent.

1.1.1 - Change in banking assets covered operations with credit institutions and to a lesser extent loans to customers

The growth in banking assets covers divergent trends. Claims on credit institutions and similar entities rose significantly. This increase was partially offset by slower loans to customers and lower securities portfolio.

[3] The banking activity performed abroad through their subsidiaries and branches remains low.

Table 3: Change in banks' assets (Activity in Morocco)

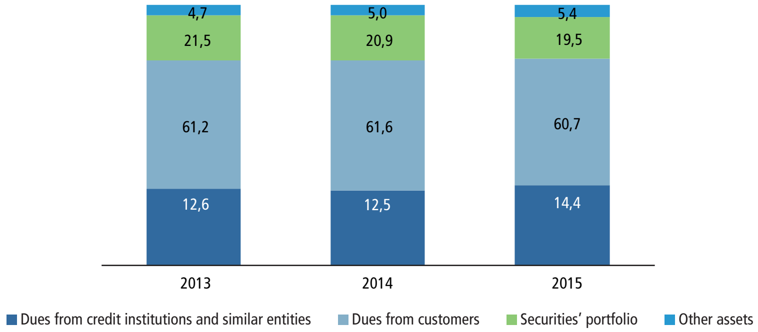
(million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Dues from credit institutions and similar entities	**138 021**	**137 446**	**164 774**	**19,9**
Dues from customers	**670 451**	**680 010**	**695 345**	**2,3**
Securities portfolio	**235 061**	**230 569**	**223 732**	**-3,0**
Including Treasury bills	136 676	116 826	118 552	1,5
Fixed assets	**22 372**	**24 455**	**27 242**	**11,4**
Other assets	**29 207**	**30 822**	**34 381**	**11,5**
Total assets	**1 095 112**	**1 103 302**	**1 145 474**	**3,8**

Headings net of amortization and provisions

Following these changes, the share of loans to customers fell by 0.9 point to 60.7 percent and that of securities portfolio decreased by 1.4 point to 19.5 percent, while the share of dues from credit institutions and similar entities rose to 14.4 percent, from 12.5 percent in 2014.

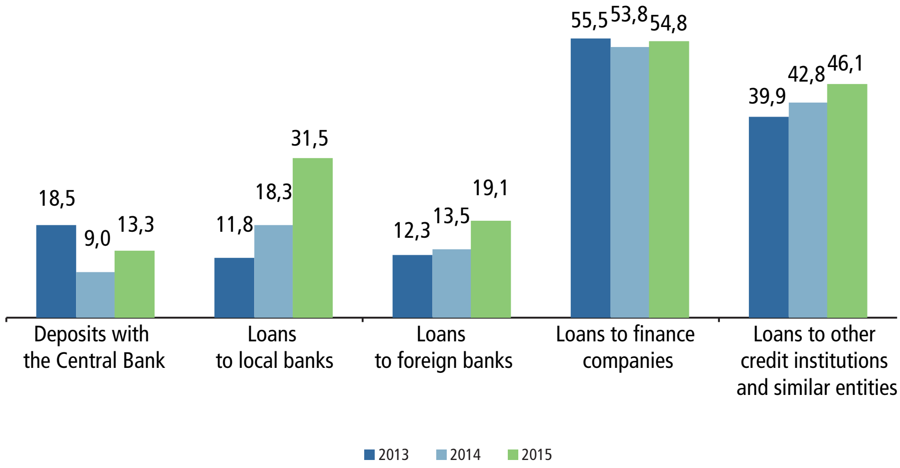
Chart 15: Banks' assets structure (in %)



1.1.1.1 - The increase in dues from credit institutions and similar entities is mainly driven by loans to local and foreign banks

Dues from credit institutions and similar entities stood at 164.8 billion dirhams, up 19.9 percent compared to 2014. After a slight decline of 0.4 percent a year earlier, this increase reflects a rise in claims on banks and banks' assets with the Central Bank.

Chart 16: Loans to credit institutions and similar entities (billion of dihams)



Dirham-denominated claims on credit institutions and similar entities were up 18.3 percent to 122.9 billion dirhams, after a decline of 3.4 percent in 2014. Those denominated in foreign currency, representing more than 25 percent of the total, rose 24.9 percent to 41.9 billion dirhams, after increasing 10 percent a year earlier.

In view of an improvement in their cash holdings, banks' deposits with the Central Bank grew 48 percent to 13.3 billion dirhams, after a decline in 2014.

Similarly, loans to local banks increased by 72 percent totaling 31.5 billion dirhams, largely due to higher cash facilities, which have more than doubled to 17 billion. This trend was also registered in repurchase agreements, which moved up 70 percent to 10.3 billion. Conversely, financial loans went down 16.5 percent to 4.1 billion dirhams.

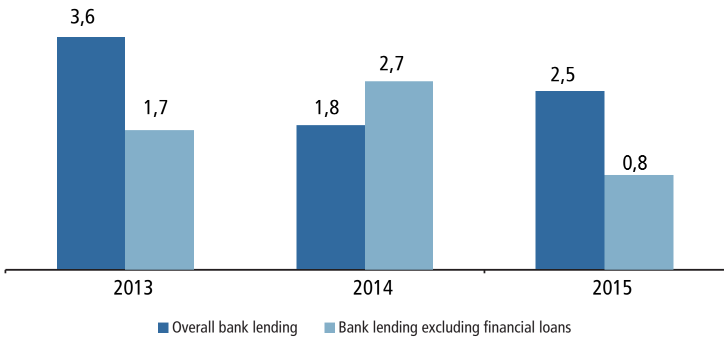
Dues from banks operating abroad increased, for their part, by 41.6 percent to 19.1 billion dirhams. Those held on other credit institutions and similar entities, mainly offshore banks, rose 7.7 percent to 46.1 billion dirhams.

After a 3.1 percent decline in 2014, loans to finance companies rose 1.9 percent to 54.8 billion dirhams. This deceleration covers a slight decrease of 0.7 percent in cash facilities to 14.9 billion and an increase of nearly 3 percent in financial loans to 39.9 billion.

1.1.1.2 - The increase in loans concerned individuals, while loans to businesses contracted

After a 1.8 percent increase in 2014, the gross outstanding loans recorded an annual growth of 2.5 percent to 780.4 billion dirhams. This increase, which occurred mostly at the end of the year, was driven by a significant rise in financial loans, which moved up 18 percent, after a decline of 8 percent in the previous year. Excluding these transactions, credit growth remained limited to 0.8 percent, as against 2.7 percent in 2014.

Chart 17: Change in credit granted by banks (in %)



The overall outstanding loans, compared to GDP, stood at 79 percent in 2015, as against 82 percent in the previous year.

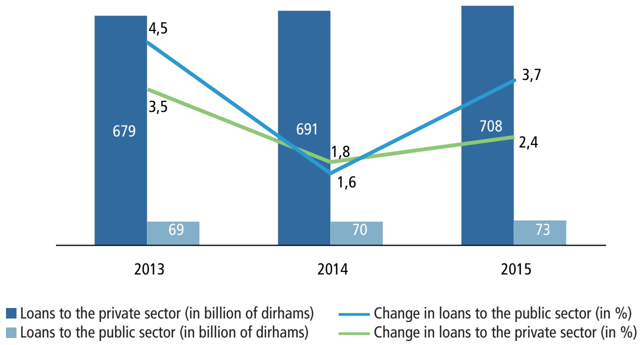
Foreign currency loans, representing a share of 2.5 percent of the total, were down 33.7 percent to 17.3 billion dirhams, after rising 44.7 percent in the previous year. This decrease is attributed to the decline in loans allocated to oil companies and, to a lesser extent, to wheat importers.

By segment, bank loans to non-financial companies (public and private) dropped by nearly 2 percent, as against a rise of 1 percent in 2014, despite the easing of interest rates, reflecting demand and supply factors.

For their part, loans to households continued to rise albeit decelerating from the levels reported in recent years. They stood at 252 billion, up 5.6 percent, as opposed to 6.1 percent in 2014. This change covers a 5.0 percent increase in housing loans, as against 6.7 percent and a rebound of nearly 7 percent in consumer loans, after a virtual stagnation in 2014.

Overall, loans to the private sector (businesses and households) were up 2.4 percent to 708 billion dirhams, representing 91 percent of total loans. Meanwhile, loans allocated to the public sector (businesses and government) amounted to 73 billion, up 3.7 percent from 1.6 percent in 2014. This trend was mainly due to higher loans to state-owned businesses. Meanwhile, those granted to the general administration declined slightly.

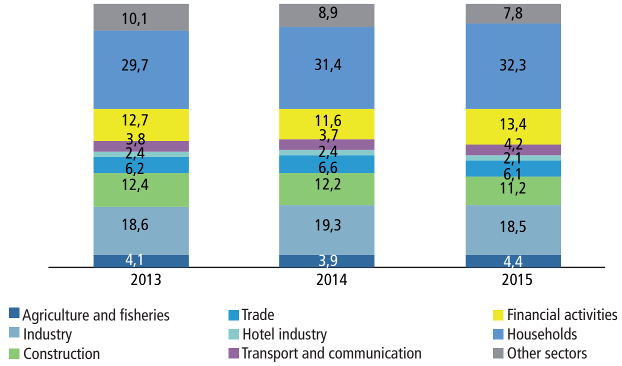
Chart 18: Loans to the non-financial public and private sector



The breakdown of loans by sector of activity shows a predominance of the tertiary sector and households with a combined share of 66 percent, followed by the secondary sector that accounted for almost 30 percent of bank loans and the agricultural sector, which represented a 4 percent share.

Loans to the sectors of agriculture, transportation and communication contributed positively to credit trends, while loans to processing industries trended negatively.

Chart 19: Sectoral breakdown of loans by disbursement granted by banks (in %)



Loans granted to the primary sector were up 15.2 percent to 34.6 billion dirhams and their share in total loans improved by 0.5 point to 4.4 percent. Those funding the trade sector reached 47.3 billion, down 6.3 percent, after a 9.6 percent increase a year earlier.

With an outstanding amount of 144 billion dirhams, loans to the industrial sector were down 2 percent, after a 5.7 percent rise in the previous year. Their share dropped by 0.8 to 18.5 percent. Credit to companies operating in the production and distribution of water and energy grew by 5.2 percent and those allocated to metallurgical industries progressed by 12.9 percent.

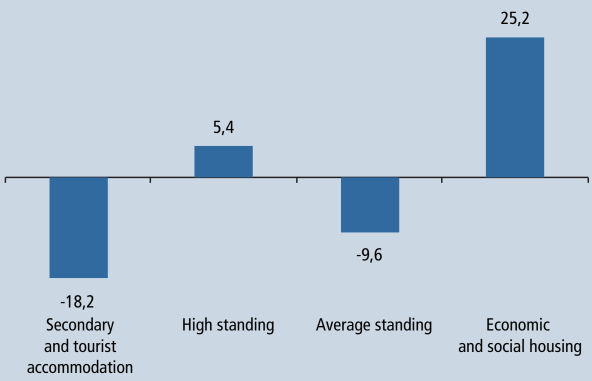
Loans to the tourism sector were down 9.5 percent to an outstanding amount of 16.4 billion. The share of this sector in total loans fell by 0.3 point to 2.1 percent. Conversely, outstanding loans to the transport and communication sector rose 17.3 percent and their share in total loans stood at 4.2 percent.

Loans to the building and public works sector continued their downward trend, totaling an outstanding amount of 88 billion, down 5.2 percent. Their share lost one point to 11.2 percent in 2015.

Box n°2: Main changes in property development loans in 2015

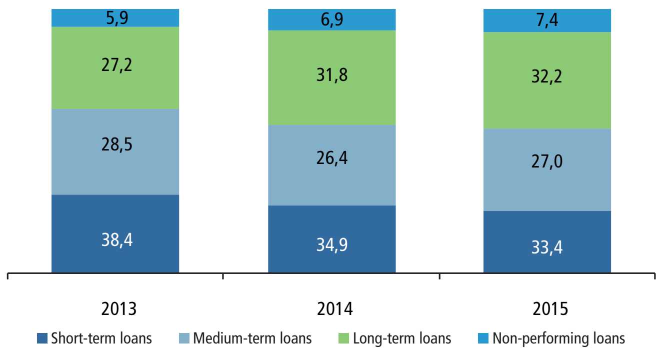
Loans to real-estate development, which represent the largest component of credit to the building and public works sector, showed in 2015 a decline of nearly 9 percent to 66.5 billion dirhams. Based on data from 7 banks, representing 96 percent of market share (in terms of property development loans), this decline affected the financing of secondary and tourist accommodation (-18.2 percent) and the average standing residential unit (-9.6 percent). However, financing economic and social housing continued its upward trend, with an increase of 25.2 percent in 2015.

Key changes in property development outstanding loans by segment (in %)



Following the significant increase in financial loans observed at year-end, loans to financial activities rose by 18.8 percent to 104.5 billion, with an increase of 1.8 point in their share to 13.4 percent.

Chart 20: Structure of loans by disbursement granted by banks by their term (in %)



By maturity, outstanding short-term loans fell by 2.1 percent, owing to a decline in cash advances. Their share in total loans dropped from 34.9 percent to 33.4 percent between 2014 and 2015. Thanks to a rise in housing loans, long-term loans expanded by 4 percent to 251.5 billion dirhams and their share increased by 0.4 point to 32.2 percent. Outstanding medium-term loans were up 5.1 percent to 211 billion and therefore their weight progressed by 0.6 point to 27 percent.

1.1.1.3 - The securities portfolio dropped, due to a decline in held-for-sale and investment securities, as against an increase in the trading portfolio

The outstanding securities portfolio held by banks decreased by nearly 2 percent to a gross amount of 225.5 billion dirhams, or nearly 20 percent of their aggregated balance sheet, due primarily to the contraction of held-for-sale and investment portfolios.

Table 4: Change in banks' securities portfolio

(Gross amount in million of dirhams)

	2013	2014	2015	Change 2014/2015 (in percent)
Trading securities	111 904	98 974	105 793	6,9
Held-for-sale securities	47 203	55 211	46 252	-16,2
Investment securities	43 634	41 320	36 300	-12,1
Equity securities and similar assets	33 575	34 376	37 112	8,0
Total of securities portfolio	**236 316**	**229 881**	**225 457**	**-1,9**

The analysis according to the purposive accounting shows that the outstanding amount of the trading securities portfolio, valued at market price, recorded an increase of 6.9 percent to 105.8 billion dirhams, after falling 11.6 percent in 2014. This trend is particularly attributed to a rise of 30.6 percent in Treasury bills to 58 billion, as some banks subscribed to Treasury bills for hedging purposes for both their own account and for their customers. Conversely, other debt securities[4] and title deeds decreased by 31 percent and 11 percent, respectively, in a context of falling private debt emissions and sluggish stock market.

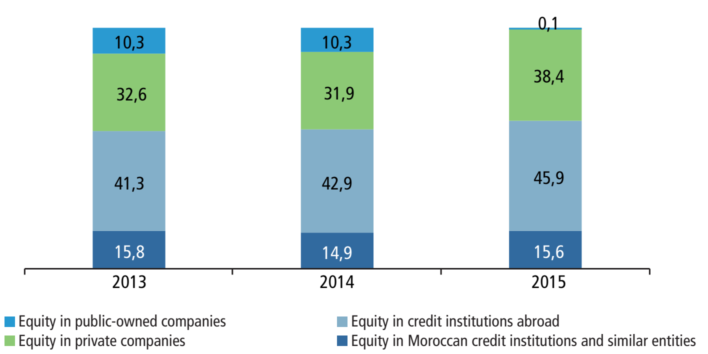
[4] Other debt securities consist mainly of bonds and negotiable debt securities.

However, the outstanding held-for-sale securities' portfolio declined by 16.2 percent to 46.3 billion dirhams, covering respective downturns of nearly 21 percent, 18.2 percent and 0.8 percent in the portfolio of Treasury bills to 26.8 billion, other debt securities to 8.1 billion and title deeds, in the form of UCITS, to 11.3 billion. Following the same trend, investment securities decreased by 12.1 percent to 36.3 billion dirhams, of which over 91 percent is composed of Treasury bills.

The equity securities portfolio progressed by 8 percent to 37.1 billion, including more than three quarters in affiliated corporations. This change reflects an increase of 27.4 percent in equities in private companies to 13.1 billion, or more than 38.4 percent of the equity portfolio. In contrast, shareholdings held by state-owned companies significantly fell from 3.3 billion to 17 million, following a bank's sale of its stake in the capital of a large public company.

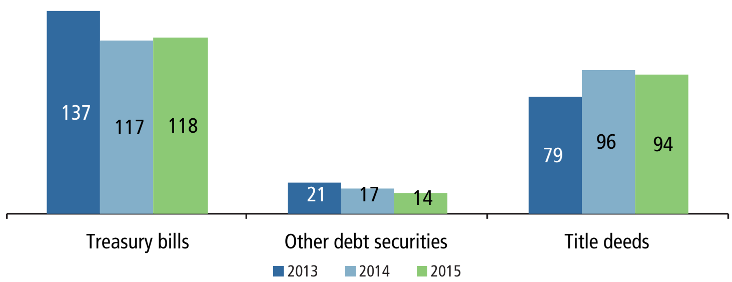
Following the increase in the participation of some banks to the capital of some of their subsidiaries in Africa and new investments, shareholdings held in credit institutions based abroad rose by 13.3 percent to 15.6 billion, representing 46 percent of total equity portfolio and 15 percent of banks' equity.

Chart 21: Breakdown of banks' equity portfolio by type of counterparty (in %)



By legal nature, Treasury bills stood at 118 billion dirhams, representing a positive change of 1.5 percent compared to 2014. This slight change follows a decline of 14.8 percent in 2014, a year marked by a significant decrease in borrowed securities. The portfolio of Treasury bills accounted for 52 percent of the overall portfolio and 10.3 percent of bank assets, as against 10.5 percent in the previous year.

Chart 22: Change in banks' securities portfolio by legal nature (in billion of dirhams)



The portfolio of other debt securities, composed of up to 64 percent as bonds, dropped 20.3 percent, as opposed to 18.4 percent in 2014, in a context of fewer issuances on the private debt market.

For their part, title deeds held by banks across all portfolios were down 3 percent, owing to a decrease in UCITS' securities, after rising 22.5 percent in 2014, and their share in the overall portfolio contracted by one point to 41 percent.

The outstanding provisions for depreciation of the securities portfolio, nearly 90 percent of which are allocated to cover equity securities and similar assets increased by 12 percent to 2.6 billion dirhams.

1.1.2 - Change in liabilities was mainly driven by higher deposits from customers

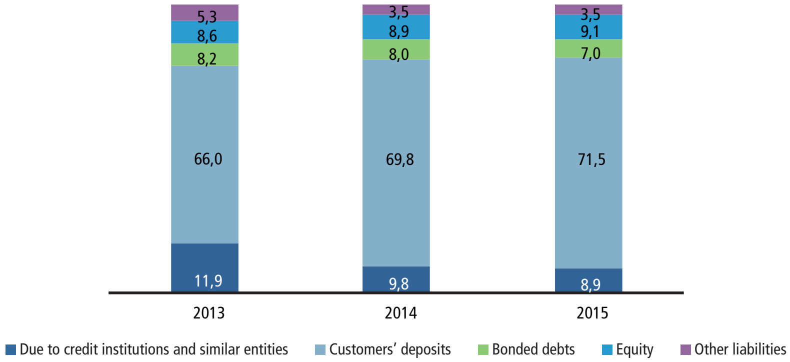
Table 5: Change in banks' liabilities (Activity in Morocco)

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due to credit institutions and similar entities	**129 882**	**108 418**	**102 843**	**-5,1**
Customers' deposits	**722 253**	**769 770**	**819 212**	**6,4**
Bonded debts	**89 844**	**87 963**	**79 971**	**-9,1**
- Issued debt securities	66 590	63 374	49 721	-21,5
- Subordinated debts	23 254	24 589	30 250	23,0
Equity	**94 232**	**97 801**	**104 280**	**6,6**
Net income	**9 914**	**10 011**	**9 362**	**-6,5**
Other liabilities	**48 987**	**29 339**	**29 806**	**1,6**
Total liabilities	**1 095 112**	**1 103 302**	**1 145 474**	**3,8**

The divergent trends in the main banking liabilities led to an increase of 1.7 point in the share of deposits from customers to 71.5 percent. Conversely, the share of bonded debts dropped by one point to 7 percent, due to the significant decline in issuances of certificates of deposit, while due to credit institutions fell by 0.8 point to 9 percent. Regarding equity, they have seen their share rise by 0.2 point to 9.1 percent.

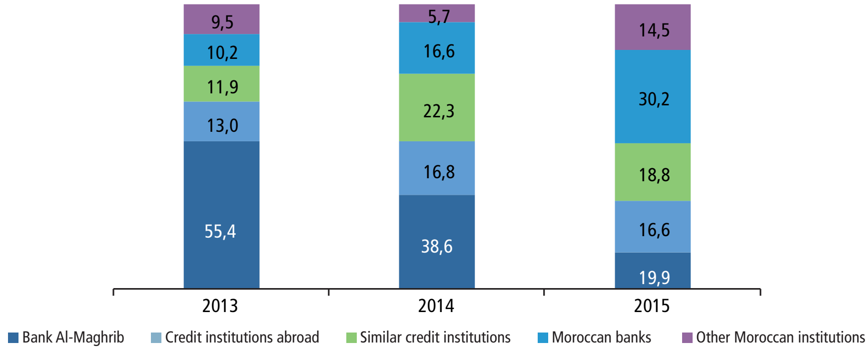
Chart 23: Structure of banks' liabilities (in %)



1.1.2.1 - The decline in due to credit institutions and similar entities reflects lower refinancing with the Central Bank

After a 16.5 percent decline in the previous year, due to credit institutions and similar entities fell again by 5.1 percent to 102.8 billion dirhams, mainly reflecting a decline in banks' use of advances from the Central Bank. In particular, dirham-denominated debts, totaling an outstanding amount of 61.5 billion, contracted by 11.8 percent, while foreign currency debts, constituting nearly 40 percent of the total, appreciated by almost 6.9 percent.

Chart 24: Breakdown of bank debts due to credit institutions by type of counterparty (in %)



Banks' refinancing with the Central Bank stood at 23 billion dirhams at end-2015, showing a 45 percent decline, as against 42 percent in 2014, bringing its share in banks' liabilities from 4 to 2 percent. This outstanding amount consists of 7-day advances, amounting to 7 billion dirhams, down nearly 70 percent from 2014, secured loans granted under the program of supporting the financing of VSME, amounting to 13.5 billion, as against 19 billion in 2014, and 24-hour advances, totaling 2.5 billion dirhams.

Meanwhile, interbank liabilities moved up 73 percent to 31 billion dirhams, due to increases of 132 percent in cash borrowings, reflecting the momentum in the interbank market, and of 2 percent in financial borrowings and 43 percent in repurchase agreements. Dues to credit institutions abroad fell by 5.9 percent to 17.1 billion dirhams.

1.1.2.2 - Customers' liabilities continued to grow at a sustained pace

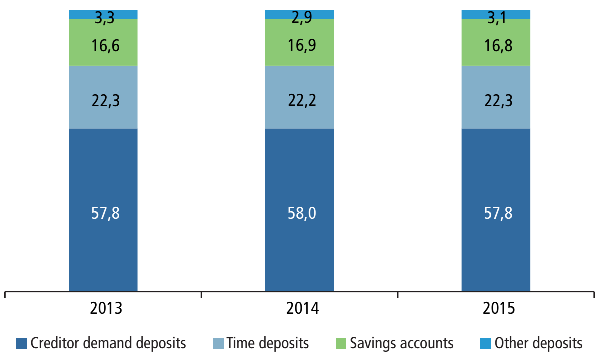
After growing 6.6 percent in 2014, deposits collected from customers in the year under review rose 6.4 percent to 819.2 billion dirhams. This results in an average ratio of loans-to-deposits of 95 percent, down 4 points from 2014.

Dirham-denominated deposits totaled 801 billion dirhams, up 6.2 percent, as against 5.8 percent in 2014 while currency deposits, with a limited share of 2.2 percent, appreciated by 17.9 percent, after rising 63 percent a year earlier, which was marked by the operation of the contribution in full discharge regarding assets and cash held abroad.

The change in liabilities collected from customers was driven by increases of 6.1 percent in demand deposits to 473.5 billion and of 7.1 percent in time deposits to 182.9 billion. Deposits in savings accounts, standing at 138 billion, grew at a pace slower than in the previous year, or 6.1 percent, as against 8.1 percent, suffering the impact of lower interest rates on these investments.

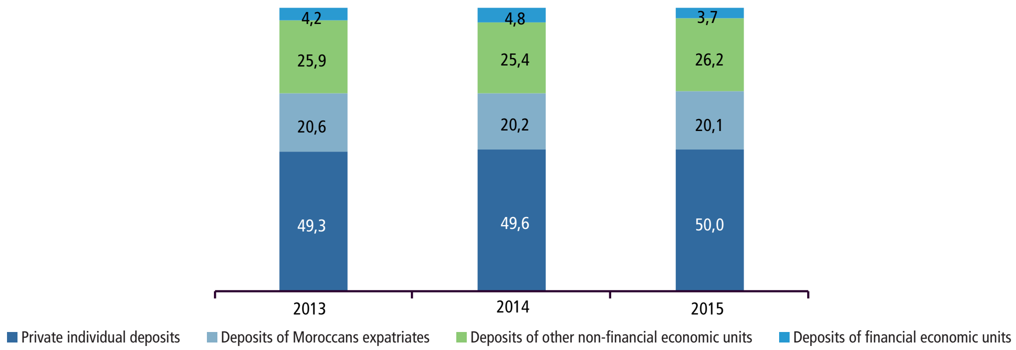
The structure of deposits remained broadly stable compared to 2014. Nearly 58 percent of these deposits are demand deposits, 22 percent are time deposits and 17 percent are savings accounts.

Chart 25: Change in the share of various deposits' categories (in %)



Deposits by resident private individuals, representing 50 percent of the total, grew by 7 percent to 407 billion dirhams, as against 7.5 percent last year. This increase stood at 7.9 percent for demand deposits, 2 percent for time deposits and 6.8 percent for savings accounts. Currency-denominated deposits by private individuals fell by almost 1 percent to 4.6 billion, as against an exceptional increase of 145 percent in 2014, owing to the contribution in full discharge regarding assets and cash held abroad.

Chart 26: Structure of deposits by economic agent (in %)



With a share of 20.1 percent of the total, deposits by Moroccans residents abroad were up 5.7 percent to 163.7 billion dirhams, as opposed to 4.4 percent a year earlier. Of this total, demand deposits grew 5 percent, as against 7.1 percent for time deposits and 4.8 percent for savings accounts.

In continuation of the recovery that began in 2014, deposits of other non-financial agents[5] increased again by 9.4 percent to 213.2 billion. Their demand and time deposits rose by 6.1 percent and 21.7 percent, respectively.

Financial units, consisting primarily of UCITS and insurance companies, saw their deposits, which are more volatile, totaling nearly 30 billion dirhams, down 19.9 percent, after an increase of 23.1 percent in the preceding year.

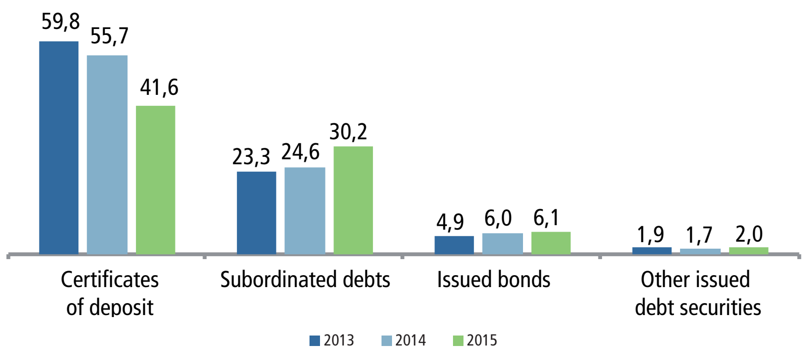
Taken separately, deposits of UCITS, composed up to 78 percent of time deposits, decreased by 24.3 percent to 14 billion dirhams, as against an increase of 23 percent in 2014. After rising by 13.2 percent in 2014, deposits of insurance companies, representing 16 percent of liabilities collected from financial units, continued to increase by 8 percent to 4.9 billion, including 45 percent as demand deposits, 50 percent as time deposits and 5 percent as other deposits.

[5] Other non-financial agents consist of private corporations and the public sector.

1.1.2.3 - Banks' use of medium and long-term refinancing as subordinated debts grew to the detriment of issuances of certificates of deposit

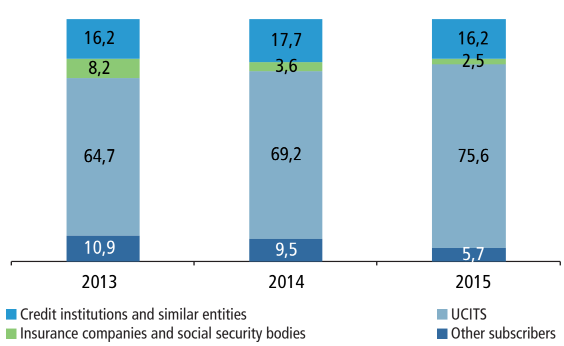
Bonded debts issued by banks consist of debt securities and subordinated debts. At end-December 2015, their total outstanding amount stood at 80 billion, showing a further decline of 9.1 percent, from 2.1 percent in 2014. This change covers divergent trends. The outstanding amount of debt securities fell by 21.5 percent to 49.7 billion, in connection with a 25.4 percent decline in issued certificates of deposit to 41.6 billion, in a context of easing liquidity conditions. Other debt securities issued as well as bonds issued rose by 22.8 percent and 2.2 percent, respectively, while remaining at comparatively modest amounts.

Chart 27: Change in bonded debts issued by banks (in billion of dirhams)



Subordinated debts rose 23 percent to 30 billion, reflecting banks' decision to continue developing stable liabilities in order to better back their medium and long-term assets.

Chart 28: Outstanding certificates of deposit issued by banks by type of subscribers (in %)

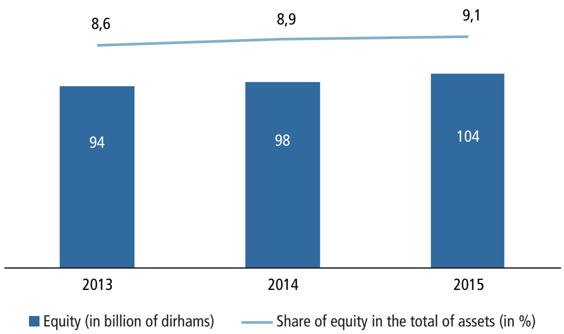


Nearly 76 percent of issued certificates of deposit are held by UCITS, 16 percent by credit institutions and similar entities and 2.5 percent by insurance companies and social security entities.

1.1.2.4 - Banks' equity continued to strengthen

Banks' equity accumulated at the end of 2015 more than 104 billion, showing a further increase of 6.6 percent, thanks to the carry-over of a portion of income (20 percent). Equity, as measured by its ratio to total assets, accounted for 9.1 percent, from 8.9 percent in 2014.

Chart 29: Change in banks' equity



1.1.3 - Given guarantee commitments slightly grew in 2015

The exposures of banks' off-balance sheet commitments consist mainly of given or received guarantee and financing commitments, as well as commitments in foreign exchange operations and derivatives.

After a decline of 5 percent a year earlier, given financing commitments grew by 8.1 percent to 81.4 billion dirhams, due to an 8.4 percent increase in commitments given to customers, representing nearly 96 percent of the total, and a rise of 2 percent in commitments given to credit institutions and similar entities.

Given guarantee commitments which stood at 121 billion dirhams, improved slightly by 1.4 percent compared to 2014. Of this total, guarantee commitments to customers progressed by 1.6 percent to 82.6 billion and those given to credit institutions rose by 1.1 percent to 38 billion, after an increase of 3.7 percent a year earlier.

Consisting of nearly 97 percent of guarantee commitments, received commitments fell slightly by 0.2 percent to 63.4 billion dirhams, reflecting a 2.1 percent decline in commitments received from credit institutions and similar entities to 55.1 billion and a 13.8 percent increase in those received from customers to 8.3 billion.

Regarding foreign currency commitments, the balances of spot foreign exchange transactions at year-end rose by 20 percent to 11.5 billion dirhams, while those of forward foreign exchange transactions decreased by 33 percent to 79 billion.

After rising 24.5 percent in 2014, commitments on derivatives were down 4 percent to a notional amount of nearly 64 billion. This trend was due to both a 16 percent decrease in commitments on interest rate instruments to 11.4 billion and a 6 percent decline in other instruments to 30.2 billion. Commitments on exchange rate instruments moved up 7.9 percent to 22.3 billion.

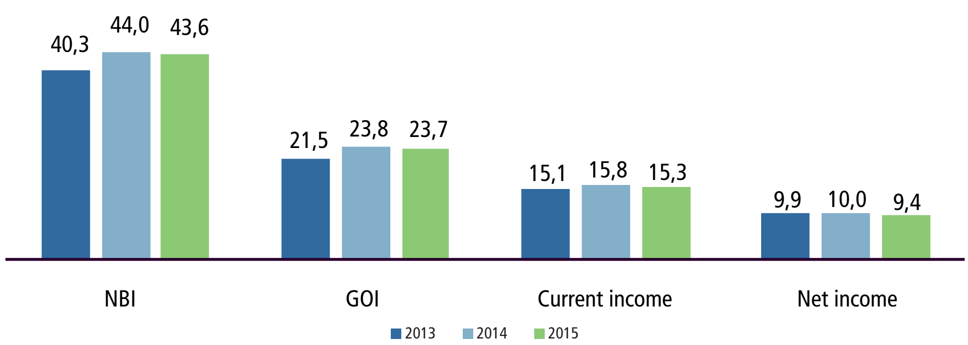
The outstanding commitments on derivatives, corresponding to hedging operations or transactions carried out on behalf of customers, accounted for nearly 61 percent of equity and 6 percent of banks' total assets. This outstanding amount reflects the notional value of the underlying assets of derivative contracts and not the risks faced by banks.

1.2 - Banks' results fell in a context of slower lending activity and lower interest rates

Concerning individual accounts, banks' income declined overall in 2015, mainly reflecting a decrease in the net banking income (NBI), coupled with higher overheads, while the cost of risk showed a slower increase compared to last year.

The factors of change in banks' income are examined based on the analysis of different management intermediate balances established based on the banking activity in Morocco.

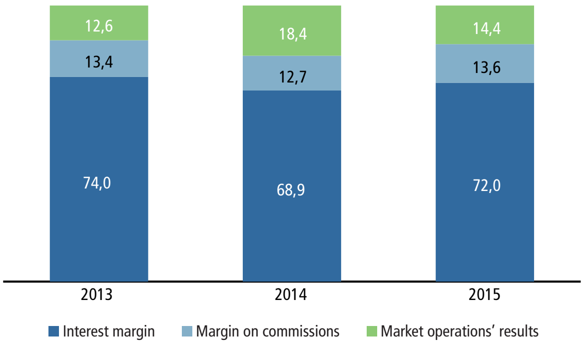
Chart 30: Change in banks' management intermediate balances (in billion of dirhams)



1.2.1 - The NBI was down, particularly due to lower income from market activities

The net banking income (NBI) stood at 43.6 billion dirhams, down 1 percent, as against an increase of 9.3 percent in 2014. This change is attributed to a decline in income from market activities, not offset by the increase in the interest income and the margin on commissions.

Chart 31: Banks' NBI structure (in %)



After rising 2.9 percent in 2014, interest margin grew by 3.2 percent in absolute terms to 30.4 billion dirhams, particularly due to lower cost of liabilities. Its share in the NBI rose to 72 percent, from 69 percent a year earlier.

After a 2.6 percent increase in 2014, interest net income on customer transactions stabilized at 28.8 billion dirhams. This trend was attributed to a decline of 1.3 percent in interest on loans to 39.1 billion, in a context of low lending interest rates and slow volume of loans, as well as a decrease of 4.7 percent in interest paid on deposits to 10.3 billion.

Interest net income on operations with credit institutions and similar entities, representing 5 percent of the total, almost doubled to 1.5 billion dirhams, reflecting a 4.4 percent decrease in interest received on interbank loans and a 27.4 percent decline in interest paid on borrowings, owing to the drop in the key rate.

Interest net income from debt securities rose, year on year, from a negative balance of 168 million to a positive balance of 61 million dirhams. Income on securities held fell by 8.6 percent to 3.6 billion and expenses paid on issued debt securities dropped by 13.8 percent to 3.5 billion dirhams, in connection with a decline in banks' issuances.

For its part, the margin on commissions totaling 5.9 billion, rose by 6.4 percent, from 3.5 percent a year earlier. Commissions earned on service delivery totaled 6.1 billion, up 4.9 percent, as against 4.5 percent last year. This change covers respective increases of 8.1 percent, 4.8 percent, 11.3 percent and 3.9 percent in commissions on operating accounts to 1.3 billion, due to the opening of 1.7 million accounts, in payment means to 2.2 billion, in sales of insurance products to 206 million and in management and deposit of securities to 364 million. However, commissions on credit services were down 4 percent to 455 million, and those received on advisory and assistance activities fell by 7.1 percent to 61 million dirhams.

After an exceptional year boosted by lower bond rates, income from market activities decreased by 22.6 percent to 6.3 billion dirhams. The correction of income from securities operations was offset by the good performance of income from derivative and foreign exchange transactions.

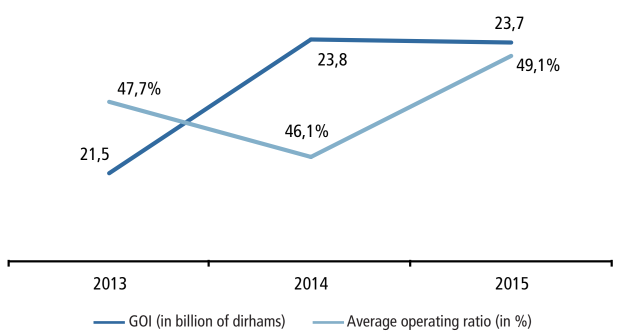
Thus, income from trading securities, representing 44 percent of income from market activities, declined by nearly 58 percent to 2.7 billion. Income earned on held-for-sale securities more than doubled to over one billion. Meanwhile, income from foreign exchange transactions appreciated by 25.7 percent to 2 billion, or 32 percent of income from market operations, and net gains on derivative transactions turned positive at 403 million dirhams.

1.2.2 - Gross operating income remained on the upside thanks to income on financial fixed assets

General operating expenses increased at almost the same rate as in the previous year, or 5.4 percent to 21.4 billion. This change, combined with the uptrend in the income on financial fixed assets, enabled the gross operating income (GOI) to remain at a level close to that of 2014, or 23.7 billion dirhams.

Thus, the average operating ratio, which improved significantly last year, thanks to income from market activities, rose to 49.1 percent from 46.1 percent in 2014.

Chart 32: Change in GOI and average operating ratio of banks

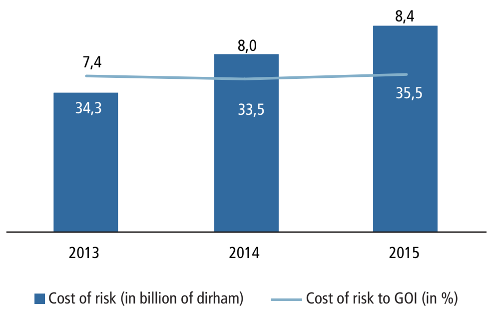


Personnel expenses, representing 47 percent of general operating expenses, increased by 5 percent to over 10 billion dirhams. External expenses, which constitute 39 percent of these expenses, rose 5.6 percent to 8.2 billion. Duties and taxes rose by 20.2 percent to 575 million dirhams. Conversely, amortization and depreciation allocations of tangible and intangible fixed assets were down 1.6 percent to 2.1 billion dirhams.

1.2.3 - The cost of risk continued to grow, albeit at a slower pace

After rising 29.7 percent in 2013 and 7.4 percent in 2014, the cost of risk decelerated to 5.6 percent to stand at 8.4 billion dirhams, thus absorbing 35.5 percent of GOI, as against 33.5 percent in 2014. Of this total, the allocations net of reversals of provisions for non-performing loans amounted to 8 billion, up 12.5 percent as against 31 percent in 2014. Other allocations net of reversals, covering other risks including tax risks, eased by 56 percent, due to the combined effect of a decrease in allocations and a rise in reversals.

Chart 33: Banks' cost of risk compared to GOI



In view of these developments, the current income decreased by 3.3 percent to 15.3 billion dirhams, as against an increase of 5 percent in 2014. While still negative, the extraordinary income increased from 479 million to 1.4 billion dirhams, due to an increase in expenses caused by a tax adjustment.

Chart 34: Change in banks' ROA (in %)

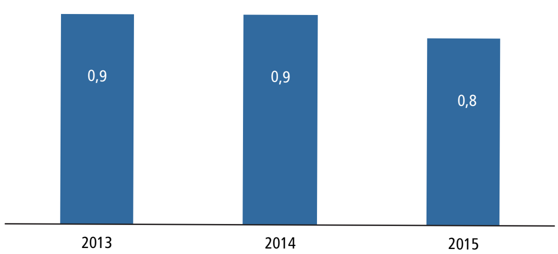
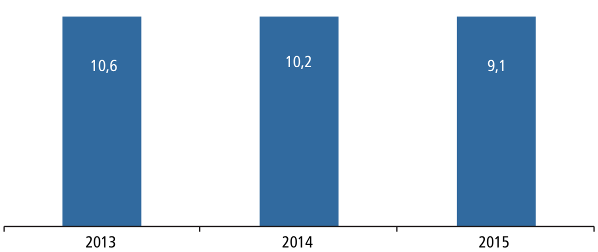


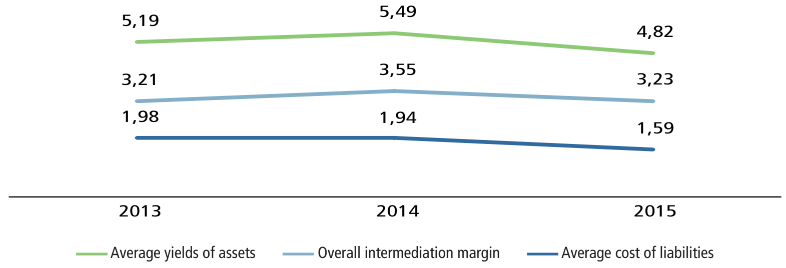
Chart 35: Change in banks' ROE (in %)



Ultimately, banks' net income amounted to 9.4 billion dirhams, down 6.5 percent, as against an increase of 1 percent in 2014. Return on assets (ROA) decreased to 0.8 percent and return on equity (ROE) fell to 9.1 percent, as against respective rates of 0.9 percent and 10.2 percent in 2014.

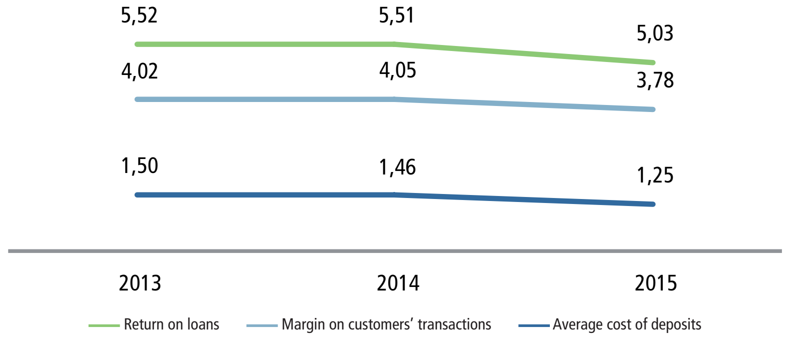
1.2.4 - The overall intermediation margin shrank, due to lower yields of assets

Chart 36: Change in banks' overall intermediation margin (in %)



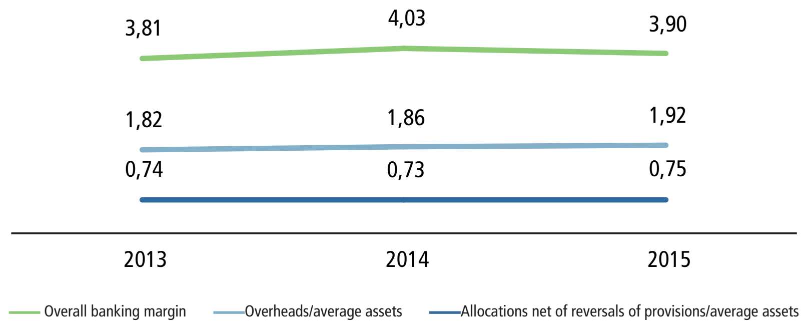
Banks' overall intermediation margin declined by 32 basis points to 3.23 percent, due to a decrease of 67 basis points in the average yields of assets to 4.82 percent and a drop of 35 basis points in the cost of liabilities to 1.59 percent.

Chart 37: Change in banks' margin on customers' transactions (in %)



The margin on customers' transactions shrank by 27 basis points to 3.78 percent, reflecting a 21 basis points decline in the average cost of deposits to 1.25 percent and a 48 basis points drop in the return on loans to 5.03 percent, in the context of the key rate cuts.

Chart 38: Change in the overall banking margin, overheads and cost of risk (in %)



The overall banking margin, as measured by the ratio of NBI to average assets, fell by 13 basis points to 3.90 percent. It was absorbed by overheads at 1.92 percent, as against 1.86 percent, and by the cost of risk at 0.75 percent, as opposed to 0.73 percent in 2014.

2 - Activity and profitability of finance companies

2.1 - The growth of finance companies' activity slowed anew

The finance companies sector includes 34 institutions, including 16 consumer loan companies, 6 leasing companies, 2 real estate loan companies, 2 surety companies, 2 factoring companies, 3 payment means management companies, one company specializing in alternative products, one company specializing in financing microcredit operators and one company specializing in financing small farmers.

In 2015, the volume of finance companies' activities, as measured by their total assets, was up 3.3 percent to 102.5 billion dirhams, as against 6 percent in 2014. Loans by disbursement allocated to customers, representing almost 95 percent of assets, totaled a gross outstanding amount of 98 billion dirhams, showing a new limited growth of 1.8 percent, as opposed to 2.7 percent in 2014. Due from credit institutions and similar entities was up 25 percent to 5.7 billion, mainly as account deposits. Owing to an increase in title deeds, the finance companies' securities portfolio grew by over 35 percent to 1.2 billion dirhams.

Table 6: Change in finance companies' assets

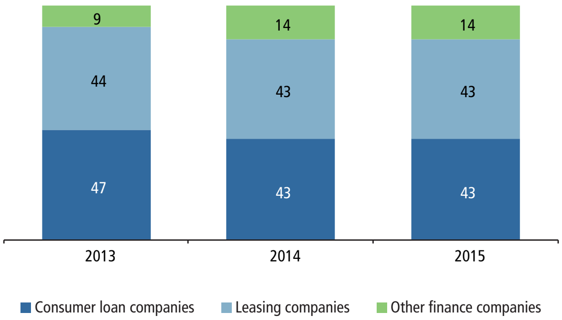
(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due from credit institutions and similar entities	2 283	4 518	5 664	25,4
Due from customers	86 724	88 766	90 658	2,1
Securities portfolio	796	862	1 167	35,4
Fixed assets	1 388	1 374	1 419	3,3
Other assets	2 299	3 653	3 582	-1,9
Total assets	**93 490**	**99 173**	**102 490**	**3,3**

Headings net of depreciation and provisions

Most of the activities of finance companies are still conducted by consumer loan companies and leasing companies, with a share of 43 percent each. The weight of other financial corporations' activities strengthened over the last three years.

Chart 39: Share of different categories of finance companies in the sector's total assets (in %)



The activity of consumer loan companies, measured by total assets, increased by 2.3 percent in 2015 to 44 billion dirhams, from 0.8 percent at end-2014. This change was attributed to an uptrend in leasing operations with a purchase option, while personal lending stagnated.

Table 7: Change in consumer loan companies' assets

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due from credit institutions and similar entities	**549**	**501**	**593**	**18,3**
Due from customers	**39 186**	**39 259**	**40 063**	**2,0**
Including lease with a purchase option	9 521	10 255	10 830	5,6
Securities portfolio	**56**	**22**	**17**	**-21,9**
Fixed assets	**804**	**779**	**746**	**-4,2**
Other assets	**2 092**	**2 457**	**2 588**	**5,3**
Total assets	**42 687**	**43 018**	**44 007**	**2,3**

Headings net of depreciation and provisions

The gross outstanding loans distributed by consumer loan companies stood at end-December 2015 at 44.4 billion dirhams, up 2 percent from 0.6 percent at the end of 2014, thanks to a 5.6 percent growth in the outstanding leasing operations with a purchase option, to 10.8 billion dirhams.

Nearly 54 percent of consumer loans are made up of unallocated loans, mainly personal loans, from 56 percent in 2014. Up to 98 percent of allocated loans are intended to finance purchase of vehicles, a level unchanged from the previous year.

For their part, leasing companies reported a business volume of nearly 44 billion dirhams, up 2 percent from 1 percent at the end of 2014. Their gross outstanding loans, amounting to 45.3 billion dirhams, grew 2.1 percent, from 1.6 percent recorded a year earlier.

Table 8: Change in leasing companies' assets

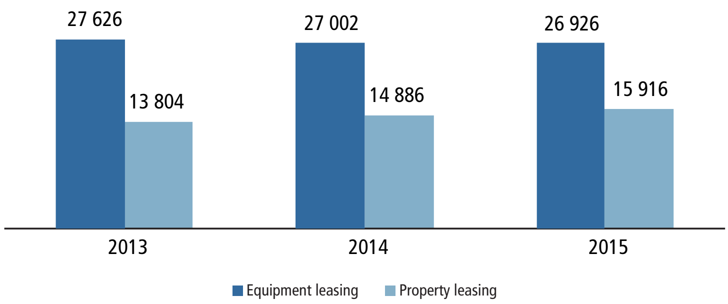
(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Leasing fixed assets	**41 431**	**41 888**	**42 841**	**2,3**
Other customers' loans	**75**	**78**	**125**	**60,5**
Securities' portfolio	**30**	**24**	**18**	**-23,6**
Other assets	**1 082**	**1 041**	**901**	**-13,5**
Total assets	**42 618**	**43 031**	**43 885**	**2,0**

Headings net of depreciation and provisions

Outstanding equipment leasing transactions, representing 63 percent of the total, fell by 0.3 percent in 2015, as against a 2.3 percent decline a year earlier. Property leasing operations continued their upward trend, showing an increase of 6.9 percent to nearly 16 billion, as against 7.8 percent a year earlier.

Chart 40: Change in the outstanding amount of equipment and property leasing transactions (in million of dirhams)



After stagnating in 2014, the production of leasing companies rose by 7.5 percent to nearly 14 billion dirhams[6], corresponding to 14,174 files, up 1.4 percent, as against 7.6 percent. Over 74 percent of this production was allocated to equipment leasing.

[6] Data from the Professional Association of Finance Companies.

Chart 41: Breakdown of property leasing production by type of financed fixed assets

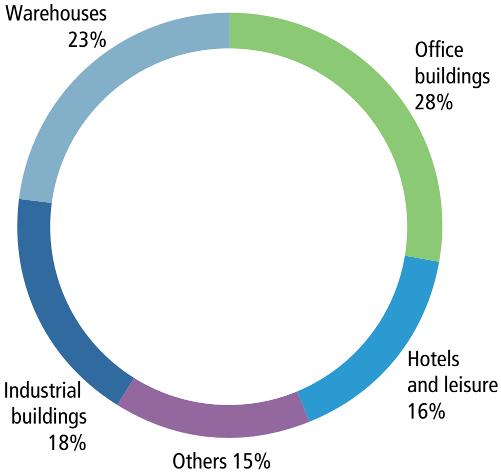
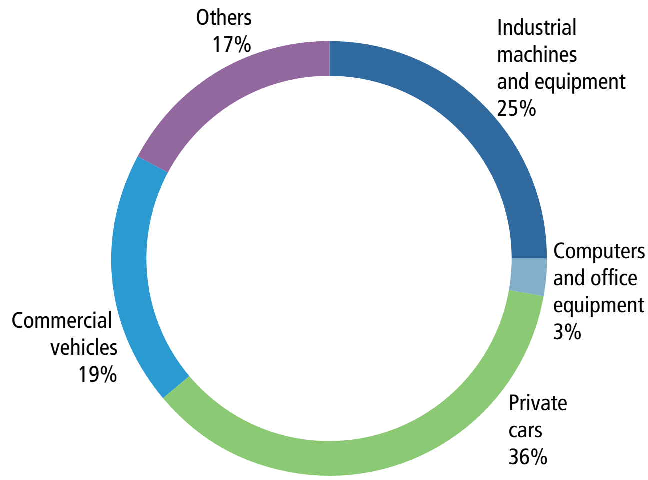


Chart 42: Breakdown of equipment leasing production by type of equipment



Equipment leasing production, amounting to 10.3 billion dirhams, was up 5.8 percent, as against a decline of 5.5 percent in 2014. This growth benefited from higher funding for commercial vehicles (20.4 percent), private cars (5.9 percent) and public works and buildings (24.7 percent). Conversely, funding for industrial machines and equipment as well as computers and office equipment fell by 5.9 percent and 15 percent, respectively.

By sector of activity, the new funding allocated to industry sectors grew by 3.2 percent to 2.4 billion dirhams, reflecting higher loans to food industries (47.8 percent) as well as textile, clothing and leather industries (19.3 percent). The increase also concerned the construction sector, whose outstanding amount moved up by more than 23.3 percent to 1.9 billion dirhams and the transport and communications sector, whose loans grew by 7.6 percent to almost 2 billion dirhams. Regarding new loans allocated to the trade sector, they fell by 1.8 percent to 1.6 billion dirhams.

Analysis by initial maturity shows a predominance of medium-term loans, with a share of 88 percent of total production, up 8 points from 2014.

Property leasing production recorded a larger increase of nearly 13 percent to 3.6 billion dirhams. This change benefited financing for warehouses (+100 percent) and hotels and leisure (+ 87.3 percent). Over 92 percent of these financings are of long-term maturities.

2.2 - Finance companies' liabilities continued to be generated mainly from banking indebtedness and market debt, with divergent trends

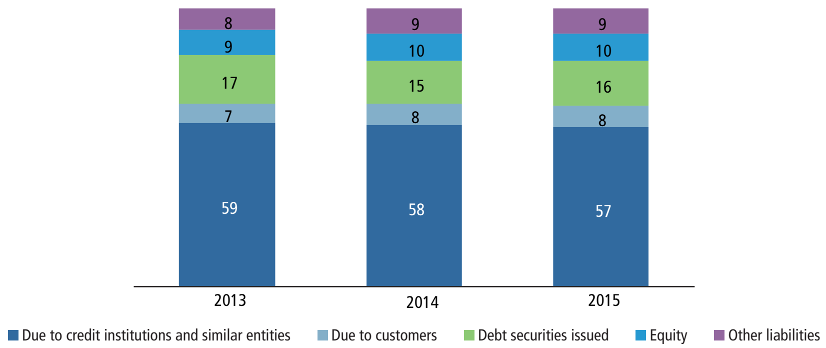
Table 9: Change in finance companies' liabilities

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due to credit institutions and similar entities	54 205	57 222	58 554	2,3
Due to customers	6 980	7 406	8 283	11,8
Debt securities issued	15 966	15 159	16 196	6,8
Equity	9 112	9 460	9 997	5,7
Net income	1 466	1 504	1 497	-0,5
Other liabilities	6 761	8 422	7 963	-5,5
Total liabilities	**94 490**	**99 173**	**102 490**	**3,3**

Bank's indebtedness continues to represent a majority share in finance companies' liabilities (57 percent), followed by debt securities issued (16 percent), equity (10 percent) and due to customers (8 percent).

Chart 43: Change in the structure of finance companies' liabilities (in %)



In 2015, change in these liabilities reflects increases of 2.3 percent in bank's indebtedness to 58.6 billion dirhams, 11.8 percent in due to customers to 8.3 billion, 6.8 percent in debt securities issued to 16.2 billion and 5.7 percent in equity to 10 billion.

Most of the subscribers to bonds issued by finance companies remain UCITS, with a share of 88 percent, followed by credit institutions and similar entities (5 percent) and non-financial companies (7 percent).

Table 10: Change in liabilities of consumer loan companies

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due to credit institutions and similar entities	22 322	19 647	18 244	-7,1
Due to customers	4 804	5 464	6 021	10,2
Debt securities issued	6 758	7 865	9 480	20,5
Equity	5 116	5 262	5 392	2,5
Net income	782	845	851	0,7
Other liabilities	2 905	3 935	4 019	2,1
Total liabilities	**42 687**	**43 018**	**44 007**	**2,3**

Consumer loan companies' bank indebtedness, which represents 41 percent of their liabilities, amounted to over 18 billion dirhams, down 7 percent compared to 2014. This decline benefited debt securities issued, whose outstanding amount increased by 20.5 percent to 9.5 billion, bringing their share to 22 percent. In addition, equity rose by 2.5 percent to 5.4 billion dirhams, representing 12 percent of liabilities, unchanged from the previous two years.

Table 11: Change in liabilities of leasing companies

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due to credit institutions and similar entities	27 513	29 726	31 156	4,8
Due to customers	799	596	514	-13,8
Debt securities issued	9 208	7 294	6 510	-10,7
Equity	2 597	2 718	3 065	12,8
Net income	285	294	253	-13,9
Other liabilities	2 216	2 403	2 387	-0,7
Total liabilities	**42 618**	**43 031**	**43 885**	**2,0**

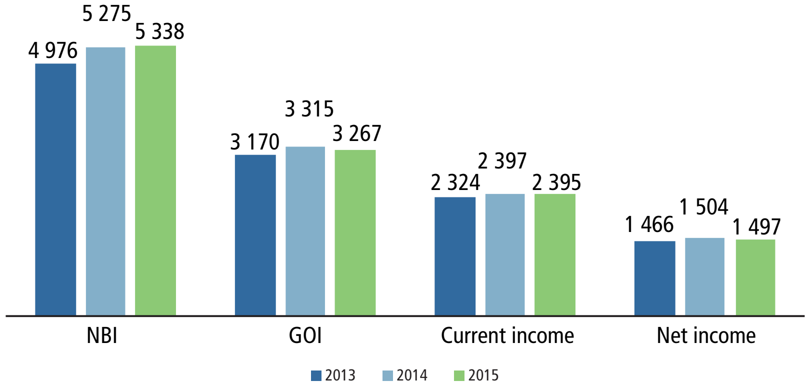
Leasing companies' outstanding bank indebtedness, representing 71 percent of liabilities, appreciated by 4.8 percent to more than 31 billion dirhams, as against 8 percent last year, to the detriment of debt securities issued, whose outstanding amount dropped by 10.7 percent to 6.5 billion.

Representing a 7 percent share of liabilities, the equity capital of leasing companies rose by nearly 12.8 percent to more than 3 billion dirhams.

2.3 - The finance companies' income remained overall stable

In the fiscal year 2015, finance companies posted a stable net profit of nearly 1.5 billion dirhams, as against a 2.6 percent increase in the last year. This trend is particularly due to lower income generated by leasing companies.

Chart 44: Change in management intermediate balances of finance companies (in million of dirhams)

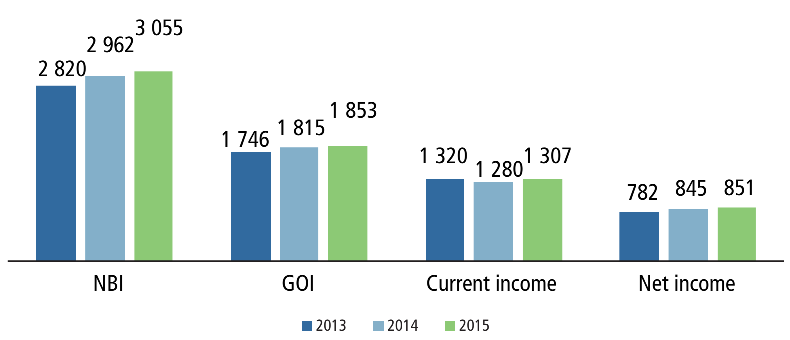


The net banking income (NBI) of finance companies, amounting to 5.3 billion dirhams, grew by 1.2 percent, from 6 percent a year earlier. This deceleration is attributed to lower income from leasing operations, despite the positive change in interest margin and margin on commissions.

General operating expenses rose by 4.7 percent to over 2.1 billion dirhams, generating an average operating ratio of 40 percent, up 1.3 point compared to 2014. The GOI, standing at 3.3 billion, was down 1.5 percent, as against a 4.6 percent increase a year earlier. It was absorbed by the cost of risk, corresponding to the allocations net of reversals of provisions, at 27 percent, as against 28 percent at the end of 2014.

Return on assets (ROA) stood at 1.5 percent, unchanged from 2014 and return on equity (ROE) fell from 15.9 percent to 15 percent at end-2015.

Chart 45: Change in management intermediate balances of consumer loan companies (in million of dirhams)



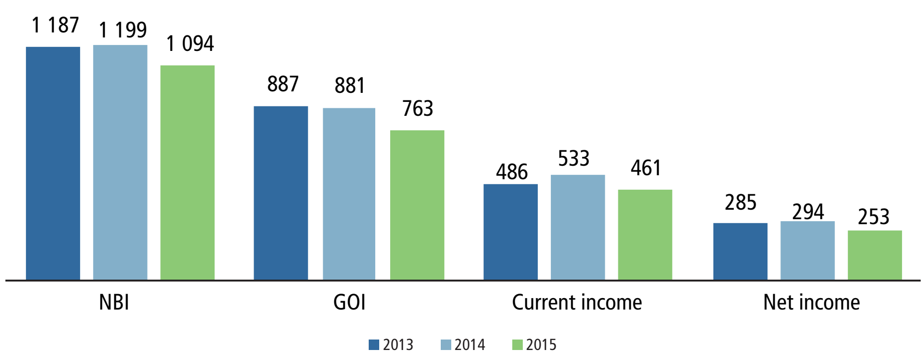
Consumer loan companies generated an NBI of over 3 billion dirhams, up 3.1 percent, as against 5 percent in 2014, following respective increases of 1.8 percent, 3.4 percent and 6.7 percent in interest margin, margin on commissions and income from leasing operations and lease with purchase option.

Their general operating expenses increased by 4.2 percent to over 1.2 billion dirhams, leading to an average operating ratio of 40 percent, slightly up compared to 2014. The resulting GOI was up 2.1 percent to 1.9 billion, as against 4 percent last year.

The cost of risk rose by 2 percent to 546 million dirhams, representing over 29 percent of GOI, the same level as in 2014. Non-operating income progressed from 7.6 million to 34.7 million dirhams.

Given these developments, the net income achieved by consumer loan companies amounted to 851 million dirhams, up only 0.7 percent, as against 8 percent in the previous year. The return on assets (ROA) was thus 1.9 percent, as against 2 percent a year earlier and the return on equity fell by 0.5 point to 15.8 percent.

Chart 46: Change in management intermediate balances of leasing companies (In million of dirhams)



Due to a decline of almost 6 percent in income from leasing operations and a negative impact of the interest margin, the NBI of leasing companies declined by nearly 9 percent to 1.1 billion dirhams, as against a rise of 1 percent in 2014.

Their general operating expenses moved up 4.6 percent to 336 million dirhams, as against 5.7 percent, generating an average operating ratio of 31 percent, up 4 points from the previous year. The resulting GOI fell by 13.4 percent to 763 million dirhams.

Established to 302 million dirhams, the cost of risk declined by 13.2 percent, almost the same level as in the previous year. It absorbed 40 percent of GOI in the last two years.

Therefore, the overall net income generated by leasing companies declined by about 14 percent to 253 million dirhams, as against an increase of 3.2 percent a year earlier. Return on assets and return on equity fell, year on year, to 0.6 percent and 8.3 percent, respectively.

3 - Activity and profitability of offshore banks

At end-2015, total assets of offshore banks, corresponding to an equivalent dirham value, amounted to nearly 41 billion, down 1.8 percent, after rising 10.2 percent at the end of 2014. This change was driven by lower dues from customers.

Table 12: Change in offshore banks' assets

(In million of dirhams)

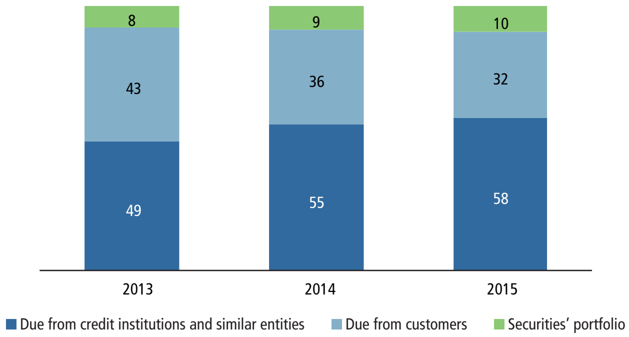
	2013	2014	2015	Change 2014/2015 (in %)
Due from credit institutions and similar entities	18 556	22 801	23 699	3,9
Due from customers	16 298	15 118	13 294	-12,1
Securities' portfolio	2 844	3 515	3 796	8,0
Other assets	173	294	179	-39
Total assets	**37 871**	**41 728**	**40 969**	**-1,8**

Headings net of depreciation and provisions

The change in assets of offshore banks covers divergent trends. Lending to credit institutions grew by 3.9 percent to 23.7 billion dirhams, as against 23 percent a year earlier. The securities portfolio also recorded the same trend, increasing by 8 percent to 3.8 billion dirhams. Over two thirds of this portfolio consists of debt securities.

However, outstanding customer loans showed for the third consecutive year a decrease of 12 percent to 13.3 billion dirhams, as against 7.2 percent last year, in conjunction with respective contractions of 7 percent and 12.7 percent in cash facilities and equipment loans. This change caused a decline of 4 points in the share of these loans in total assets to 32 percent, while the share of due from credit institutions and similar entities increased by 3 points to 58 percent and that of the securities' portfolio rose by one point to 10 percent.

Chart 47: Structure of offshore banks' assets (%)



Despite a 40 percent increase in non-performing loans to nearly 86 million dirhams, their share in total loans remained insignificant (0.6 percent).

Table 13: Change in offshore banks' liabilities

(In million of dirhams)

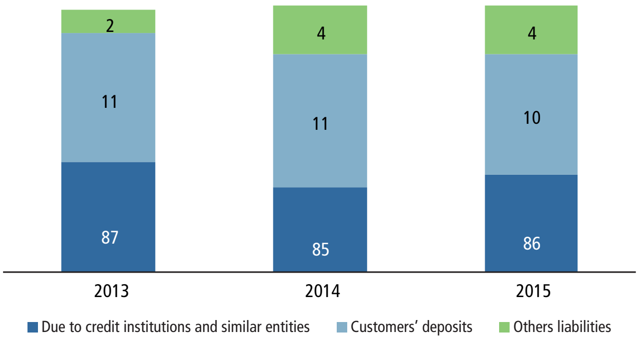
	2013	2014	2015	Variation 2014/2015 (en %)
Due to credit institutions and similar entities	32 961	35 660	35 368	-0,8
Customers' deposits	4 017	4 717	4 293	-9,0
Equity	440	541	627	15,9
Other liabilities	453	810	681	-16,0
Total liabilities	**37 871**	**41 728**	**40 969**	**-1,8**

Liabilities of offshore banks remain marked by the large share of dues to credit institutions and similar entities, representing 86 percent of liabilities, up nearly one point from the previous year. At end-December 2015, these dues totaled 35.4 billion dirhams, down 1 percent, as against an 8.2 percent increase a year earlier.

Customers' deposits ranked second, with a share of 10 percent, down one point compared to 2014. Their outstanding amount decreased by 9 percent to 4.3 billion, after a 17.4 percent increase at the end of 2014.

Representing a 1.5 percent share of liabilities, equity moved up 16 percent to 627 million dirhams.

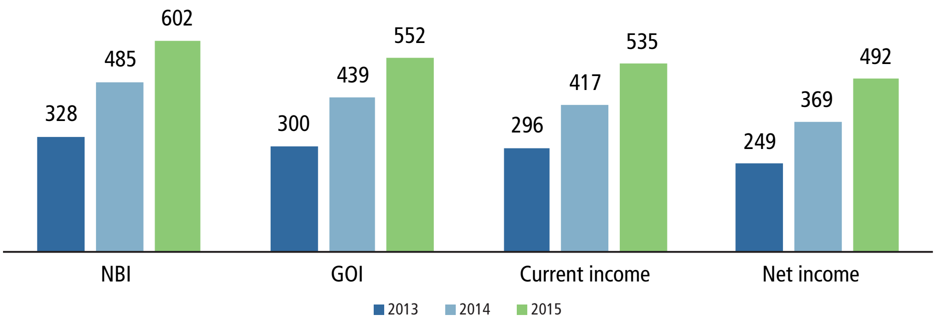
Chart 48: Structure of offshore banks' liabilities (%)



Financing commitments given by offshore banks, most of which consist of commitments to customers, grew by 44 percent to 478 million dirhams, as against a decrease of 11 percent in the previous year. After a fall of 48 percent in 2014, given guarantee commitments grew at the same level, or 1.7 billion dirhams.

Received guarantee commitments amounted to 12.2 billion, down 14 percent after a rise of 4 percent in 2014.

Chart 49: Change in management intermediate balances of offshore banks (in million of dirhams)



In terms of profitability, offshore banks posted in 2015 a net banking income of 602 million dirhams, up 24 percent, as against 48 percent in 2014. This increase reflects a rise of 34 percent in the interest margin, to nearly 554 million, and of 24 percent in the margin on commissions to 21 million. As a result, they generated a net profit of 492 million dirhams, up 33 percent, as against 48 percent in 2014, representing a return on assets of 1.2 percent.

4 - Activity and profitability of microcredit associations

The microcredit associations sector confirmed in 2015 its recovery, after the difficulties encountered a few years ago. It expanded its network to 1.582 points of sale, up 3 percent, and its beneficiaries exceeded 886.000, of whom nearly 50 percent are women.

Table 14: Change in the assets of microcredit associations

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due from credit institutions and similar entities	657	834	832	-0,3
Due from customers	4 685	5 260	5 746	9,2
Fixed assets	228	214	192	-10,0
Other assets	129	153	172	12,7
Total assets	**5 699**	**6 461**	**6 942**	**7,5**

Headings net of depreciation and provisions

Loans granted by microcredit associations to customers totaled a gross outstanding amount of nearly 6 billion dirhams, up 8.9 percent, as against 11.5 percent in 2014. Therefore, the average outstanding loans were up 6 percent to around 7.000 dirhams.

The sector remains dominated by three associations that hold nearly 92 percent of loans to customers.

The types of loans shows that lending to microenterprises accounts for 90 percent of the total, the same level as in 2014 and almost 68 percent is concentrated in urban areas, from 67 percent a year earlier. The share of individual loans rose from 63 percent to over 66 percent.

After a decline in the last two years, non-performing loans (NPL) rose by 11 percent to 225 million dirhams and the risk ratio remained at 3.8 percent. The provisioning ratio of NPLs stood at 79 percent, from 86 percent a year earlier.

Claims on credit institutions and the like, in the form of deposit accounts, decreased slightly to 831 million dirhams, representing 12 percent of total assets.

Table 15: Change in liabilities of microcredit associations

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Due to credit institutions and similar entities	3 353	3 793	3 876	2,2
Equity and similar assets	1 897	2 067	2 300	11,2
Other liabilities	449	601	766	27,7
Total Liabilities	**5 699**	**6 461**	**6 942**	**7,5**

The debts of microcredit associations amounted to nearly 3.9 billion dirhams, up 2.2 percent. As in the past, the breakdown of these debts by provider's category is dominated by local banks with a share of 72 percent. Breakdown by recipient shows that the three major institutions concentrate 92 percent of this amount.

The microcredit sector closed the year 2015 with a net profit of 246 million dirhams, up 10.7 percent, a growth pace similar to that of 2014. It posted average yields of assets of 3.6 percent and a return on equity of 10.8 percent.

5 - Activity and profitability of banking groups on a consolidated basis

The analysis of activity and profitability on a consolidated basis is based on financial statements prepared in accordance with the International Financial Reporting Standards (IFRS)[7] by nine banking groups, holding more than 93 percent of market share on an individual basis.

In 2015, the overall income of the banking groups continued to improve thanks to a growing contribution of activities abroad.

5.1 - The banking groups' activity grew thanks to an organic growth and some external growth transactions

At the end of December 2015, the nine banking groups posted total assets of about 1,359 billion dirhams, up 5.1 percent from 4.2 percent in 2014. This trend, partly due to changes in scope of consolidation, is mainly attributed to growth in due from customers and credit institutions and, to a lesser extent, an increase in financial assets at fair value by result.

In terms of structure, due from customers accounted for 65.2 percent of the banking groups' assets, from 66.8 percent a year earlier. The share of financial assets available for sale dropped from 7.4 to 6.8 percent.

[7] Figures at the end of 2013 and 2014 were revised after taking into account data of a new banking group, bringing the perimeter under review to nine banking groups from eight previously reviewed.

Chart 50: Structure of banks' assets - on a consolidated basis (in %)

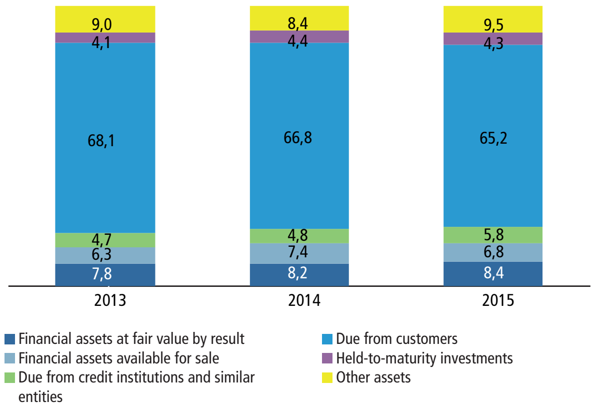
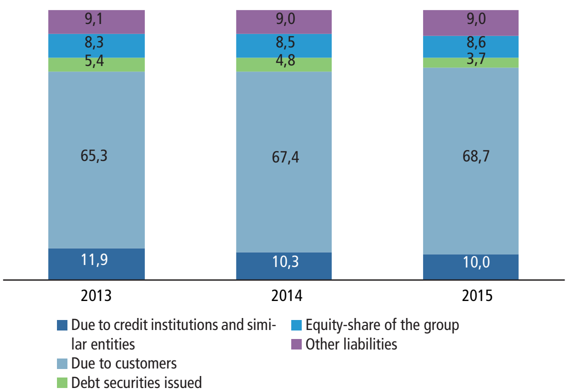


Chart 51: Structure of banks' liabilities - on a consolidated basis (in %)



On the liabilities side, deposits collected from customers are the main trigger for the increase in liabilities, contributing to the expansion of their share to 68.7 percent, from 67.4 percent a year earlier. Conversely, the share of due to credit institutions and equity-share of the group declined slightly to 10 percent and 8.6 percent, respectively. Similarly, the share of debt securities issued decreased by 1.1 point to 3.7 percent.

5.1.1 - The increase in banking groups' assets was mainly driven by growth in due from customers and credit institutions

Table 16: Change in banks' assets on a consolidated basis

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Financial assets at fair value by result	96 620	106 303	114 798	8,0
Financial assets held for sale	77 823	95 045	92 819	-2,3
Due from credit institutions and similar entities	58 375	62 484	78 784	26,1
Due from customers	844 414	863 615	886 552	2,7
Held-to-maturity investments	51 287	56 439	58 157	3,0
Other assets	112 345	108 865	127 639	17,2
Total assets	**1 240 864**	**1 292 751**	**1 358 749**	**5,1**

Due from customers, which contributed 35 percent to the change in assets, totaled an outstanding amount of 886.6 billion dirhams, up 2.7 percent, from 2.3 percent at the end of 2014. Meanwhile, due from credit institutions progressed by 26.1 percent to 78.8 billion, from 7 percent.

Financial assets at fair value by result, including held-for-trading securities, totaled 114.8 billion dirhams, up 8 percent, as against 10 percent, and held-to-maturity investments were up 3 percent to 58.2 billion dirhams, as against 10 percent a year earlier.

After a positive change of nearly 22 percent in 2014, financial assets available for sale were down 2.3 percent to 92.8 billion dirhams.

5.1.2 - Banking groups' liabilities grew mainly on the back of higher customers' deposits

Table 17: Change in banks' liabilities on a consolidated basis

(In million of dirhams)

	2013	2014	2015	Change 2014/2015 (in %)
Financial liabilities at fair value by result	**3 803**	**5 030**	**3 248**	**-35,4**
Due to credit institutions and similar entities	**147 462**	**132 758**	**135 257**	**1,9**
Due to customers	**810 719**	**871 309**	**933 478**	**7,1**
Debt securities issued	**67 079**	**62 384**	**50 418**	**-19,2**
Equity- share of the group	**103 562**	**109 923**	**116 306**	**5,8**
Including net income	9 865	10 881	11 478	5,5
Other liabilities	**108 239**	**111 347**	**120 042**	**7,8**
Total liabilities	**1 240 864**	**1 292 751**	**1 358 749**	**5,1**

Dues to customers amounted to 933.5 billion, registering a growth of 7.1 percent, as against 7.5 percent a year earlier. After a 10 percent decline, due to credit institutions recovered slightly, with an increase of almost 2 percent to 135.3 billion dirhams.

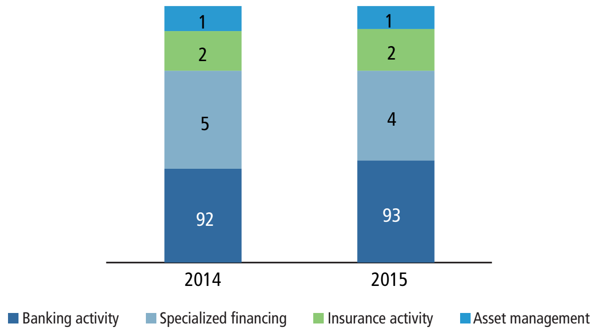
After rising 32.3 percent in the previous year, financial liabilities at fair value by result declined by 35.4 percent to 3.2 billion and outstanding debt securities issued once again fell by 19.2 percent to 50.4 billion dirhams.

On their side, equity-share of the group grew by 5.8 percent to 116.3 billion dirhams, reflecting increases of 5.4 percent in capital and related reserves, 5.5 percent in net income and 8.2 percent in consolidated reserves.

5.1.3 - Activity on a consolidated basis remains dominated by banking activity

Analysis of the major groups' consolidated activity by various professions shows that banks' activities continued to contribute up to 93 percent. The remainder is divided into 4 percent for specialized financing, 2 percent for the insurance sector and 1 percent for asset management businesses.

Chart 52: Contribution of various businesses to total assets of banking groups (in %)

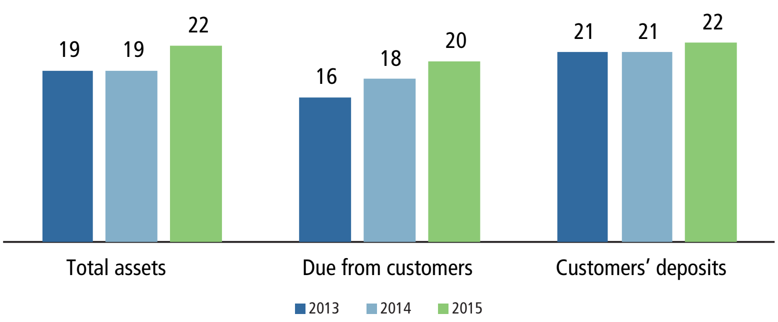


5.1.4 - The activity of the three cross-border banking groups benefited from the increasing contribution of activities abroad

At the end of 2015, total assets of the banking subsidiaries abroad increased by 19.5 percent to 221.2 billion dirhams, as against 9.3 percent in the previous year, reflecting stronger activities in both Africa and Europe. Their credit portfolios grew at the same rate as in 2014, or 13.6 percent to 127.2 billion dirhams. Deposits collected appreciated by 12.8 percent to 155 billion, from 9.7 percent in 2014.

Therefore, the contribution of subsidiaries abroad reached 22 percent of consolidated total assets, up 3 points compared to the end of 2014. This share stood at 20 percent for customer loans and 22 percent for deposits collected from customers.

Chart 53: Contribution of banking subsidiaries abroad to the balance-sheet main headings of the three major banking groups (in %)



5.1.5 - The ratio of non-performing loans held by the banking groups increased

In 2015, the outstanding non-performing loans held by the banking groups increased by 10.4 percent to nearly 78 billion dirhams, as against 13.2 percent[8] a year earlier. The risk ratio rose to 8.3 percent from 7.7 percent in 2014. These loans were covered by provisions up to 68 percent, unchanged from the previous year.

Chart 54: Change in non-performing loans and the risk ratio on a consolidated basis

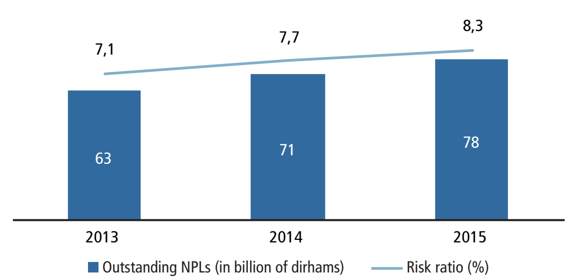
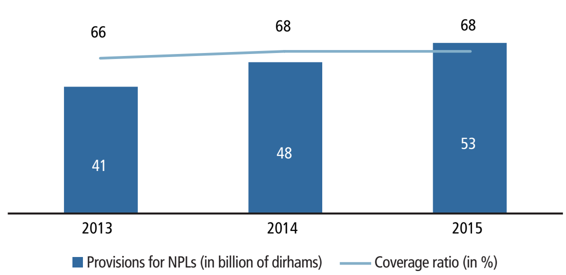


Chart 55: Change in provisions and the coverage ratio on a consolidated basis

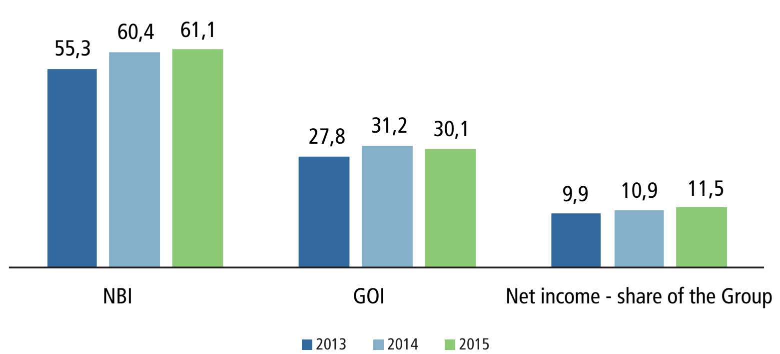


Outstanding non-performing loans of subsidiaries based in the rest of Africa, calculated according to consolidation standards, totaled 12.3 billion dirhams, representing a risk ratio of 9.7 percent, from 9.2 percent a year earlier. These loans were covered by provisions at 68 percent, as against 69 percent.

5.2 - The growth rate of banking groups' net income slowed down, due to lower revenues from domestic market operations

Profitability on a consolidated basis is analyzed based on income statements of the nine banking groups. As a result, albeit slowing down compared to 2014, profitability at end-2015 benefited from the good contribution of activity abroad. This change reflects a higher NBI while the cost of risk decelerated broadly compared to the previous year.

Chart 56: Change in management intermediate balances on a consolidated basis (in billion of dirhams)

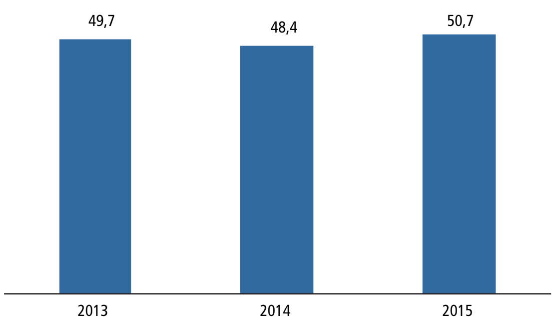


[8] 2013 and 2014 figures were reviewed.

After rising 9.3 percent in the previous year, the net banking income, amounting to nearly 61 billion dirhams, slowed down to 1.1 percent. The interest margin, with a share of 72 percent of the NBI, stood at 42.2 billion dirhams, up 4.4 percent, as against 6.1 percent in 2014, in connection with a concomitant decrease in the average yields of assets and average costs of liabilities. The margin on commissions, totaling 10.3 billion dirhams, rose 4.1 percent, as against 4.9 percent. Its share in the NBI strengthened by 0.5 point to 16.9 percent.

After growing nearly 39 percent in 2014, income from market activities declined by 19.8 percent to nearly 7 billion dirhams, due to a decline of 26 percent in net gains on financial instruments at fair value by result, while they had progressed by 49 percent in 2014.

Chart 57: Average operating ratio (in %)



General operating expenses, totaling 31 billion dirhams, increased 6.0 percent, the same pace as in 2014. They generated an average operating ratio of 50.7 percent, from 48.4 percent a year earlier.

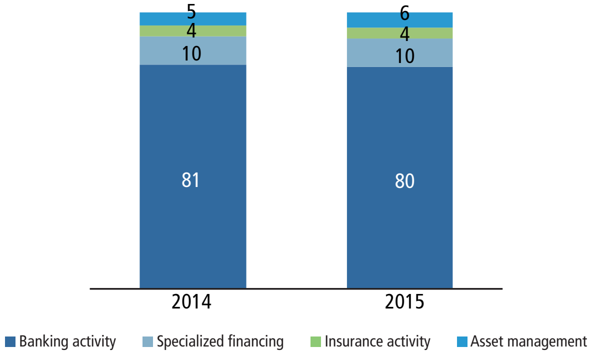
Given the change in the NBI and the general operating expenses, the gross operating income, which moved up 12.2 percent in 2014, declined during the year by 3.5 percent to 30.1 billion dirhams.

After rising 39.7 percent in 2014, the cost of risk dropped 9.1 percent to 10.4 billion dirhams, following reversals of provisions made in previous years. It represented 34.5 percent of gross operating income, as against 36.6 percent a year earlier.

In the end, the nine banking groups generated in 2015 a net income-share of the group of 11.5 billion, up 5.5 percent, as against 10.3 percent in 2014. Return on assets (ROA) remained at 0.8 percent and Return on equity (ROE) increased by 0.4 point to 9.9 percent.

The breakdown of net income-share of the group by business activity shows that the banking activity accounts for a share of 80 percent, as against 10 percent for specialized financing, 6 percent for the asset management business and 4 percent for the insurance activity.

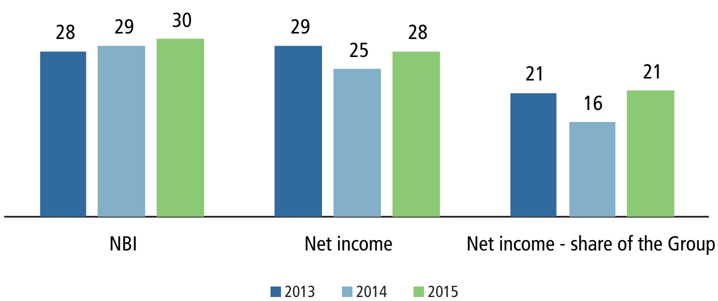
Chart 58: Contribution of various businesses to the net income-share of the Group of the banking groups (in %)



The activities abroad of the three major banking groups generated a net banking income of 13.9 billion dirhams, up 5.5 percent, of which almost 94 percent was achieved in Africa. In addition, the share of activities conducted abroad in the NBI of these groups stood at 30 percent, up one point from the previous year. Their contribution to net income-share of the group stood at 21 percent, up 5 points from 2014.

Taken separately, activities in Africa generated nearly 19 percent of net income-share of the group of the three banks operating in the continent.

Chart 59: Contribution of the banking subsidiaries abroad to the main income headings of the three major banking groups (in %)



CHAPTER III

BANKING RISKS

بنك المغرب

Due to the economic conditions, the quality of bank assets registered a further rise in the risk of default, which affected much more businesses than households.

In terms of liquidity, banks' refinancing conditions continued to improve in 2015, as banks benefited from the positive effects of the build-up of foreign exchange reserves.

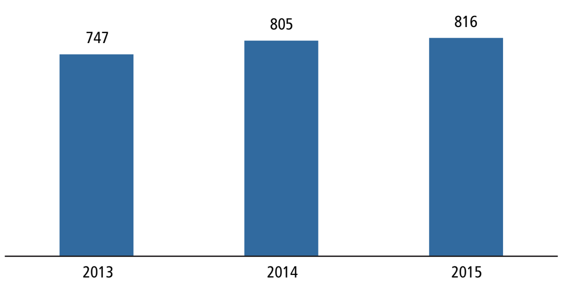
Banks maintained their level of solvency in accordance with the regulatory minimum requirements.

1 - Change in banks' solvency

1.1 - Change in the net weighted risks

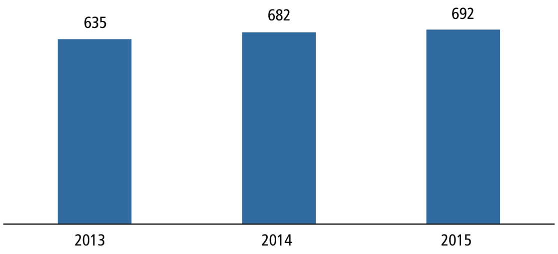
At the end of 2015, the net weighted risks of the banking sector amounted to 816 billion dirhams, registering a limited increase of 1.4 percent, as against 7.7 percent at the end of 2014. They consist of up to 85 percent of the net weighted risk under the credit risk, 5 percent of exposures under the market risk and 10 percent under operational risk.

Chart 60: Change in banks' total net weighted risk - on an individual basis (in billion of dirhams)



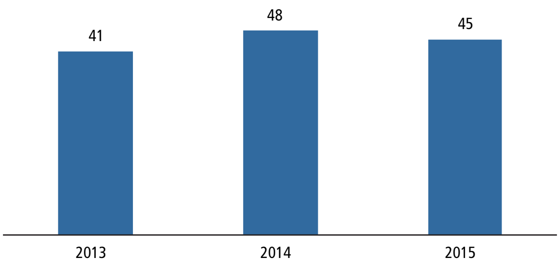
The net weighted assets for the credit risk, calculated using Basel II standards, correspond to credit risk weighted exposures - balance sheet and off-balance sheet - calculated after the application of risk mitigation techniques. They reached 692 billion dirhams, up 1.5 percent, as against 7.3 percent in 2014, due to the deceleration of credit to non-financial customers.

Chart 61: Change in credit risk-weighted exposures - on an individual basis (in billion of dirhams)



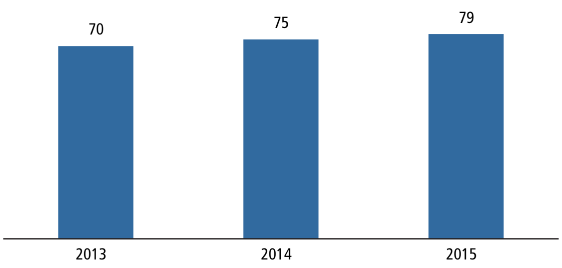
The market risk net weighted assets accumulated at end-December 2015 nearly 45 billion dirhams, down 6.6 percent, as against an increase of 16 percent a year earlier, reflecting a decline in banks' positions on market activities at year end.

Chart 62: Change in market risk-weighted exposures - on an individual basis (in billion of dirhams)



Operational risk exposures are calculated by most banks using the basic indicator approach[9]. They reached 79 billion, up 5 percent.

Chart 63: Change in operational risk-weighted exposures - on an individual basis (in billion of dirhams)



[9] Under this approach, the operational risk is determined based on a multiplying factor of 15 percent of the net banking income.

1.2 - Change in banks' prudential equity

At end-2015, banks' total prudential equity amounted to 112 billion dirhams, up nearly one billion dirhams compared to December 2014. This slight increase is largely due to the impact of the gradual abolition of transitional measures for the adoption of Basel III and the increase in banks' shareholdings in the capital of credit institutions abroad.

Equity are divided into tier 1 capital, amounting to 96 billion dirhams, of which almost 97 percent are core capital, and tier 2 capital, amounting to 16 billion dirhams.

Chart 64: Change in capital and solvency ratio - on an individual basis

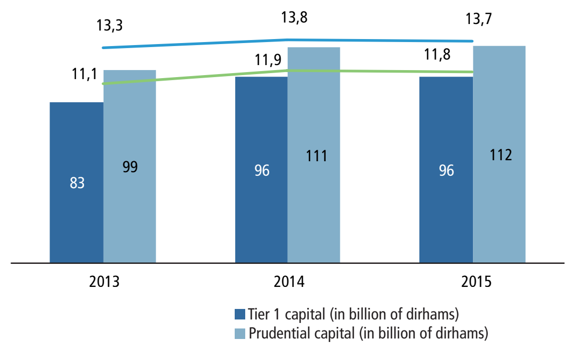
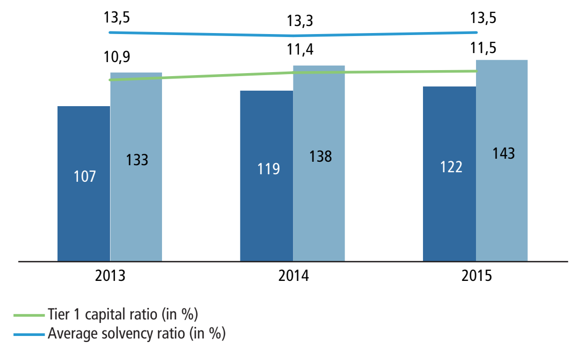


Chart 65: Change in capital and solvency ratio - on a consolidated basis



The average solvency ratio, measured as the ratio of the volume of equity to the sum of net weighted assets, stood at 13.7 percent, a level similar to that of 2014, above the minimum threshold of 12 percent, as provided for by the prudential regulations in force. The tier 1 capital ratio stood at 11.8 percent for a regulatory minimum of 9 percent and the average core tier 1 ratio stood at 11.4 percent for a minimum of 8 percent.

The solvency ratio, calculated on a consolidated basis, stood at 13.5 percent, from 13.3 percent and the tier 1 capital ratio stood at 11.5 percent from 11.4 percent in 2014.

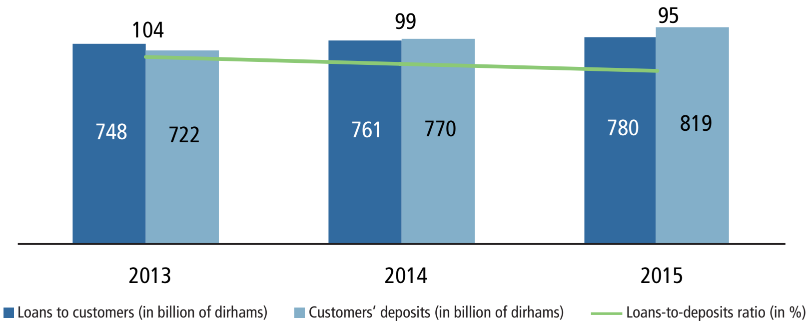
2 - Change in bank liquidity

Banks' refinancing conditions eased once again, helping to significantly reduce pressures on the interbank market. Banks' liquidity situation improved, in the light of the new short-term liquidity ratio.

2.1 - Banks' liquidity profile

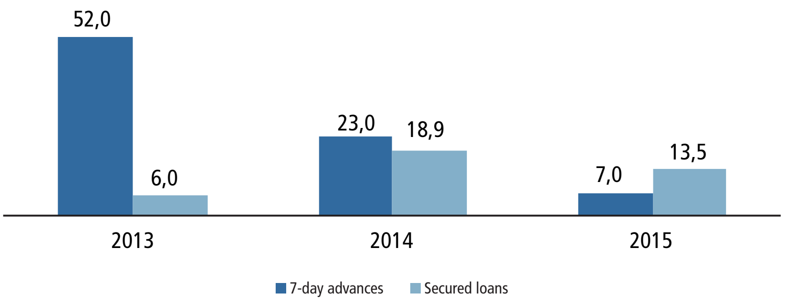
In 2015, bank liquidity continued to improve thanks to the positive impact of mitigating the current account deficit and the uptrend of deposits collected. The latter were up 6.4 percent, while loans slowed down to 2.5 percent. The ratio of loans to deposits continued to decline to nearly 95 percent. Adjusted by certificates of deposit, this ratio stood at 90 percent, as against 91 percent in 2014.

Chart 66: Change in deposits, loans and loans-to-deposits ratio



At the end of 2015, the Central Bank's interventions, under 7-day advances, were reduced to 7 billion dirhams, down nearly 16 billion compared to 2014. Banks' use of the Central Bank's refinancing secured by loans to VSME accumulated to 13.5 billion, from 18.9 billion dirhams a year earlier.

Chart 67: Outstanding amount of 7-day advances and loans secured by Bank Al-Maghrib's claims on VSME (in billion of dirhams)



Similarly, outstanding bonded debts issued by banks were down 9.1 percent, as against 2.1 percent in 2014. Outstanding debt securities issued, made up of 85 percent of certificates of deposit, declined by nearly 21.5 percent to 49.7 billion dirhams. The analysis by maturity shows that 33 percent of debt securities issued have a maturity of less than one year, as against 34 percent in 2014. Those with a maturity between 1 and 2 years represent 22 percent of total emissions (18 percent in 2014) and the remainder, or 45 percent of the total, has a maturity of over 2 years.

As subordinated debts, saw their outstanding increase by 23 percent to 30.3 billion dirhams.

By maturity, short-term assets still represent 47 percent of bank assets and medium and long-term assets represent 53 percent, unchanged from 2014. Meanwhile, 58 percent of liabilities are non-maturity liabilities, 24 percent are short-term ones and 18 percent are medium and long-term liabilities, as against respective rates of 56 percent, 26 percent and 18 percent a year earlier.

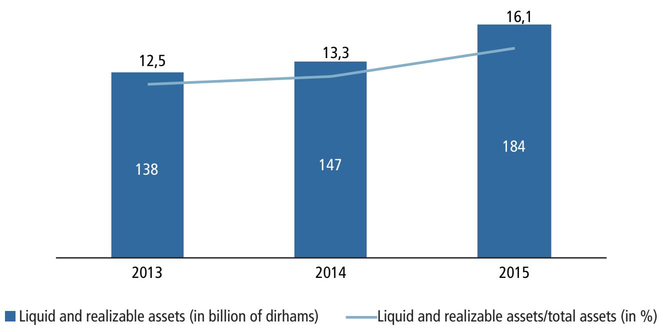
In parallel, banks' net position on the repurchase agreement market, excluding transactions with Bank Al-Maghrib, increased significantly, generating a net positive balance of 20 billion dirhams at end-2015.

2.2 - Banks' liquid assets

In 2015, banks' liquid and realizable assets strengthened. These assets, which particularly include cash, deposits with Bank Al-Maghrib, interbank loans, Treasury bills and certificates of deposit, which enable banks to protect themselves from a potential liquidity shock.

They totaled, at the end of 2015, an outstanding amount of 184 billion dirhams, up 25.3 percent, from 6.9 percent in 2014. The share of these assets in total assets reached 16.1 percent from 13.3 percent a year earlier.

Chart 68: Change in liquid and realizable assets held by banks



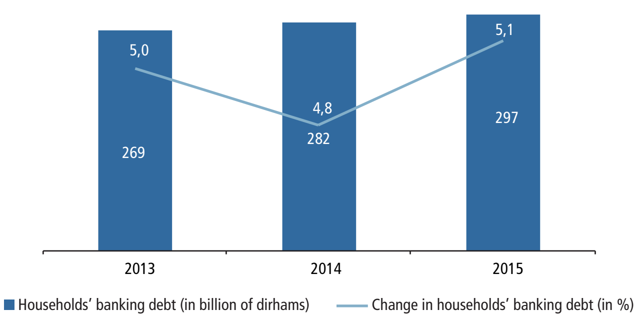
After a decline of 14.8 percent last year, the portfolio of Treasury bills increased by 1.5 percent to 118 billion dirhams and the portfolio held with the UCITS dropped by 12 percent to nearly 53 billion dirhams.

The short-term liquidity ratio stood at 168 percent, at end-December 2015, from 130 percent a year earlier. This ratio requires banks to hold a high-quality liquid assets buffer, allowing them to withstand for a period of thirty days a severe liquidity shock. Since July 2015, respecting this ratio has become mandatory for a minimum of 60 percent. It will be raised by 10 points annually to gradually reach 100 percent at end-2018.

3 - Change in households' banking indebtedness

Bank Al-Maghrib conducted with banks and consumer loan companies its 11th annual survey on households' banking debts reflected in housing loans and consumer loans. This survey covered in 2015 a sample of 9 banks and 11 consumer loan companies, with accumulated market shares of 99 percent in both segments. This survey helps to understand the profile of these loans' beneficiaries according to various criteria.

Chart 69: Change in the households' banking debt



At end-December 2015, the outstanding households' banking debt amounted to 297 billion dirhams, up 5.1 percent from 4.8 percent in 2014. This change was driven by higher housing and consumer loans. They represented almost 36 percent of lending by credit institutions, from 35 percent a year earlier.

Measured as a ratio to gross domestic product (GDP), this outstanding amount stood at 30 percent, down one point compared to 2014.

The share of consumer loans in households' banking debt remained at 36 percent and that of housing loans at 64 percent. Banks hold nearly 85 percent of these claims, a rate similar to that of the previous year.

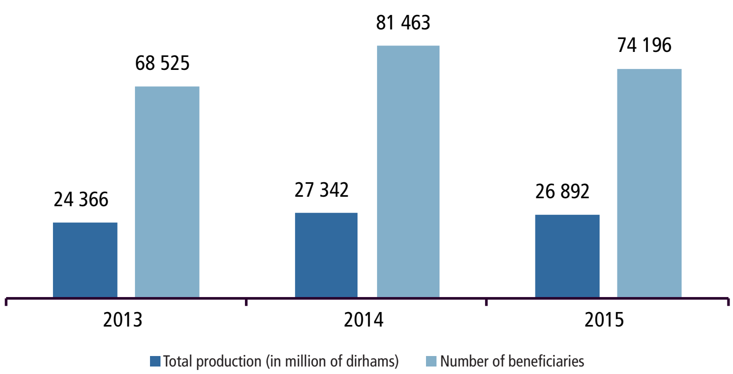
The average debt level per household continued its upward trend and stood at end-December 2015 at 40.700 dirhams, from 38.600 a year earlier.

3.1 - Housing loans

3.1.1 - Change in housing loan features

Despite lower interest rates, housing loan production was down 1.6 percent in 2015 to nearly 27 billion, after rising 12 percent a year earlier. This decline, which affected mainly loans encouraged by the government, covers contrasting trends across banks.

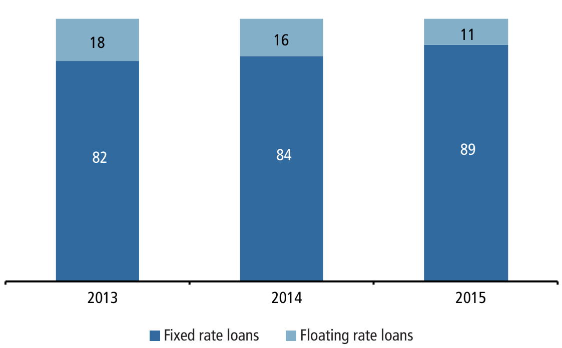
Chart 70: Change in the production of housing loans and the number of beneficiaries



Similarly, the number of beneficiaries fell by 9 percent to nearly 74.200 customers, reflecting decreases of 9 percent in free loans and 10 percent in loans supported by the government. This trend resulted in an average amount of loans of 362.000 dirhams, up 26.000 dirhams, from one year to another.

Thus, the gross outstanding amount of housing loans stood at 189.4 billion dirhams, up 4.6 percent, as against 6.7 percent a year earlier. Of this total, the gross outstanding free loans, with a share of 80 percent, rose by 4.6 percent, as against 5.2 percent. On their side, the outstanding amount of loans supported by the government grew by 4.6 percent, after an increase of 13.4 percent a year earlier. They stood at 37.1 billion dirhams, of which nearly 19.6 billion under FOGALEF[10] and FOGALOGE[11] and 13.5 billion under FOGARIM[12] and 4 billion under low cost housing (Habitat Bon Marché).

Chart 71: Breakdown of the outstanding amount of housing loans into fixed and floating rate (in %)



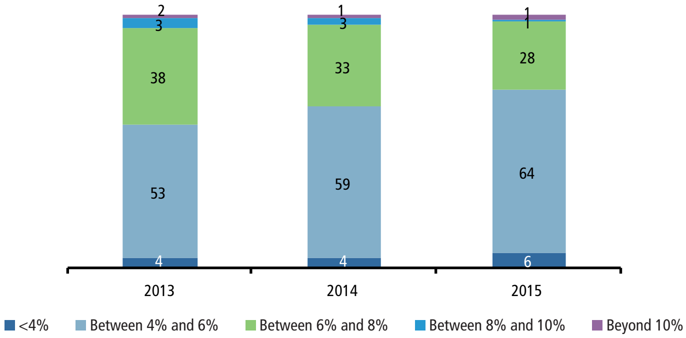
[10] Guarantee fund for housing loans to members of the Mohammed VI Foundation for the Promotion of Social Works for Education-Training staff.
[11] Guarantee fund for housing loans to public sector personnel.
[12] Guarantee fund for households with irregular and small-incomes.

The share of fixed-rate loans increased further to 98 percent in terms of production, up 3 percentage points compared to last year, and to 89 percent in terms of outstanding amount, up 5 points.

After declining 5 basis points in 2014, the average interest rate on housing loans posted a further decline of almost 20 basis points to 5.21 percent.

Nearly 70 percent of loans were granted at a rate lower than 6 percent, as against 63 percent at the end of 2014.

Chart 72: Change in the outstanding amount of housing loans based on the applied rate range (in %)

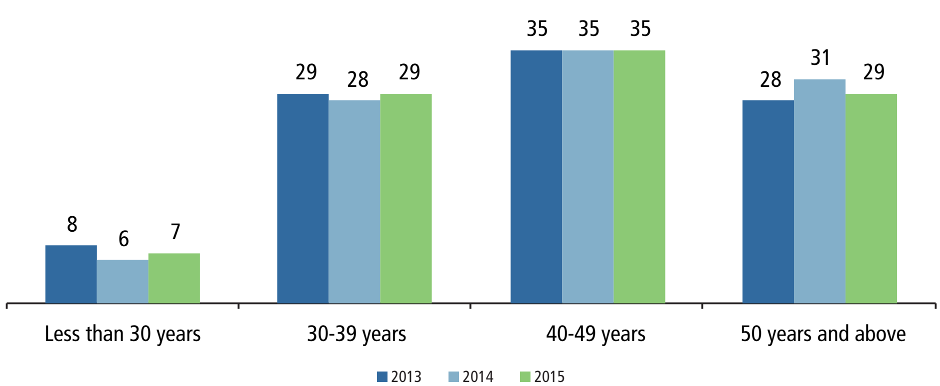


3.1.2 - Profile and features of housing loans' beneficiaries

The profile of beneficiaries is analyzed based on the criteria of age, income, socio-professional category and place of residence.

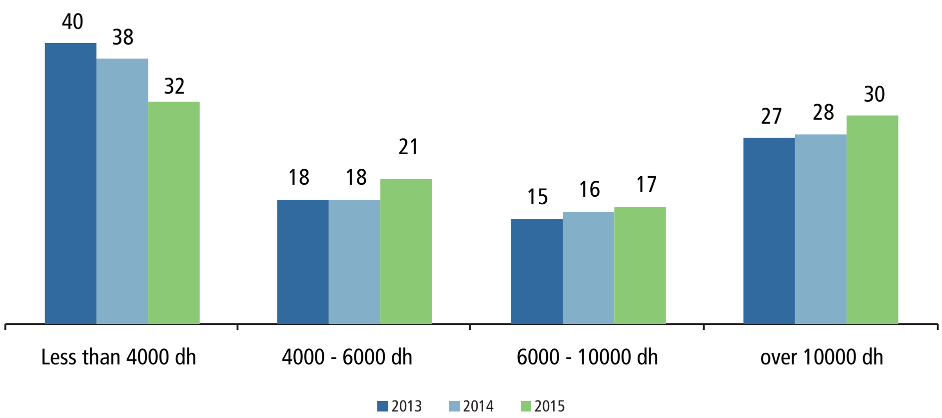
According to the criterion of age, like in previous years, people aged over 40 had nearly 64 percent of the total number of credit files, as against 29 percent for those aged between 30 and 40. Those under 30 years had the lowest share.

Chart 73: Breakdown of the number of housing loans' files by age (in %)



In terms of income, those with an income less than 4,000 dirhams represented nearly 32 percent of the number of credit files, down 6 points compared to 2014. This decline benefited those with an income between 4,000 and 10,000 dirhams, whose share rose by 4 points to 38 percent and those with an income above 10,000 dirhams, whose share grew by 2 points to 30 percent.

Chart 74: Breakdown of the number of housing loans' files by income (in %)



By socio-professional category, private and public sector employees continue to constitute the categories who resort mostly to loans, though with a lesser respective share of 46 percent (51 percent in 2014) and 33 percent (35 percent in 2014). Meanwhile, the share of merchants and craftsmen increased by 8 points to 14 percent.

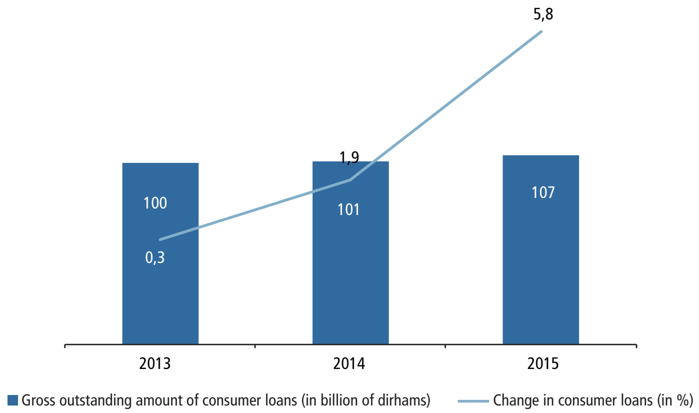
In terms of geographical distribution, the concentration of loans increased in the regions of Casablanca (36 percent from 33 percent) and Rabat (18 percent from 16 percent in 2014).

3.2 - Consumer loans

3.2.1 - Change in the outstanding consumer loans

Driven by a mastered evolution of consumer prices, households' consumption continued to trend positively in 2015, benefiting from the good momentum in remittances from Moroccan residents abroad and the exceptional crop year. In this vein, and following a slight recovery in 2014, consumer loans recorded a higher growth, as its gross outstanding amount rose 5.8 percent to 107 billion dirhams. This trend is more noticeable in banks than in consumer loan companies.

Chart 75: Change in the gross outstanding amount of consumer loans

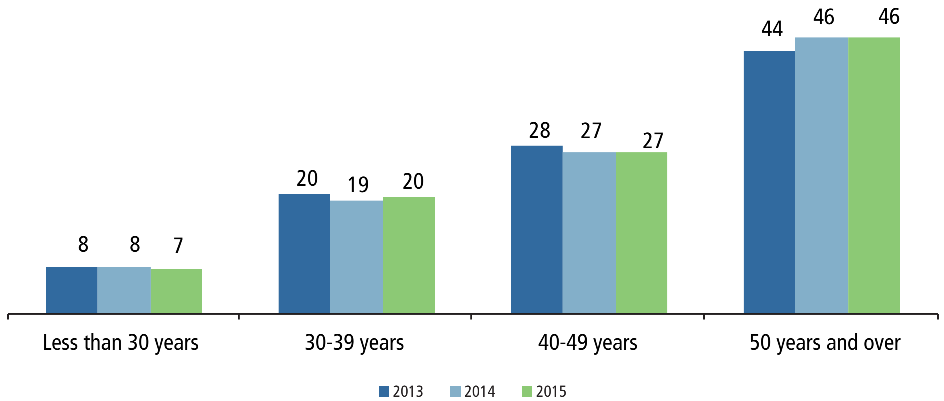


3.2.2 - Profile and characteristics of consumer loans' beneficiaries

In the same way as for housing loans, the profile of consumer loan beneficiaries is assessed on the basis of age, income, socio-professional category and place of residence.

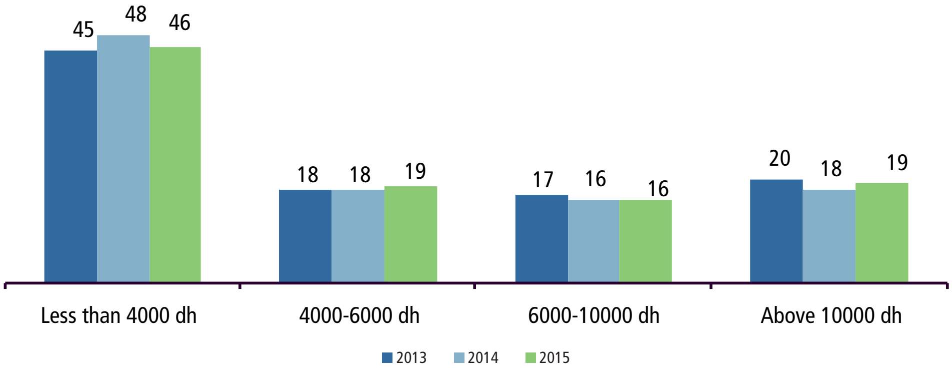
Based on the criterion of age, persons aged over 40 had nearly 73 percent of the total number of credit files, as against 20 percent for those aged between 30 and 40 years. Those aged below 30 still have very low holding rates, or 7 percent.

Chart 76: Breakdown of the number of consumer loans' files by age (in %)



In terms of income, nearly 46 percent of credit files are held by those with an income less than 4.000 dirhams, down 2 points compared to 2014. This decline benefited individuals with an income between 4.000 and 10.000 dirhams, whose share increased by one point to 35 percent and those with an income above 10.000 dirhams, whose share amounted to 19 percent, up one point as well.

Chart 77: Breakdown of the number of consumer loans' files by income (in %)



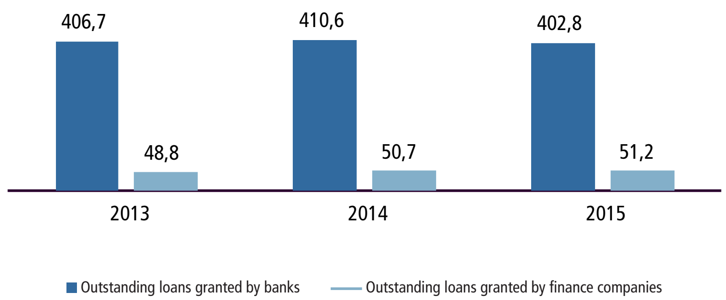
By socio-professional category, private and public sector employees held in 2015 respective shares of 39 percent and 36 percent of credit files, from 39 percent and 37 percent in 2014. The share of other socio-professional categories increased by one point to 7 percent for merchants and craftsmen and to 13 percent for retirees.

By geographical location, it appears that consumer loan beneficiaries remain concentrated in the urban areas of Casablanca (30 percent), Rabat (23 percent) and Marrakech (10 percent).

4 - Change in non-financial companies' banking indebtedness

At the end of 2015, credit institutions granted an outstanding amount of nearly 454 billion dirhams to non-financial companies, accounting for 55 percent of total loans, down 1.6 percent, after rising 1.3 percent in 2014. This contraction, which comes at a time when macroeconomic imbalances eased and bank liabilities improved, affected mainly private businesses, whose outstanding amount fell by almost 2.4 percent, while financing for public companies was up 7.4 percent.

Chart 78: Outstanding loans by disbursement granted to non-financial corporations (in billion of dirhams)



While loans granted by finance companies increased by nearly 1 percent to 51.2 billion dirhams, those distributed by banks, with a share of 89 percent of the total, showed a decline of 1.9 percent to 402.8 billion dirhams, after rising 1 percent in 2014. By category, equipment loans stagnated and cash facilities dropped by 3 percent. This decrease is largely due to weaker demand from businesses in a difficult economic environment marked by weak non-agricultural activities and uncertainties regarding economic recovery in Morocco's major trading partners.

By segment of corporations, almost a third of loans are granted to VSME in 2015. Banks continue to refine the segmentation of their customers according to criteria defined by prudential regulations, in line with those of the Basel Committee.

Box n°3: VSME Support Fund

The VSME Financial Support Fund was set up in 2013 by Bank Al-Maghrib, the banking sector and the Central Guarantee Fund (CCG) with a view to co-financing, alongside banks, viable businesses which experience temporary difficulties because of the economic conditions.

The targeted companies are particularly SMEs and mid-sized businesses that meet the following conditions:

- Loans are not doubtful or impaired ;
- Beneficiaries operate in all sectors of activity, with priority for industrial and export-oriented sectors ;
- The turnover is less than 500 million dirhams, subject to some exceptions.

Loans granted by the Fund take the form of a subordinated loan of a maximum amount of 50 million dirhams. This loan has a fixed interest rate corresponding, for the portion attributable to the Fund, to the weighted average rate of 5-year Treasury bill issues. Regarding the share of the bank, the interest rate is freely negotiable, but without exceeding the rate on the share of the Fund plus 150 basis points.

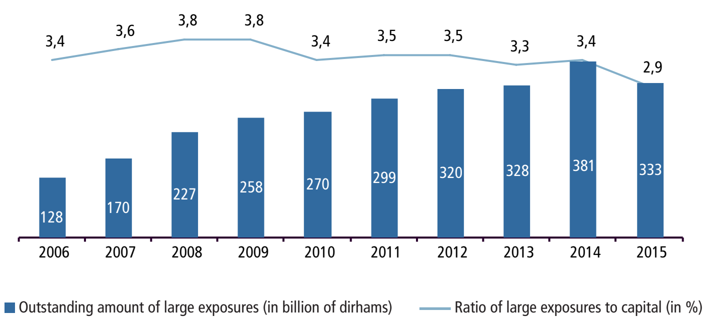
The collateral serving as coverage for the share of the Fund rank second after that of the bank.

Since its creation, the Fund provided an amount of 1.2 billion dirhams, corresponding to 183 files, most of which relate to very small, small and medium-sized enterprises. Nearly 43 percent of these files benefited corporations operating in the industry sector, followed by distribution and trade (28 percent), building and public-work sector (23 percent) and services (6 percent).

5- Change in banks' large credit exposures

A large exposure or "high risk" refers to loan beneficiaries or groups of loan beneficiaries whose outstanding amount is greater than or equal to 5 percent of a bank's capital. At end-December 2015, loans granted by banks to this category of counterparties totaled nearly 333 billion dirhams, showing an annual decline of 13 percent, after an increase of 16 percent a year earlier, reflecting a relative reduction of some major exposures. The combination of these exposures represented 2.9 times the banks' capital, as against 3.4 times in 2014.

Chart 79: Change in banks' large credit exposures

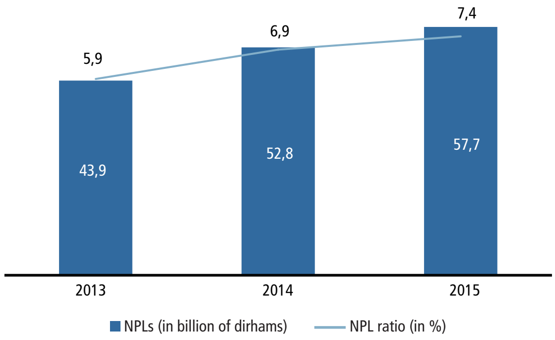


The decline in banks' large exposures is observed in relevant balance sheet and off-balance sheet commitments. The balance sheet commitments, which consist mainly of loans and debt securities, accumulated nearly 238 billion dirhams, down 8 percent from one year to another. Off-balance sheet commitments, made up of nearly 68 percent of financing and guarantee commitments, totaled 91 billion dirhams, down 20.2 percent compared to the end of 2014.

6- Change in non-performing loans (NPLs)

After recording an average growth of 17 percent from 2012 to 2014, growth of outstanding NPLs of banks decelerated by 9.2 percent in 2015 to 57.7 billion dirhams, representing a risk ratio of 7.4 percent, from 6.9 percent a year earlier.

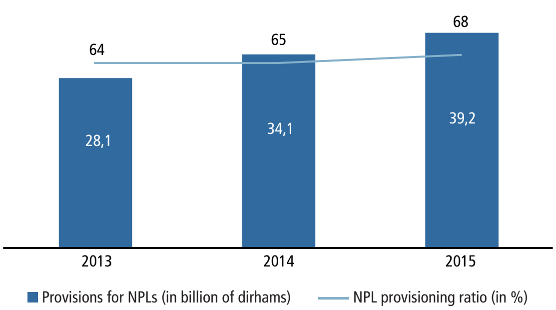
Chart 80: Change in banks' non-performing loans



The rise in non-performing loans, totaling nearly 5 billion dirhams, concerned impaired loans, amounting to 5.6 billion, and doubtful loans, totaling 122 million. The category of pre-doubtful loans trended negatively (-0.8 billion).

This trend was thus coupled with a change in the structure of non-performing loans. The share of impaired loans in total NPLs increased, from one year to another, by 3 basis points to 78 percent. Conversely, doubtful loans and pre-doubtful loans fell to 18 and 4 percent, respectively.

Chart 81: Change in banks' NPL coverage ratio



Provisions for non-performing loans increased more than the underlying risks, or 15 percent. Therefore, the NPL provisioning ratio improved by 3 points to 68 percent at end-2015. This ratio stood at 76 percent for impaired loans, 47 percent for doubtful ones and 13 percent for pre-doubtful loans.

In addition to specific provisions, banks began to constitute general provisions, amounting to 6.5 billion dirhams, to cover sensitive risks relating to economic conditions.

NPLs held by finance companies were down 2.8 percent in 2015 to 9.6 billion dirhams, representing a risk ratio of 9.8 percent, as against 10.3 percent in the previous year. This change was caused by the write-off of old and fully provisioned consumer loans.

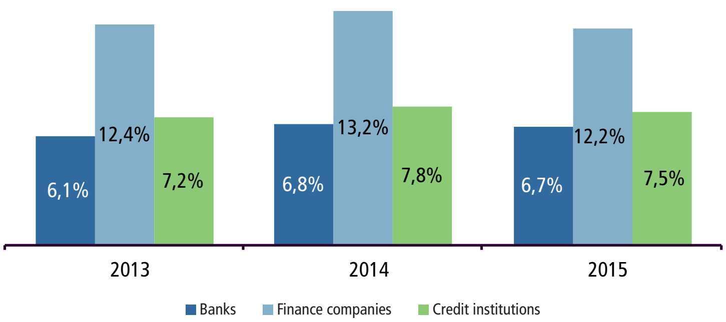
The provisioning ratio of these loans stood at 76 percent, up 2 points from last year.

6.1 - NPLs held by households

Outstanding NPLs held by households increased by 0.8 percent to 22.2 billion, as against 12.2 percent a year earlier. These loans were covered by provisions at 70 percent from 67 percent in 2014.

The risk ratio on households improved accordingly from 7.8 percent to 7.5 percent, thanks to a decrease in the risk ratio from 6.4 to 6.1 percent for housing loans and from 10.4 to 10 percent for consumer loans. Improvement involved both resident households, whose risk ratio fell from 7.7 to 7.4 percent, and Moroccan residents abroad, whose risk ratio decreased from 8.7 to 8.2 percent.

Chart 82: Change in NPL ratio on households (in %)



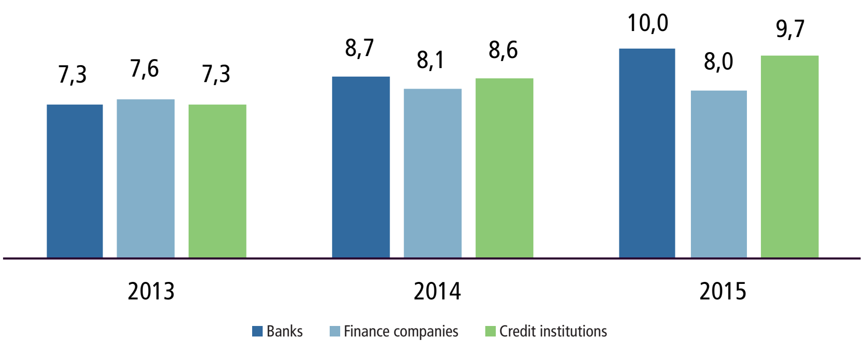
For banks, the outstanding NPLs on households grew by 3.3 percent to 16.8 billion, slowing sharply from 20 percent registered in 2014. Therefore, the risk ratio decreased slightly to 6.7 percent.

Due to significant write-off operations, NPLs of consumer loan companies contracted by 6.2 percent to 5.4 billion dirhams, contributing to reducing the risk ratio from 13.2 percent to 12.2 percent. The provisioning ratio of NPLs by these companies stood at 84 percent.

6.2- NPLs of non-financial businesses

NPLs of non-financial businesses increased further in 2015, albeit at a slower pace. They rose, year on year, by 10.6 percent to an outstanding amount of 44.2 billion dirhams, which is a NPL ratio of 9.7 percent, from 8.6 percent in the previous year. These loans were covered by provisions at 69 percent, up 3 percentage points compared to 2014.

Chart 83: Change in NPL ratio of non-financial corporations (in %)

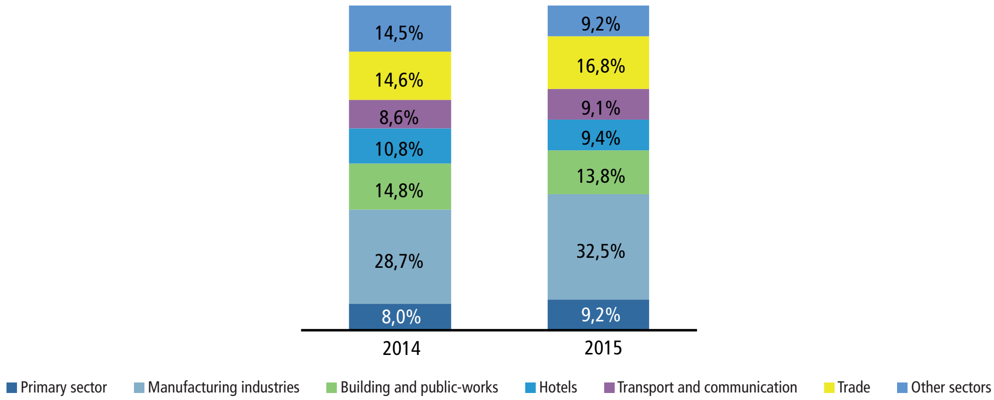


Finance companies recorded outstanding NPLs of 4.1 billion, down 0.3 percent, following the write-off of old and fully provisioned loans. These loans accounted for 8 percent of corporate loans, a level almost unchanged from 2014. They were covered by provisions up to 68 percent.

For banks, outstanding NPLs on non-financial companies rose by nearly 12 percent to 40 billion, representing a risk ratio of 10 percent, from 8.7 percent in 2014. These loans were covered by provisions up to 69 percent.

The sectoral breakdown of these claims shows that those held on businesses operating in the industrial sector increased by 24 percent, leading to a deterioration in the sector's risk ratio to 9.6 percent from 7.6 percent in 2014. Outstanding NPLs held on the building and public-works sector, which includes real estate development, rose 5.2 percent, bringing the sector's claims ratio to 6.3 percent from 5.7 percent in 2014.

Chart 84: Sectoral breakdown of NPLs on non-financial companies (in %)



The outstanding NPLs of the trade sector moved up 30 percent, reflecting an increase in the sector's loss ratio to 14.2 percent from 10.2 percent in 2014. Those registered on the primary sector increased significantly by 29 percent and accounted for 10.6 percent of loans granted to this sector, as against 9.5 percent a year earlier.

After a robust increase in 2014, outstanding NPLs of the hotels sector fell 1 percent in 2015. Its loss ratio increased from 21.1 percent in 2014 to 23.1 percent, taking into account declining loans to this sector.

CHAPTER IV

NEW LEGAL AND REGULATORY REFORMS

In 2015, the new Banking Law, referenced Law No. 103-12 on credit institutions and similar entities, was published in the Official Bulletin dated January 22. The law strengthens the supervisory framework of the banking system and allows for the emergence of new banking services and actors. Regulatory work during the year focused on the preparation of circulars for implementing this law.

Meanwhile, other reforms have been undertaken to be in line with international standards and manage some risks.

Box n°4: Main contributions of the new Banking Law

The main contributions of the new Banking Law focused on the following areas:

- Enlarging the banking supervision scope: full supervision of microcredit associations and offshore banks, including licensing, regulation, dealing with problems and application of sanctions.
- Introducing provisions governing the activity of participatory banks, carried out by a dedicated bank or by a conventional bank through windows.
- Strengthening banking governance rules: introducing provisions on independent directors, reinforcing audit committees and establishing a risk committee working under the governing body.
- New macro-prudential supervision framework: establishing an inter-authority committee to coordinate actions of its members, assessing systemic risks and implementing all measures to prevent and mitigate related effects.
- Strengthening the banking crisis resolution system by enlarging the legal instruments for dealing with problems of credit institutions and introducing an emergency procedure, if the circumstances so require.
- Enhancing customer's protection through enlargement of the prerogatives of Bank Al-Maghrib in the matter and strengthening the deposit guarantee scheme.

1- Circular on minimum information and documents necessary for examining applications for licensing

On May 20, 2015, Bank Al-Maghrib issued a circular (No.5/W/15) by virtue of which it specifies the documents needed for examining any licensing application by a credit institution. The required information relates to the nature of the licensing and a presentation of the project, shareholders and their group, control of the parent company, governance as well as internal control and risk management framework. Information also covers the framework for fighting money laundering and counter-terrorist financing.

2- Participatory finance

In preparation for the launch of participatory finance activities, Bank Al-Maghrib has undertaken several actions relating to the elaboration of relevant regulations.

Box n°5: Preliminary work for launching participatory finance products

In terms of compliance with the precepts of Islamic law (Sharia), the Royal Decree (Dahir) No. 1.15.02 reorganizing the Higher Council of Ulemas was published in the Official Bulletin No. 6333 dated February 9, 2015. It completes the one dated April 22, 2004 relating to the Higher Council of Ulemas, by establishing within it the "Sharia Committee for Participatory Finance".

This committee, composed of 9 Ulemas recognized for their in-depth knowledge of the precepts of Islamic law and a coordinator, is vested with issuing:

- an opinion on whether participatory financial products proposed to customers by credit institutions and similar entities and related contract models are compliant with the precepts of Islamic Sharia ;
- a notice on whether the content of the circular issued by Bank Al-Maghrib Governor on participatory financial products, investment deposits and transactions carried out by the deposit guarantee fund of participatory banks are in compliance with the precepts of Islamic Sharia ;
- an opinion on whether takaful insurance operations carried out by insurance and reinsurance companies, as part of participatory finance, are compliant with the precepts of Islamic Sharia according to the legislation in force.
- A Sharia-compliant opinion on issuances of sukuk certificates in accordance with the legislation in force regardless of the issuing party.

Participatory financial institutions, wishing to have a Sharia-compliant opinion, should pass by financial regulators who are responsible for submitting their files to the Higher Council of Ulemas' Sharia Committee for Participatory Finance.

Regarding taxes, the working meetings with the Directorate-General for Taxation helped identify a number of tax provisions relating to the financing products, Mourabaha and Ijara. These provisions, adopted as part of the 2016 Finance Act, seek to ensure tax neutrality between conventional and participatory financing products.

Accordingly, the said Finance Act introduced provisions expressly authorizing participatory banks to purchase low-income housing and re-sell it to eligible customers.

In **terms of training**, two study visits in Bahreïn (January 2015) and Malaysia (February 2015) were organized by Bank Al-Maghrib to members of the Higher Council of Ulemas. During these visits, Ulemas were familiarized with the rules and practices of Islamic finance in both countries. They also participated in working meetings with regulators in these countries, figures serving in various Sharia boards of financial institutions and with international institutions in charge of Islamic finance standardization, namely the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the General Council for Islamic Banks and Financial Institution (CIBAFI).

Box n°5 (continued)

Concerning refinancing and liquidity management, a working group was created in Bank Al-Maghrib with a view to identifying the various liquidity management and monetary policy transmission instruments that could be used in the Moroccan context, as well as the requirements for using them in regulatory and operational terms.

2.1 - Draft circular on participatory financing products

Bank Al-Maghrib has finalized the preparation of the draft circular on technical features and terms for presenting participatory finance products, following discussions with the General Secretariat of the Government and the Higher Council of Ulemas.

The meetings with the General Secretariat of the Government were intended to identify the legal frictions between the provisions of the draft circular and the laws in force.

The meetings with the Higher Council of Ulemas helped exchange views in advance on the compliance of the guidelines of the said draft circular with the Maliki rite.

The draft text sets out, for each financing product, technical specifications, terms on how participatory banks can present the product to customers and the rules relating to the conformity of contracts with the opinions of the Higher Council of Ulemas. It details, among other things, by product, the type of guarantees in the benefit of the bank that may be contractually required ; the modalities offered in terms of structuring the financing product and elements that must be mentioned and/or defined in the contract.

Box n°6: Definition of participatory financing products

Mourabaha: any financing contract whereby a participatory bank sells to its customer a determined movable or immovable property owned by this institution for its acquisition cost plus a profit margin agreed in advance.

The acquisition cost is defined as the institution's property purchase price, plus the total fees paid in connection with the purchase operation made by the participatory bank.

The acquisition cost and the profit margin represent the selling price.

Ijara: any finance agreement whereby a participatory bank provides, on a rental basis, a determined movable or immovable property owned by the bank to a customer for a use authorized by law.

Ijara takes one of two forms:
- Ijara tachghillia in the case of an operating lease ;
- Ijara mountahia bi-Tamlik, when at the end of the lease, the ownership of a leased movable or immovable property passes to the customer as agreed between the parties.

Moucharaka: a contract whose objective involves the participation of a participatory bank in a project, in order to make a profit.

The parties bear losses in proportion to their participation and share the profits according to a predetermined percentage.

Moucharaka takes one of two forms:
- Moucharaka tabita: the participation of parties in the project remains till the expiry of the contract binding them ;
- Moucharaka moutanakissa: the bank withdraws gradually from the project in accordance with the provisions of the contract.

Moudaraba: A contract linking one or more participatory banks (Rab el mal) which provide the capital in cash and/or in kind and one or more entrepreneurs (Mudarib) who provide work to achieve a project. The responsibility for project management lies entirely with the entrepreneur. The profits are shared on an agreed basis between the parties and losses are borne exclusively by Rab el mal, except in case of negligence, mismanagement, fraud or breach of contractual terms by the Mudarib.

Salam: A contract under which one party, a participatory bank or customer, pays in advance the full price of a commodity, whose characteristics are defined in the contract, to the other party who undertakes to deliver a determined amount of the said commodity within an agreed time frame.

Istisna'a: A contract to purchase items that need to be manufactured or processed under which one party, a participatory bank or customer, undertakes to deliver the item, with defined and agreed specifications, manufactured or processed, based on materials, which this party owns, in return for a fixed price whose payment is made by the other party (moustasnií), as agreed upon.

2.2 - Draft circular on investment deposits

Bank Al-Maghrib began to draw-up the draft circular concerning the terms of collection and investment of investment deposits. This draft has been adapted to take account of the discussions between Bank Al-Maghrib and the Higher Council of Ulemas during the meetings on the draft circular on participatory financing products.

The draft law defines the terms and modalities for collecting and investing of investment deposits. It also defines the concept of investment product and deductible expenses. Furthermore, it specifies the elements to be considered for calculating distributable profit, rules for calculating the bank's earnings and rules to be applied in the case of losses, if any. It also specifies the items to be included in the contract and the participatory bank's obligations in terms of communication of its investment strategy and associated risks as well as the traceability and transparency required for its key management decisions of investment deposits.

Box n°7: Definition of investment deposits

Investment deposits are funds collected by banks authorized to conduct a participatory activity with their customers, with a view to placing them in investment projects, as agreed upon by the parties. The remuneration of such investment deposits is related to the investment income agreed with customers. They are classified as:

- "restricted" when the institution should respect some particular conditions in terms of investment of the funds collected as agreed upon in investment deposit contracts. These conditions may pertain in particular to the subject of investment, sector of activity or geographical area ;
- "non-restricted" when they are not attached to such conditions.

2.3 - Draft circular on conditions for operating participatory windows

A draft circular aiming to define the conditions and procedures for a conventional bank to carry out participatory operations and activities, subject to approval by Bank Al-Maghrib Governor, has been developed and sent for opinion to the General Secretariat of the Government.

This draft defines governance, accounting and prudential requirements as well as human and technical resources that should be dedicated to participatory activities. In addition, it defines the limitations placed on participatory activities compared to conventional activities of the bank in terms of financial outstanding amounts and in terms of branches' network.

3 - Payment institutions

The Banking Law introduced a new status of non-bank institutions that can provide payment services. It set out the provisions governing the functioning of these institutions and listed the payment services they can offer to their clients. The law also defined the concept of payment account set up for the execution of electronic payment services.

In order to implement these provisions, Bank Al-Maghrib has prepared two draft circulars: one relating to the operating conditions for payment institutions and the second on payment services.

The first draft circular specified the requirements for setting up a segregated account opened by the payment institution with a local bank, the conditions of recourse to agents, and obligations in terms of internal control and risk management and anti-money laundering and counter-terrorism financing mechanisms (AML/CFT).

The second draft circular on payment services aims to set the terms for performing such services as well as provisions relating to payment accounts. It sets the limitations applicable on payment operations and accounts, the requirements for identifying account holders and obligations in terms of protecting payment service users.

Bank Al-Maghrib also undertook to review the circular on minimum capital relating to credit institutions in order to integrate the required minimum capital of payment institutions.

Consultation with professionals and finalization of these texts were scheduled for the first quarter 2016.

4 - Governance and risks

4.1 - Draft circular on independent directors

Under the new Banking Law, Bank Al-Maghrib prepared a draft circular on independent directors. The provisions of this text will replace those laid down in Bank Al-Maghrib's directive on governance of credit institutions that had set up an initial framework encouraging banks to have independent directors.

The new draft outlines broadly the independence criteria defined in the aforementioned directive and introduces requirements relating to the process of their appointment, competence, training, availability and remuneration.

It also includes provisions to establish a regular exchange framework between Bank Al-Maghrib and these directors and encourage their involvement in the governance of these institutions.

The draft circular was finalized after consultation with the banking industry.

4.2 - Reforms undertaken to mitigate concentration risks

To mitigate concentration risks in portfolios of credit institutions' debts and over-indebtedness of loan' beneficiaries companies, Bank Al-Maghrib initiated work to improve financial transparency of corporate groups vis-à-vis banking institutions and to make a more informed assessment of the credit risk incurred. In this context, a draft directive, laying down information items to be required by credit institutions for examining credit files of the groups' counterparties, was finalized and submitted for consultation with the banking industry.

In addition to the minimum information items specified in the directive dated April 1, 2005 on the minimum information items to be required by credit institutions for examining credit files, this draft establishes new requirements for a group's counterparties, whose total bank debt is higher or equal to 500 million dirhams. These items include:

- The group's consolidated accounts and the auditors' report on those statements ;
- The group's bank debt ;
- Private debt issued by entities.

An implementation period of 3 years is expected to collect consolidated accounts of eligible groups.

A higher risk weight, or 150 percent, under prudential capital requirements, will be applied on receivables of credit institutions held by companies not complying with the requirements of the directive.

4.3 - Draft directive on intrusion testing of credit institutions' information systems

In recent years, the banking activity was marked by an increasing use of the Internet and new technologies. While these changes helped to innovate and improve banks' service delivery, and keep certain operational risks under control, they caused the emergence of new risks, mainly those related to cyber-attacks.

Faced with this problem, Bank Al-Maghrib started work to establish a regulatory framework specific for credit institutions in order to protect institutions from this type of risk. A working group was set up between Bank Al-Maghrib and the Moroccan Bankers Association (GPBM) in order to examine the measures to be implemented. The elaboration of a draft directive governing intrusion tests to be conducted by banks was thus started.

The finalization of this text has been scheduled for the first quarter of 2016.

5 - Prudential framework

In line with its policy of bringing the regulatory framework into compliance with international standards, including those of the Basel Committee, Bank Al-Maghrib undertook to develop certain prudential treatments in light of changes in banking activities.

5.1 - Proposed review of the circular on capital adequacy requirements

5.1.1 - Adapting prudential treatment relating to securitization operations

The arrangements put in place in Morocco since 2006 for the prudential treatment of securitization does not allow for sufficient differentiation of risks incurred by credit institutions, whether they are initiators of securitization issuance programs or investors in securitization fund units.

A new differentiated treatment was identified for credit institutions, applying the Basel II standardized approaches, in order to determine capital requirements, according to whether they are or not initiators of a securitization transaction. These rules adopt the principle of risk weightings to be applied to their position on securitization, which vary according to external credit ratings of these positions.

Special provisions are also expected for initiating institutions, particularly when these institutions could prove the transfer of significant risk shares, while complying with certain quantitative and qualitative requirements.

5.1.2 - Implementation of Basel III standards on countercyclical capital buffer

The Basel Committee introduced in the Basel III framework the requirement for banks to have a countercyclical capital buffer to protect the banking system and the real economy against systemic risks emanating from an excess credit growth and mitigate the impacts of the credit cycle.

In line with the Basel standard, Bank Al-Maghrib initiated work to introduce in its regulatory corpus a provision giving it the latitude to require banks to build, for macro-prudential considerations, a countercyclical capital buffer, composed of core capital, whose level ranges between 0 percent and 2.5 percent of weighted risks.

At the date of the entry into force of these new provisions, Bank Al-Maghrib plans to set the level of countercyclical capital buffer at 0 percent. In the event Bank Al-Maghrib decides to raise the buffer level, it will inform the banks 12 months before the target date of implementation. Conversely, Bank Al-Maghrib's decision to reduce the buffer level will take effect immediately.

5.2 - The proposed review of the circular on equity holding by credit institutions in the capital of corporations

In implementation of the new Banking Law that gives Bank Al-Maghrib the possibility to impose more stringent limits when it considers that equity holding operations are likely to represent an excessive risk to a credit institution or hinder its prudential supervision, a new circular governing this equity holding by credit institutions in non-banking companies was elaborated.

The draft circular requires credit institutions to give prior notification to Bank Al Maghrib on any proposed direct or indirect equity holding, representing 5 percent or more of their capital, and sets the minimum information to be sent to the Central Bank in this regard.

To have a comprehensive and exhaustive view of shareholdings, the new text expands the definition of "equity holding" which now refers to any direct or indirect holding of a fraction of the capital or voting rights of the issuing company, regardless of the fraction held and independently of the intention that prevailed in this operation.

This circular maintains the limits of equity holding at 15 percent of the credit institution' capital for each equity holding, and at 60 percent for all the shareholdings. However, these limits are now expressed as a percentage of core tier 1 capital of the credit institution.

The draft includes equity held in the capital of holding companies in the scope of shareholdings subject to the limit of 60 percent.

The draft circular was finalized after consultation with the banking industry.

5.3 - Amending the classification and debt provisioning rules

In conformity with international standards and in order to better understand the credit risk faced by banks, Bank Al-Maghrib started to amend accounting and prudential regulations, with a view to covering the following areas:

- Accounting identification of restructured loans in the loan portfolio by credit institutions, according to a regulatory definition ;
- Convergence of debt impairment indexes applied to company financial statements towards those used in consolidated financial statements, prepared according to the IFRS ;
- Standardization of credit institutions' practices on sensitive debt identification and provisioning. Sensitive receivables are those with signs of vulnerability, without presenting the regulatory default criteria.

Consultation on the amendment items and impact assessment will be conducted in 2016 with credit institutions, to calibrate the reasonable time and conditions for implementation.

6 - Protecting credit institutions' customers

6.1 - Draft circular on complaint handling

In order to facilitate the settlement of disputes between credit institutions and their clients and to strengthen the protection of customers' interests, Article 157 of the Banking Law requires credit institutions to develop an internal complaint handling mechanism for efficient and transparent review of complaints filed by their customers, tailored to their size, structure and nature of their activities.

Pursuant to this provision, Bank Al-Maghrib prepared a draft circular, which incorporates the content of Recommendation 1/G/2012 relating to handling complaints from credit institutions' customers.

The draft was finalized after consultation with the banking industry

6.2 - Draft circular governing the banking mediation mechanism

With a view to encouraging amicable settlement of disputes between credit institutions and their customers, provisions of Article 158 of the Banking Law require such institution to join a banking mediation system.

In accordance with this provision, a draft circular was elaborated. It subjects mediators to the approval of Bank Al-Maghrib, based on conditions laid down by the Bank, and to regulatory reporting.

Deadlines for processing mediation requests are fixed based on the typology of applications. They cannot exceed 30 days for any request deemed admissible.

The draft circular was finalized after consultation with the banking industry.

6.3 - Draft circular on accounts agreement

To better inform bank account holders, Bank Al-Maghrib had enacted in 2010 a directive highlighting the minimum clauses to be included in account agreements, including those relating to the account operating and closing conditions.

The new Banking Law provides in Article 151 for the obligation that the opening of any demand or time deposit, or a securities account should be conditional upon the signing of a written agreement between customers and the credit institution and the delivery of a copy of the agreement to the customer.

In this context, Bank Al-Maghrib prepared a new draft circular specifying the minimum provisions to be contained in the agreement of each account type to deliver free of charge to the customer, after signature by both parties.

Credit institutions will have a period of two years from the date of signature of the circular, for the progressive compliance of time account agreements and securities accounts concluded before its entry into force.

The draft circular was finalized after consultation with the banking industry.

بنك المغرب

CHAPTER V

BANKING SUPERVISION
AND MACRO-PRUDENTIAL MONITORING

Bank Al-Maghrib continued to be vigilant as to the effects of economic conditions on banking balance sheets and kept, in particular, a close monitoring of credit, concentration and cross-border risks. In terms of macro-prudential supervision, the Bank strengthened the risk analysis and assessment system, as well as the underlying informational base. Its efforts also focused on the preparation of macro-prudential instruments recommended by the Basel Committee in order to regulate some potentially systemic risks.

As part of protecting credit institutions' customers, the Bank undertook in 2015 bolstering actions, taking account of legal reforms made in this area.

A joint financial system assessment mission was also conducted this year by the International Monetary Fund (IMF) and the World Bank, which focused, inter alia, on the banking system regulation and supervision, resilience and banking crisis management.

1 - Micro-prudential supervision activity

As part of its micro-prudential supervision, Bank Al-Maghrib supervised 84 credit institutions and similar entities, including 19 banks, 34 finance companies, 6 offshore banks, 13 microcredit associations, 10 payment institutions (funds transfer companies), the Deposit and Management Fund (Caisse de Dépôt et de Gestion) and the Central Guarantee Fund (Caisse Centrale de Garantie).

In this regard, it is mainly entitled to grant approvals and authorizations necessary for such institutions to perform their activities, to approve the appointment of their directors, managers and auditors, prescribe the applicable accounting and prudential rules, monitor supervised institutions, punish institutions infringing legal and regulatory provisions and address difficulties facing them.

1.1- Licenses and approvals

After consulting the Credit Institutions Committee, Bank Al-Maghrib granted in 2015 two licenses to two funds transfer companies following the restructuring of their capital.

Meanwhile, after consulting the same Committee, it authorized:

- Foreign banks to open three representative offices in Morocco ;
- A funds transfer company to establish a subsidiary in Cameroon ;
- A bank to set up three subsidiaries specializing in microfinance in Gabon, Senegal and Guinea Conakry ;

- A Moroccan bank to take over a bank in Niger ;
- A Moroccan bank to acquire a microfinance institution in Rwanda.

The Bank also issued its opinion on the appointment of auditors by supervised institutions and examined in this framework 34 files for 8 banks, 14 finance companies, 4 funds transfer companies and 6 microcredit associations and 2 offshore banks.

It also approved the appointment of 21 directors and managers in 10 credit institutions, one funds transfer company and one microcredit association.

1.2- Control activities

Control by Bank Al-Maghrib is based on a combination of offsite inspection, carried out remotely, and onsite inspection, following a risk-based approach focusing on areas of vulnerability.

Offsite inspection is based on the analysis of the regulatory, prudential, financial and accounting reports, periodically transmitted by credit institutions and similar entities to Bank Al-Maghrib. It is also based on the findings of onsite checks conducted by the Bank and reports of statutory auditors of supervised institutions, as well as information gathered at update meetings with institutions' managers and officials, based on priorities.

This work serves to assess the financial and prudential situation of supervised institutions, identified in the Credit Institutions' Rating Support System (SANEC). This tool allows for calibrating the intensity of checks, guide them to risk areas and determine, if need be, necessary preventive and/or corrective actions.

Box n°8: Review of the credit institutions' rating support system

The process of analyzing credit institutions' risk profile has been based since 2006 on an internal methodology at Bank Al-Maghrib, called SANEC, which helps assess risk factors to which institutions are exposed. For each of them, financial analysts responsible for the control of credit institutions assess exposure to these risks and the quality of risk management measures in place. An institution is rated based on a scale of scores from 1, the most favorable, to 5 the most unfavorable.

In 2015, the review of the rating system was finalized and took account of the changes in regulations and banking risks.

The assessment now covers eighteen quantitative and qualitative risk criteria, grouped in six areas:
- Asset quality ;
- Solvency ;
- Liquidity and overall interest rate risk ;
- Profitability ;
- Governance and risk management ;
- Sensitivity to market risks.

For their part, the onsite inspection helps check the reliability and completeness of the information provided by the supervised institutions through general or thematic surveys, assess the quality of their assets, evaluate a risk management system and verify the effective implementation of previous recommendations of Bank Al-Maghrib.

In 2015, the onsite control program was laid down based on the risk profile of the supervised institutions and their systemic importance, while paying more attention to thematic inspections of the identified risk areas, through permanent controls. In this context:

- Five general missions were conducted with a bank and four finance companies ;
- Ten thematic surveys were conducted with 8 banks concerned ;
- Two surveys were conducted with two banks to check the implementation of the recommendations of the previous inspection missions.

In 2015, monitoring of credit, concentration and cross-border risks remained at the heart of the control activities of Bank Al-Maghrib. It also focused on assessing governance practices and follow-up on the banks' implementation of Basel III standards for capital and liquidity.

1 .2.1 - Monitoring the implementation of enhanced governance standards

Bank Al-Maghrib continued its control actions relating to banks' governance practices and the implementation of action plans undertaken by banks to comply with the new regulatory requirements in the field. These controls focused mainly on the operation of banks' governance bodies, the presence of independent directors, policies relating to appointment, remuneration, conflicts of interest management as well as the introduction of risk management and internal control arrangements in the banking groups' governance system.

1.2.2 - Monitoring the implementation of Basel III standards on capital and liquidity

Bank Al-Maghrib ensured that supervised institutions comply with Basel III capital requirements based on the prescribed gradual timetable.

In this context, some banks proceeded to strengthen their equity through capital increases or the issuance of subordinated debts.

Regarding liquidity standards, the Bank is also committed to monitoring banks' compliance with the new minimum liquidity ratio that came into force in July 2015.

1.2.3 - Control of the main risks faced by credit institutions

Bank Al-Maghrib continued to closely monitor the quality of credit institutions' credit portfolio and its coverage by appropriate provisions.

In particular, given the financial difficulties faced by some business groups, Bank Al-Maghrib closely monitored, through onsite and remote actions, the treatment of bank exposures to these counterparties in terms of downgrading and provisioning as well as the processes undertaken to reduce these exposures and facilitate their restructuring.

Meanwhile, it called on credit institutions to strengthen the role and capacities of the risk management function to better regulate the allocation of loans to large business groups, in accordance with acceptable debt ceilings.

It also encouraged banks to focus on syndication of large loans in order to promote a coordinated risk assessment and coordinated treatment of their difficulties.

In addition, Bank Al-Maghrib paid special attention to monitoring exposures exceeding 5 percent of the capital of credit institutions and to their comprehensive measurement. Excess amounts to the limit of the maximum ratio of risk division were deducted from the capital of credit institutions.

In a context marked by the granting of long-term housing loans at lower interest rates, Bank Al-Maghrib conducted onsite checks at some banks in order to assess the asset-liability management arrangements, mainly the models developed to measure the interest rate risk and the stress tests conducted to assess banks' ability to cope with high-tension scenarios.

In addition, supervised institutions were subject to control operations in areas relating to the fight against money laundering and terrorism financing. After examining the bank's responses to the related annual questionnaire, update meetings were held with institutions that should implement the necessary corrective measures. During onsite inspections, Bank Al-Maghrib also monitored the effective implementation of due diligence requirements.

1.2.4 - Monitoring cross-border risks

As part of its risk-based approach, the Bank used a scoring approach to assess 44 subsidiaries of banking groups in Africa to streamline its measures for monitoring these subsidiaries and programming onsite controls jointly with foreign regulators responsible for the direct supervision of these subsidiaries. The scoring takes into account the size of the subsidiary compared to the group, the quality of its assets, profitability, capitalization, country risk level and an assessment made by the host country regulator.

Within this framework, regular meetings with the management of the three banking groups operating in Africa focused on the changing financial and prudential situation of their subsidiaries abroad and the state of deployment of their projects of harmonizing risk management and internal control systems of the group entities abroad. The mechanism set up by the parent company to monitor its operations abroad was also verified.

Meanwhile, it called on credit institutions to strengthen the role and capacities of the risk management function to better regulate the allocation of loans to large business groups, in accordance with acceptable debt ceilings.

In 2015, Bank Al-Maghrib facilitated meetings of three colleges of supervisors for banking groups, of which it is the consolidating supervisor. During these meetings, discussions between regulators covered the financial and prudential situation and the risk profile of cross-border banking groups. The managers of the groups involved were asked to share their strategies and present their risk control systems.

Moreover, two joint monitoring missions with host country regulators were carried out. One was conducted alongside the Banking Commission of the West African Economic and Monetary Union (WAMU) at a subsidiary of a banking group in Benin and focused on its asset quality, governance system and the steering framework set up by the parent company. The other mission was of general nature and was performed with the Banking Commission of Central Africa (COBAC) at two subsidiaries of a Moroccan banking group located in Gabon and Cameroon. The subjects covered and the terms of reference relating to these missions were prepared in collaboration with the host authority.

Bank Al-Maghrib also continued to participate in colleges of supervisors of two French banking groups operating in Morocco.

1.2.5 - Sanctions

In 2015, disciplinary sanctions were imposed on two banks, a finance company and a microcredit association due to breaches of regulations.

A financial penalty was imposed on a bank for non-compliance with deadlines for the transmission of regulatory reporting.

2 - Macro-prudential supervision

Bank Al-Maghrib continued in 2015 to coordinate actions with other financial system regulators to strengthen the analytical framework for systemic risk assessment.

2.1 - Meetings of the Coordinating Systemic Risk Monitoring Committee and Financial Stability Committee

The financial system regulators and the Treasury and External Finance Department met in June and December under the auspices of the Coordinating Systemic Risk Monitoring Committee (CCSRS) to discuss the evolution of risks, covering the sectors of banks, insurance, social welfare and the capital market. This committee reported on indicators of soundness of systemically important institutions and approved the second financial stability report for the fiscal year 2014. Prior to its meetings, Bank Al-Maghrib's Internal Financial Stability Committee (FSC) gave an update on the trends of systemic risk indicators, their scores of risk to financial stability and the results of stress tests conducted to assess the resilience of banking institutions.

2.2 - Analytical framework

In 2015, the risk map developed for macro-prudential supervision has been enhanced to better capture certain risks. The analytical framework was also extended to cover specific risks to pension schemes and was strengthened by an analysis of risks of contagion between Moroccan banks and their subsidiaries abroad as well as other interconnections between banks and insurance companies.

This framework has been enhanced by the establishment of a framework for identifying systemically important financial institutions, covering banks and insurance companies. The list of institutions qualified as such was determined by the committee composed of the financial system regulators and an exchange of information specific to these institutions was established between these regulators.

The macro-prudential analytical framework is expected to be further strengthened in the coming year, with the establishment of a macro-prudential model. This tool will make it possible to explore the risks associated with changes in loans and asset prices, by modeling links between macroeconomic variables, balance sheets of banks and those of borrowers. In this regard, technical assistance from the IMF was provided to the Bank.

2.3 - Macro-prudential instruments

In line with the Basel Committee standards, Bank Al-Maghrib initiated work to introduce, in its regulatory corpus, a provision giving it the latitude to require banks to build a "countercyclical" capital buffer, for macro-prudential considerations. This instrument aims to strengthen banks' resilience by building up additional capital buffers during periods of excess credit growth, which can be released in times of stress. Composed of core capital, the level of this buffer ranged from 0 percent to 2.5 percent of weighted risks.

Furthermore, the Bank initiated a reform to establish a framework for dealing with systemically important banks. It covers the following three main components:

- A framework for the identification of these banks ;
- Specific prudential requirements including mainly an additional capital surcharge aimed at strengthening banks' loss absorption capacities ;
- The preparation of an internal crisis recovery plan.

3- Protecting credit institutions' customers

Efforts exerted by Bank Al-Maghrib in this regard focused on handling complaints from credit institutions' customers, monitoring the activity of the moroccan banking mediation center and strengthening the banking mobility system.

Bank Al-Maghrib also supported the banking sector to get prepared for compliance with the provisions of Law No. 31-08 on consumer protection, whose implementing legislation relating to the chapter on "indebtedness" was published this year and will enter into force in April 2016.

In terms of its internal organization, the Bank strengthened its commitment to work for the protection of customers by creating within the Banking Supervision Department functions for "customers' protection" and "control of market practices".

To monitor compliance with the provisions governing consumer protection, preparations for the onsite inspection missions program within credit institutions, expected in the coming year, took into consideration the risks and findings identified following complaints' handling.

3.1- Handling complaints from customers of credit institutions

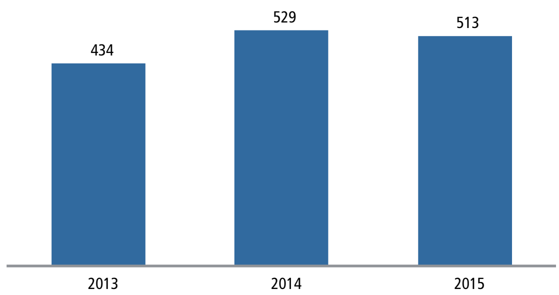
In 2015, the Banking Supervision Department handled:

- 513 complaints from customers of credit institutions, as against 529 at the end of 2014 ;
- 322 account lookup requests from the heirs of the deceased, as against 295.

Moreover, it handled 212 account disclosure requests from judicial authorities, as against 203 in 2014.

Overall, the number of requests from third parties stood at 1,027 from 1,047 claims in 2014.

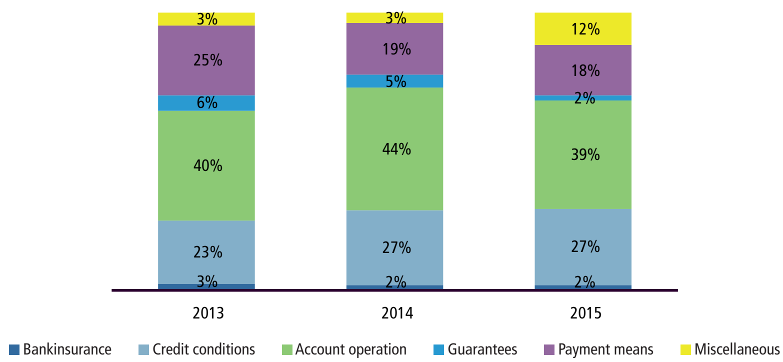
Chart 85: Change in the number of complaints from customers of credit institutions lodged with Bank Al-Maghrib



Nearly 94 percent of complaints were received from individuals and 87 percent related to relations with banks.

Nearly 70 percent of closed files in 2015 were settled in favor of plaintiffs.

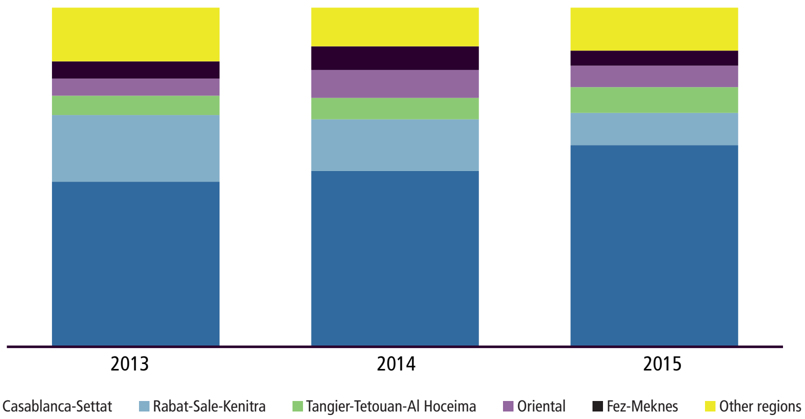
Chart 86: Change in the number of complaints by category



Complaints about the operation of accounts stood at nearly 39 percent of the total, nearly half of which on the closure of accounts. Complaints about credit conditions represented 27 percent of the complaints received. These included essentially requests from applicants facing financial difficulties, personal information provided on the credit bureau file, change of interest rates and release certificates.

Complaints related to payment instruments account for 18 percent of total complaints received, relating mainly to the use of checks.

Chart 87: Regional breakdown of complaints



Like in previous years, the regional breakdown of claims shows that the majority of complaints come from complainants living in Casablanca.

3.2- Banking mediation activity

In 2015, the activity of the Moroccan Banking Mediation Center gradually increased as well as part of the 1st «institutional» said compartment, which is voluntary and free of charge for disputes of an amount less than or equal to 1.000.000 dirhams, that of the second compartment said «conventional», which is a paid service and covers disputes of an amount exceeding one million dirhams.

On the first compartment, the Center received 590 requests for mediation for amounts in dispute of nearly 21 million dirhams and for a total amount of settlement agreements of over 6 million dirhams. Of this total, nearly 216 complete and admissible files were considered by the mediator, of which 136 files were resolved successfully while no conciliation was reached for 33 files.

Nearly 77 percent and 23 percent of requests concerned banks and finance companies, respectively. The Mediation Center received 90 percent of requests from individual clients.

The typology of disputes received focused on challenges to accounting entries (29 percent), closure of accounts (29 percent), recovery of claims relating to social cases (9 percent) and issuance of documents (9 percent).

As is the case for data received by Bank Al-Maghrib, the majority of files are received from the Casablanca region, with 41 percent, as against 58 percent in 2014.

Regarding the second compartment, the Mediation Center received 5 files, including 2 concerning mainly the implementation of banking commitments and involving amounts totaling 86 million dirhams.

To promote its activities and its role in the amicable resolution of disputes between credit institutions and their customers, the Moroccan Banking Mediation Center continued its communication activities through intervention as well with the print media as the radio programs. It held meetings with credit institutions particularly via their professional association in order to discuss the mediation requests and their handling procedure. It also participated in several events both nationally and internationally, such as study days, meetings and workshops.

3.3 - Preparation of a draft code on banking mobility

Considering the legal and regulatory provisions in force governing the activities of credit institutions, freedom of pricing, competition and consumer protection, a draft code on banking mobility was prepared at the initiative of Bank Al-Maghrib. This draft defines the rules and guidelines that banks should comply towards individual customers account holders in order to guarantee the smooth and seamless transfer of these accounts to sister institutions.

Box n°9: Main provisions of the draft code on banking mobility

Commitments common to the bank of origin and host bank: In order to ensure an efficient and timely processing of account transfer requests, banks undertake to provide the customers with a common guide to banking mobility and offer him the mobility assistance service. They also undertake to establish the systems, organization, resources and means necessary for the implementation of this mobility.

Commitments of the host bank: the host bank carries out formalities instead of clients, at its discretion and after written consent of customers, so that withdrawals from their accounts and transfers regularly received to be transferred to the new account. In this context and within 30 working days, it shall proceed to communicate requests for change of the banking domiciliation and set up standing transfer orders that the customer would like to issue.

The customer may require his new bank to contact the bank of origin, as a "key interlocutor", to get the list of automatic and recurring transactions or even to cancel any permanent transfer orders.

Commitments of the bank of origin: upon written request from the customer, the bank of origin shall close the old account free of charge, within the same period. It shall issue, free of charge, a summary of automatic and recurring transactions that have passed on the account over the previous six months preceding the date of the change.

The draft code on banking mobility has been finalized and will be submitted to the GPBM members for deployment.

3.4 - Support in the implementation of the Consumer Protection Law

Bank Al-Maghrib monitored this year the steps taken by credit institutions to comply with the provisions of Law No. 31-08 relating to consumer protection measures, particularly those already in force.

It also helped prepare texts governing certain provisions of this law covering the banking industry, mainly those relating to the issue of indebtedness. Its work focused on provisions aiming to:

- Provide appropriate and clear information for consumers on financial products they use ;
- Ensure that they are protected with respect to clauses in consumer contracts, mainly unfair terms and those relating to financial services, consumer loans, distance selling and doorstep selling ;
- Set the terms and procedures relating to compensation or reparation for damages and harm affecting the consumer ;
- Ensure the representation and defense of consumer interests.

Bank Al-Maghrib actively contributed to the development of six regulations on:

- The standard models of prior credit offers and detachable withdrawal slips ;
- Maximum rate of interest on arrears ;
- The method of calculating the present value of rents, not yet due ;
- The amount of the costs of studying the file ;
- The amount of compensation required under unmatured interest in case of early repayment ;
- The characteristics and items of the reply slip relating to the changes proposed by the lender during the renewal of the credit contract.

The finalization of these texts needed several meetings between Bank Al-Maghrib, the banking sector, the Ministry of Industry, Trade, Investment and Digital Economy and the Ministry of Economy and Finance as well as the General Secretariat of the Government.

4 - Consultations with professional associations

In 2015, the Central Bank held meetings with the professional banking associations in order to discuss the reforms and issues involving directly or indirectly the banking sector.

With the GPBM, the subjects addressed included the slowdown in bank loans and the related factors, regulatory reforms, financial inclusion, development of payment means in Morocco and the rise of cybercrime. An update was also made on the conduct and results of the Financial Sector Assessment Program mission “FSAP” conducted jointly by the World Bank and the IMF. On the sidelines of one of the meetings, a discussion was held with the Director General of taxation on the tax treatment of certain banking operations.

With the Professional Association of Finance Companies, discussions focused on the application of the law to enact consumer protection measures, of the posting of the overall effective rate and the measures against fraud.

With the National Federation of Microcredit Associations, issues raised were the development of the sector, the situation of mutual solidarity network (RMS) uniting seven associations as well as the situation of certain associations with trouble.

5 - International cooperation

As part of international cooperation, Bank Al-Maghrib participated in several events organized by banks and foreign organizations and also hosted several regional events. The main themes concerned the micro and macro-prudential supervision, participatory finance and financial inclusion.

Bank Al-Maghrib hosted in Casablanca the 12th meeting of the Group of French-speaking supervisors held on March 5, 2015, which was an opportunity to share experiences on the issues of regulatory reforms, oversight of cross-border groups and financial inclusion. On the sidelines of this meeting, a seminar was organized for participants on the recent Basel Committee reforms.

It also participated in the 13th meeting of the Group of French-Speaking Banking Supervisors (GSBF), held on November 19, 2015 in Abidjan, which focused on cooperation in monitoring cross-border banking groups in the zone of the West African Economic and Monetary Union (WAEMU) and the development of the supervisory framework of African countries.

As part of cooperation with Arab countries, provided under the auspices of the Arab Monetary Fund (AMF), Bank Al-Maghrib took part in the work of regional groups on banking supervision, financial stability and financial inclusion.

Regarding banking supervision, discussions focused particularly on recent developments, changes in international financial reporting standards (IFRS), regulation of participatory banks, control risks of money laundering and terrorism financing and the new unified global system for the legal identification entities (LEI).

As part of the working group on financial stability, work focused on preparations for the development of the first financial stability report in the region. Members also discussed the topic of de-risking[13], interactions between macro-prudential policy and other public policies as well as the crisis management framework.

Meanwhile, the working group on financial inclusion addressed the prerequisites for the adoption of a national financial inclusion strategy in Arab countries, the relations between financial stability and financial inclusion and the report prepared by the World Bank on financial inclusion indicators in the region.

Regarding the fight against money laundering, Bank Al-Maghrib chaired a working group, under the aegis of the Middle East & North Africa Financial Action Task Force (MENAFATF) on proportionality in terms of customers' identification rules as part of the fight against money laundering and digital banking. It also took part in the 22nd plenary session of this group and the works of its various working groups, held in Manama in November 2015.

As part of the agreement signed between Bank Al-Maghrib and the Banking Commission of Central African countries, a technical assistance mission spanning over four weeks was conducted by a head of mission of the bank for the benefit of onsite auditors of this authority. Similarly, a technical assistance mission to control banks' information systems was conducted by a representative of the Bank for the inspectors of this Commission.

Bank Al-Maghrib also hosted several delegations of supervisory authorities and central banks as part of study visits, including:

- Officials from the Central Bank of Burundi to inquire about the experience of our institution in the field of financial stability. The workshops focused on the legal provisions as well as the analytical, conventional, strategic and governance frameworks set up in Morocco.
- A delegation of six officials from the Central Bank of Jordan, two representatives of the microfinance federation in Jordan and a representative of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) conducted in May 2015 a study visit dedicated to microfinance.

[13] De-risking refers to a situation where financial institutions exit or limit their business relationship with certain categories of customers for violating compliance rules.

- Two executives from the Central Bank of Tanzania in June 2015 on a study visit to learn about our experience on supervision regulations and methods relating to the leasing business.
- Two delegations from the Central Bank of Congo on working visits. The purpose of the first one was to inquire about the experience of Bank Al-Maghrib in the field of risk-based supervision, while the second one focused on the system for protecting consumers of financial services.
- Representatives of the Banking Commission of WAMU conducted study visits. The first focused on the information system and the objective of the second one was to inquire about its experience in supervision on a consolidated basis.
- A delegation from the Central African Banking Commission conducted a study visit on the techniques of permanent supervision of microfinance institutions.

6 - Human Resources of the Banking Supervision Department

At the end of December 2015, the Banking Supervision Department (BSD) had a staff of 91. Nearly two-thirds of this workforce ensure prudential offsite and onsite control as well as approval and authorization. Furthermore, 25 percent of employees are assigned to the activities of studies and development of regulatory activities. Finally, 10 percent of staff members carry out support functions.

Nearly 70 percent of the workforce of the BSD is under the age of 45 years and nearly 48 percent are women.

Like in previous years, banking supervisors benefited from a training program that takes into account the needs and priorities of the Bank. This covered the new Basel III regulations, participatory finance, macro-prudential supervision and financial inclusion.

The BSD also contributed to the training of students, receiving 32 trainees in 2015, including 13 under end-of-study training.

7- Key findings of the FSAP mission led by the IMF and the World Bank

In 2015, the Moroccan financial sector was assessed under the Financial Sector Assessment Program (FSAP), conducted jointly by the IMF and World Bank.

This assessment aims to provide member countries with a comprehensive and in-depth analysis of their financial system and its control. It is also part of bilateral surveillance of the IMF on the change in the macroeconomic and financial situation and policies of member countries. Initiated on a voluntary basis, this exercise is now mandatory for 25 countries considered systemic.

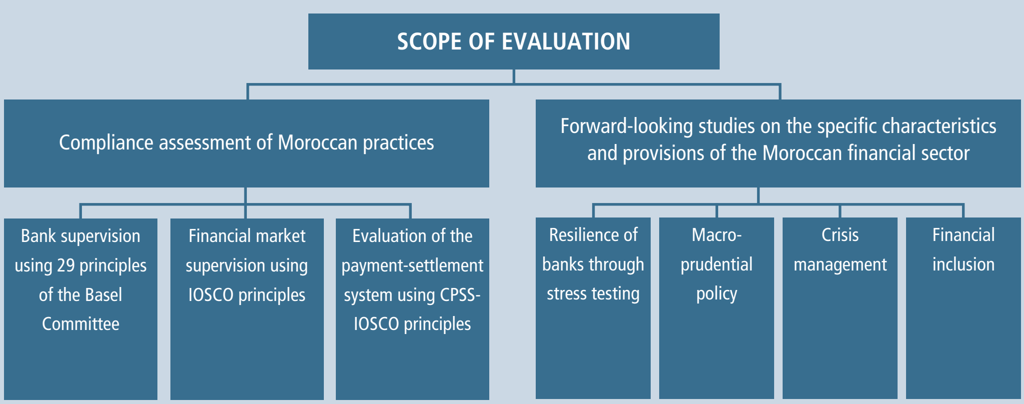
7.1 - Scope and conduct of the assessment

The FSAP in Morocco was conducted in several phases. The first was devoted to preparations and was carried out at distance between the teams of the IMF and World Bank and the Moroccan authorities. This phase focused on the preparation of documentation and files requested for the mission, a set of questionnaires and a self-assessment with respect to the 29 principles of the Basel Committee on effective banking supervision.

In a second phase, the mission visited Morocco from April 4-30, 2015 and from September 26-30, 2015. During these periods, interviews were scheduled with the financial system actors as well as with the Moroccan authorities, particularly the Ministry of Economy and Finance, Bank Al-Maghrib, the Moroccan Market Capital Authority and the Pension and Insurance Supervising Authority.

Subsequent to these interventions, the authorities discussed with experts their findings and draft reports.

Box n°10: Scope of evaluation of the FSAP mission conducted in 2015 in Morocco by the FMI and World Bank



7.2 - Key findings of the FSAP mission

The mission noted with appreciation the completion of major legal reforms since the previous assessment in 2007, including the adoption of the Banking Law and the new regulations for preventing and managing banking risks and those related to financial stability. It concluded that in terms of banking supervision, Morocco is one of the countries adopting the best practices in the field.

Regarding stress testing, the evaluation showed Moroccan banks' resilience to various shocks scenarios. It was based on the findings of various stress tests carried out by banks (bottom-up exercise) and stress models developed by the IMF (top-down exercise). The objective was to assess the banks' resilience to the occurrence of a number of hypothetical macroeconomic and financial shocks.

Box n°11: Stress tests under the FSAP mission

On the methodological level, the stress testing exercise was based on two macroeconomic scenarios - a central scenario and an "adverse" scenario - and on an analysis of sensitivity to several other factors. It focused on the realization of various risks: credit, concentration, liquidity, contagion and cross-border.

Based on data provided by 8 banks representing 90 percent of the market share, stress scenarios were tested to check the banking system's resilience to adverse shocks.

Stress tests of solvency: the results of these shocks generally showed that banks are able to resist a substantial deterioration in the economic environment, while being able to observe the new prudential requirements.

Concentration risk stress tests: These tests were based on the assumption of failure of some of the largest debtors to banks. The results of this exercise revealed a high exposure of banks to this risk.

Liquidity stress testing: The results of these tests showed that the vulnerability of banks to liquidity risk is manageable, as all banks generated post chock liquidity ratios higher than the regulatory minimum in force in 2015.

Stress test of contagion between banks and insurance companies: it concluded that the insurance companies would be vulnerable to bank failures. Conversely, these companies present low risks for banks.

Cross-border contagion stress testing: it showed a limited exposure of banks to the cross-border contagion risk that may arise from direct links to their subsidiaries abroad.

The mission found that banks are adequately capitalized, profitable and have a stable customer deposit base, while highlighting the moderate level of their non-performing loans compared to middle-income countries. However, the mission stressed that these loans have risen since 2012, due to weak economic activity and slowing credit growth. It noted the risk of increased cash flow difficulties faced by certain companies in some sectors, including construction and real estate development. It also stressed that the credit concentration remains one of the main risks to which the banking system is exposed.

Recommendations have been made to mitigate this risk and align the loan classification rules in force on an individual basis with those applied on a consolidated basis (IFRS).

In terms of macro-prudential supervision, the mission noted that the new Banking Law has set up a macro-prudential policy committee and provides a good framework for the exercise of this mission. It also highlighted that progress was made in preparing macro-prudential instruments, a mapping of systemic risks was in place and a financial stability report was published. Recommendations were made to strengthen the institutional mechanism and expand the range of macro-prudential instruments under review.

In terms of financial inclusion, the initiatives taken have been encouraged by the mission. While stressing the progress made, it noted that challenges persist in access to and use of financial services. These challenges relate to barriers that limit the financial inclusion of low-income populations, the development of non-bank financial institutions, including microcredit institutions and additional measures to reduce the cost of payment services and money transfer, and promote electronic payment instruments.

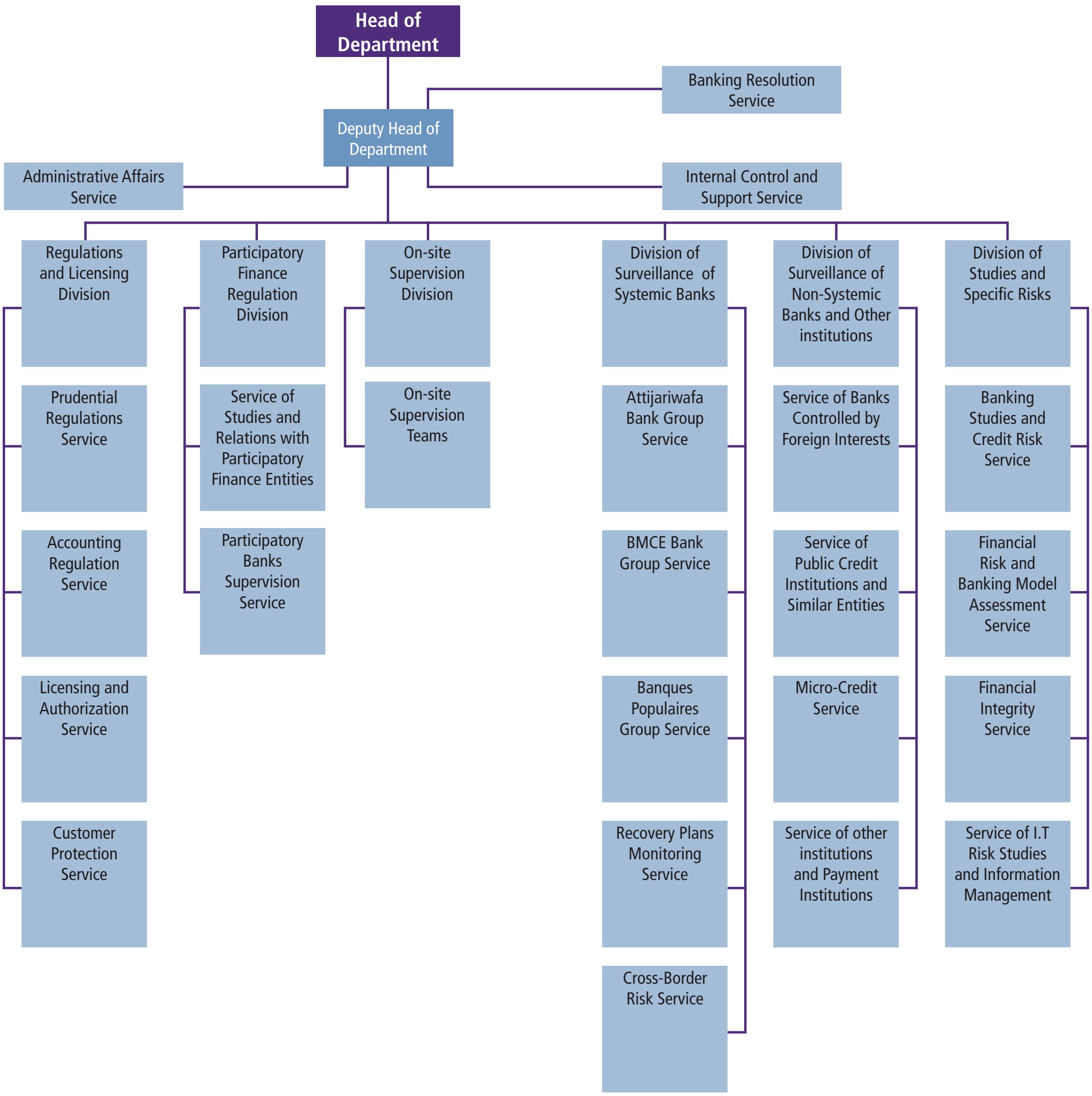
Regarding the banking crisis resolution, the mission noted with satisfaction the progress made in recent years, mainly legal mechanisms incorporated in the Banking Law, the inter-authorities crisis management agreement and efforts leading to the development of a Bank Al-Maghrib's internal manual describing its vision for the resolution process management, including the underlying principles, triggers and sequencing of steps and available options. Nevertheless, the mission requested that the legal framework pertaining to the resolution regime needs to be strengthened by explicitly designating the bank resolution authority, embedding the least-cost principle and the alternative resolution financing instruments and strengthening the protection of creditors within the specific framework of a resolution of a bank.

Roadmaps were developed by Bank Al-Maghrib, in coordination with the Ministry of Economy and Finance, the Moroccan Capital Market Authority (AMMC) and the Pension and Insurance Supervising Authority (ACAPS) to examine and support the recommendations made by the mission.

APPENDICES

Appendix 1

Organizational structure of the Banking Supervision Department*



(*) New organizational chart adopted on 1st January 2016

Appendix 2

List of approved credit institutions - December 2015

Banks

Name	Head office address
AL BARID BANK	798, Angle Boulevard Ghandi et Boulevard Brahim Roudani - Casablanca
ARAB BANK PLC	174, Boulevard Mohamed V - Casablanca
ATTIJARIWAFA BANK	2, Boulevard Moulay Youssef - Casablanca
BANK AL-AMAL	288, Boulevard Mohamed Zerktouni - Casablanca
BANQUE CENTRALE POPULAIRE « B.C.P »	101, Boulevard Mohamed Zerktouni - Casablanca
BANQUE MAROCAINE DU COMMERCE EXTERIEUR « BMCE BANK »	140, Avenue Hassan II - 20000 - Casablanca
BANQUE MAROCAINE POUR LE COMMERCE ET L'INDUSTRIE « B.M.C.I »	26, Place des Nations Unies - Casablanca
BANQUE POPULAIRE DU CENTRE SUD	Avenue Hassan II - Agadir
BANQUE POPULAIRE D'EL JADIDA-SAFI	Boulevard Jamia Al Arabia - El Jadida
BANQUE POPULAIRE DE FES-TAZA	Angle Rue Allal Loudyi et Rue Abdelali Benchekroun - Fès
BANQUE POPULAIRE DE LAAYOUNE	9, Boulevard Mohamed V - Laâyoune
BANQUE POPULAIRE DE MARRAKECH - BENI MELLAL	Avenue Abdelkrim Khattabi - Marrakech
BANQUE POPULAIRE DE MEKNES	4, Rue d'Alexandrie - Meknès
BANQUE POPULAIRE DE NADOR-Al HOCEIMA	113, Boulevard Al Massira - Nador
BANQUE POPULAIRE D'OUJDA	Boulevard Derfoufi - Oujda
BANQUE POPULAIRE DE RABAT	3, Avenue de Tripoli - Rabat
BANQUE POPULAIRE DE TANGER-TETOUAN	76, Avenue Mohamed V - Tanger
CDG CAPITAL	Place Moulay El Hassan - Immeuble Mamounia. - Rabat
CREDIT AGRICOLE DU MAROC	2, Avenue d'Alger - Rabat
CFG Bank	5-7, Rue Ibnou Toufail - Casablanca
CITIBANK MAGHREB	Lotissement Attaoufik- Imm. I - Ensemble immobilier Zenith Millénium -Sidi Maârouf - Casablanca
CREDIT IMMOBILIER ET HOTELIER « C.I.H »	187, Avenue Hassan II - Casablanca
CREDIT DU MAROC	48-58, Boulevard Mohamed V - Casablanca
FONDS D'EQUIPEMENT COMMUNAL « F.E.C »	Angle Avenue Ben Barka et Avenue Annakhil - Hay Ryad Rabat
MEDIAFINANCE	27, Boulevard Moulay Youssef, 20060 - Casablanca
SOCIETE GENERALE	55, Boulevard Abdelmoumen - Casablanca
UNION MAROCAINE DE BANQUES « U.M.B »	36, Rue Tahar Sebti - Casablanca
BANCOSABADELL	Twin center, Tour ouest, 12ème étage - Casablanca
CAJA DE AHORROS Y PENSIONES DE BARCELONA « CaixaBank, S.A. »	179, Boulevard d'Anfa - Casablanca

Consumer loan companies

Name	Head office address
VIVALIS SALAF	3, Rue d'Avignon - Casablanca
DAR SALAF S.A	207, Boulevard Zerktouni -Casablanca
OMNIUM FINANCIER POUR L'ACHAT A CREDIT « FINACRED »	18, Rue de Rocroy, Belvédère- Casablanca
RCI FINANCE MAROC S.A	44, Bd Khaled Bnou Loualid - Aïn Sebaa - Casablanca
SALAFIN	Zenith Millenium, Immeuble 8, Sidi Maarouf-Casablanca
SALAF AL MOUSTAKBAL S.A.	20, Boulevard de La Mecque - Laâyoune
SOCIETE DE CREDIT A LA CONSOMMATION « TASLIF »	29, Boulevard Moulay youssef - Casablanca
SOCIETE DE FINANCEMENT D'ACHATS A CREDIT « SOFAC-CREDIT »	161, Avenue Hassan II - Casablanca
SOCIETE DE FINANCEMENT NOUVEAU A CREDIT « FNAC »	Sahat Rabia Al Adaouia, Résidence Kays Agdal - Rabat
EQDOM	127, Angle Bd Zerktouni et rue Ibnou Bouraîd - 20100 Casablanca
SOCIETE NORDAFRICAINE DE CREDIT « SONAC »	29, Boulevard Mohamed V - Fès
AXA CREDIT	79, Avenue Moulay Hassan 1er - Casablanca
SOCIETE REGIONALE DE CREDIT A LA CONSOMMATION « SOREC-CREDIT »	256, Bd Zerktouni - Casablanca
ASSALAF AL AKHDAR	1, Place Bandoeng - Casablanca
SOGEFINANCEMENT	127, Boulevard Zerktouni - Casablanca
WAFASALAF	72, Angle rue Ram Allah et Boulevard Abdelmoumen - Casablanca

Real-estate loan companies

Name	Head office address
ATTIJARI IMMOBILIER	2, Boulevard Moulay Youssef - Casablanca
WAFA IMMOBILIER	112, Angle boulevard Abdelmoumen et rue Rembrandt Casablanca

Factoring companies

Name	Head office address
ATTIJARI FACTORING	2, Boulevard Moulay Youssef - Casablanca
MAROC FACTORING	63, Boulevard Moulay Youssef - Résidence Adriana 1er étage - CP 20 060 - Casablanca

Leasing companies

Name	Head office address
BMCI- LEASING	Angle Rue Normandie et Rue Ibnou Fariss - Casablanca
COMPAGNIE MAROCAINE DE LOCATION D'EQUIPEMENT « MAROC-LEASING »	57, Angle Rue Pinel et Boulevard Abdelmoumen Casablanca
CREDIT DU MAROC LEASING « CDML »	201, Bd Zerktouni - Casablanca
SOCIETE GENERALE DE LEASING DU MAROC « SOGELEASE MAROC »	55, Boulevard Abdelmoumen -Casablanca
SOCIETE MAGHREBINE DE CREDIT -BAIL (LEASING) « MAGHREBAIL »	45, Boulevard Moulay Youssef-Casablanca
WAFABAIL	39-41, Angle Boulevard Moulay Youssef & rue Abdelkader El Mazini, 20 100 - Casablanca

Surety companies

Name	Head office address
FINEA	101, Boulevard Abdelmoumen - Casablanca
DAR AD-DAMANE	288, Boulevard Zerktouni - Casablanca

Payment means companies

Name	Head office address
CENTRE MONETIQUE INTERBANCAIRE	Espace porte d'Anfa, 8, Angle Bd d'Anfa et Avenue Moulay Rachid -20050 Casablanca
M2M SPS	20, Rue Moussa Bnou Noussair - Casablanca
WAFA CASH	15, Rue Driss Lahrizi - Casablanca

Other companies

Name	Head office address
SOCIETE DE FINANCEMENT POUR LE DEVELOPPEMENT AGRICOLE « S.F.D.A »	28, Rue Abou Faris Al Marini, BP 49 - Rabat
DAR ASSAFAA LITAMWIL	4, rue Sanaa, Casablanca
JAIDA	Place Moulay Hassan, Imm. Dalil-Rabat

Appendix 3

List of offshore banks

Name	Head office address
ATTIJARI INTERNATIONAL BANK (ATTIJARI I.B B.O.S)	58, Boulevard Pasteur, Tanger
BANQUE INTERNATIONALE DE TANGER -BANQUE OFFSHORE (B.I.T B.O.S)	Angle Avenue Mohamed V et Rue Moussa Bnou Noussair, Tanger
BMCI -BANQUE OFFSHORE- GROUPE BNP (BMCI B.O.S)	Boulevard Youssef Ben Tachfine et Angle Boulevard Madrid, Tanger
SOCIETE GENERALE TANGER OFFSHORE (S.G.T O.S)	58, Avenue Mohamed V, Tanger
SUCCURSALE OFFSHORE DE LA BMCE (SUCCURSALE O.S BMCE)	Zone Franche, Port de Tanger, BP 513, Tanger
CHAABI INTERNATIONAL BANK OFFSHORE (CIB BANQUE OFFSHORE)	Rue Cellini, Sidi Boukhari - Tanger

Appendix 4

List of microcredit associations

Name	Head office address
AL AMANA MICROFINANCE	40,Rue Al Fadila, quartier industriel, Q.Y.M, RABAT 10 000
Association Al Karama pour le Micro-Crédit (AL KARAMA)	38 Br Abdelmounen Appt 23 4ème étage Hassan RABAT
Association Ismailia pour le Micro-Crédit (AIMC)	115,Boulevard Lahboul-BP 2070 MEKNES
Association Marocaine de Solidarité Sans Frontière (AMSSF)	1,Rue Abi Dar El Ghoufari-Quartier Prince Héritier-1er étage FES
Association Marocaine Oued Serou pour le Micro-Crédit (AMOS)	Rue oued Sbou, Hay Ettakadoum-El Kbab KHENIFRA
Association Tétouanaise des Initiatives Sociaux- Professionnelles (ATIL)	Avenue Hassan II N°70-Résidence Paloma Blanca-1er Etage N°1 TETOUAN
ATTAWFIK MICRO FINANCE	3,Rue Docteur Veyre-Résidence Patio CASABLANCA
Fondation « ARDI »	Avenue hassan 2 , Hay Ibn sina, rue Iran-Témara Centre
Fondation Micro Crédits du Nord	N°6, Rue Rachid Réda, Résidence Hayat 2 entresol, appa. N°34 TANGER
Fondation pour le Développement Local et le Partenariat (FONDEP)	Im. Saraya angle Br Riad et Av. Alarz Hay Riad Rabat 10100
TAWADA	N°119, avenue de la Résistance, appartement 27 RABAT
BAB RIZK JAMEEL	Rue Moulay Smail n°196, Roches noires, Casablanca
Institution Marocaine d'Appui à la Micro-Entreprise (INMAA)	Angle Rue Maamora et Rue Reine Elizabeth II, Immeuble A 2 eme etage apprt 2 Kenitra

Appendix 5

List of payment institutions fund transfer companies (Fund transfer companies)

Name	Address
DAMANE CASH	212, Avenue Mohamed V - Résidence Elite. Bureau 211 - Guéliz - Marrakech
EUROSOL	Résidence Ahssan Dar, Appart 3 et 4 ; Av Hassan II Rabat
QUICK MONEY	16/18 Lot.Attaoufik Espace Jet Business Class - Sidi Maarouf - Casablanca
MEA Finance Service	Résidence Hadi n°27, Rue Salim Cherkaoui. 6éme étage - Casablanca
CASH PLUS	1, Rue des Pléiades - Quartier des Hopitaux- Casablanca
TRANSFERT EXPRESS	282, Boulevard de la Résistance et Angle Rue de Strasbourg - Casablanca
MONEYON MAROC	52, Boulevard Zerktouni Espace Erreada - Casablanca
Al Barid Cash	Bd Abdelmoumen, Immeuble Atrium, N°374 lotissement Manazyl Al Maymoune, Casablanca
UAE Exchange Morocco	3, Rue Bab Mansour, Espace porte d’Anfa - Casablanca
Maroc Traitement de Transactions "M2T"	Technopark, route de Nouaceur, BP 16430 - Casablanca

Appendix 6

Banks' aggregate balance sheet - activity in Morocco
As at December 31, 2015

(Thousands of dirhams)

ASSETS	31/12/2014	31/12/2015
Cash values, Central Banks, Public Treasury and Postal Checks Service	**21 577 196**	**26 975 357**
Loans to credit institutions and similar entities	**130 421 793**	**152 094 704**
. Demand	24 442 481	35 240 974
. Time	105 979 312	116 853 730
Dues from customers	**675 163 692**	**692 108 931**
. Overdraft facilities and consumer loans	227 834 716	223 399 068
. Equipment loans	165 055 929	165 089 537
. Real estate loans	236 643 463	240 053 877
. Other loans	45 629 584	63 566 449
Factoring loans	**4 846 189**	**3 236 474**
Trading and held-for-sale securities	**157 003 696**	**152 628 689**
. Treasury bills and the like	79 143 032	85 356 775
. Other debt securities	15 482 301	11 057 210
. Ownership securities	62 378 363	56 214 704
Other assets	**15 270 873**	**19 120 554**
Investment securities	**41 310 480**	**36 291 718**
. Treasury bills and the like	37 682 692	33 195 000
. Other debt securities	3 627 788	3 096 718
Equity securities and the like	**32 255 277**	**34 812 043**
Subordinated loans	**997 690**	**963 075**
Fixed assets for leasing and rental	**1 808 029**	**1 568 028**
Intangible fixed assets	**5 102 532**	**5 324 804**
Tangible fixed assets	**17 544 132**	**20 349 223**
Total assets	**1 103 301 579**	**1 145 473 600**

(Thousands of dirhams)

LIABILITIES	31/12/2014	31/12/2015
Central Banks, Public Treasury, Postal Checks Service	**100**	**13**
Due to credit institutions and similar entities	**108 418 119**	**102 842 769**
. Demand	12 147 699	28 374 133
. Time	96 270 420	74 468 636
Customers' deposits	**769 769 841**	**819 212 088**
.Creditor demand deposits	446 307 104	473 453 960
. Savings accounts	129 844 476	137 761 651
. Time deposits	170 765 624	182 880 003
. Other creditor accounts	22 852 637	25 116 474
Debt securities issued	**63 373 609**	**49 721 312**
. Negotiable debt securities	55 725 328	41 566 729
. Bond loans	5 996 085	6 125 877
. Other debt securities issued	1 652 196	2 028 706
Other liabilities	**20 101 000**	**19 922 486**
Provisions for risks and expenses	**8 827 717**	**9 882 740**
Regulated provisions		
Subsidies, allocated public funds and special guarantee funds	**2 724 498**	**2 648 498**
Subordinated debts	**24 589 213**	**30 249 780**
Reevaluation gaps	**409 849**	**420**
Reserves and premiums related to capital	**65 451 543**	**70 045 939**
Capital	**24 617 088**	**25 739 312**
Shareholders. Unpaid capital (-)	**-228 000**	**-48 000**
Retained earnings (+/-)	**4 810 079**	**5 850 967**
Net income before appropriation (+/-)	**425 489**	**42 996**
Net income for the year (+/-)	**10 011 434**	**9 362 280**
Total liabilities	**1 103 301 579**	**1 145 473 600**

(Thousands of dirhams)

OFF-BALANCE SHEET	31/12/2014	31/12/2015
COMMITMENTS GIVEN	**196 552 123**	**203 200 298**
Financing commitments to credit institutions and similar entities	3 269 625	3 334 804
Financing commitments to customers	72 063 555	78 086 599
Guarantee commitments to credit institutions and similar entities	37 747 718	38 167 934
Guarantee commitments to customers	81 279 993	82 558 850
Securities bought under repurchase agreements		78 357
Other securities to deliver	2 191 232	973 754
COMMITMENTS RECEIVED	**66 245 948**	**64 823 498**
Financing commitments received from credit institutions and similar entities	3 041 922	2 085 342
Guarantee commitments received from credit institutions and similar entities	53 262 635	53 064 233
Guarantee commitments received from the government and sundry guarantee institutions	7 265 591	8 269 387
Securities sold under repurchase agreements		
Other securities to receive	2 675 800	1 404 536

Appendix 7

Banks' aggregate loss and profit - activity in Morocco
From January 1 to December 31, 2015

(Thousands of dirhams)

	31/12/2014	31/12/2015
+ Interest and related income	47 681 455	46 655 565
- Interest and related expenses	18 236 746	16 256 956
Interest income	**29 444 709**	**30 398 609**
+ Gains on fixed assets leasing and rentals	314 760	480 215
- Expenses on fixed assets leasing and rentals	225 973	469 209
Income from leasing and rental transactions	**88 787**	**11 006**
+ Commissions received	6 145 846	6 419 146
- Commissions paid	560 822	477 231
Margin on commissions	**5 585 024**	**5 941 915**
± Gains on trading securities' transactions	6 444 106	2 728 137
± Gains on investment securities' transactions	680 170	1 137 407
± Gains on foreign exchange transactions	1 589 124	1 996 875
± Gains on derivatives transactions	-622 724	403 168
Trading Income	**8 090 676**	**6 265 587**
+ Other banking income	2 806 161	2 960 256
- Other banking expenses	1 967 986	2 001 346
Net banking income	**44 047 371**	**43 576 027**
± Gains on financial fixed assets transactions	-307 797	665 956
+ Other non-banking operating income	600 423	994 563
- Other non-banking operating expenses	282 410	152 838
- General operating expenses	20 284 489	21 380 853
Gross operating income	**23 773 098**	**23 702 855**
± Allocations net of provisions for non-performing loans and commitments by signature	-7 158 383	-8 055 636
± Other allocations net of reversals of provisions	-805 124	-354 369
Current income	**15 809 591**	**15 292 850**
Extraordinary income	**-478 710**	**-1 363 099**
- Income tax	5 319 447	4 567 474
Net income for the year	**10 011 434**	**9 362 277**

Appendix 8

Aggregate balance sheet of finance companies
As at December 31, 2015

(Thousands of dirhams)

ASSETS	31/12/2014	31/12/2015
Cash values, Central Banks, Public Treasury and Postal Checks Service	**165 226**	**171 614**
Due from credit institutions and similar entities	**4 518 390**	**5 664 083**
. Demand	821 368	1 797 756
. Time	3 697 022	3 866 327
Due from customers	**30 773 776**	**31 374 487**
. Overdraft facilities and consumer loans	27 644 777	27 910 332
. Equipment loans	583 665	769 533
. Real estate loans	1 281 299	1 623 129
. Other loans	1 264 035	1 071 493
Factoring loans	**5 849 012**	**5 611 858**
Trading and held-for-sale securities	**605 555**	**854 652**
. Treasury bills and the like	358	207
. Other debt securities	374	211
. Ownership securities	604 823	854 234
Other assets	**3 487 224**	**3 409 714**
Investment securities	**148 957**	**179 624**
. Treasury bills and the like	148 957	179 624
. Other debt securities		
Equity securities and the like	**107 745**	**132 688**
Subordinated loans		
Fixed assets for leasing and rental	**52 143 312**	**53 671 712**
Intangible fixed assets	**793 704**	**784 863**
Tangible fixed assets	**580 035**	**634 211**
Total assets	**99 172 936**	**102 489 506**

(Thousands of dirhams)

LIABILITIES	31/12/2014	31/12/2015
Central Banks, Public Treasury, Postal Checks Service	**695**	**0**
Due to credit institutions and similar entities	**57 222 097**	**58 553 930**
. Demand	8 382 271	8 841 448
. Time	48 839 826	49 712 482
Customers' deposits	**7 405 863**	**8 283 460**
.Creditor demand deposits	743 933	1 282 559
. Savings accounts		
. Time deposits	339 662	245 233
. Other creditor accounts	6 322 268	6 755 668
Debt securities issued	**15 159 029**	**16 196 250**
. Negotiable debt securities	13 260 577	14 499 859
. Bond loans	1 865 598	1 648 305
. Other debt securities issued	32 854	48 086
Other liabilities	**6 307 473**	**6 232 099**
Provisions for risks and expenses	**359 810**	**396 594**
Regulated provisions	**25 363**	**24 741**
Subsidies, allocated public funds and special guarantee funds	**172 043**	**173 244**
Subordinated debts	**1 540 275**	**1 020 608**
Reevaluation gaps	**16 957**	**114 232**
Reserves and premiums related to capital	**3 964 933**	**4 279 056**
Capital	**3 772 687**	**3 832 858**
Shareholders. Unpaid capital (-)		**-1**
Retained earnings (+/-)	**1 722 038**	**1 884 498**
Net income before appropriation (+/-)		**738**
Net income for the year (+/-)	**1 503 673**	**1 497 199**
Total liabilities	**99 172 936**	**102 489 506**

Appendix 9

Aggregate Loss and Profit statement of finance companies
From January 1 to December 31, 2015

(Thousands of dirhams)

	31/12/2014	31/12/2015
+ Interest and related income	3 871 737	3 852 910
- Interest and related expenses	3 322 479	3 171 756
Interest income	**549 258**	**681 154**
+ Gains on fixed assets leasing and rentals	18 017 742	18 243 783
- Expenses on fixed assets leasing and rentals	14 734 890	15 069 692
Income from leasing and rental transactions	**3 282 852**	**3 136 352**
+ Commissions received	1 838 894	1 996 575
- Commissions paid	572 563	612 486
Margin on commissions	**1 266 331**	**1 384 089**
± Gains on trading security transactions	11 332	8 143
± Gains on investment security transactions	35 353	19 123
± Gains on foreign exchange transactions	28 464	-3 181
± Gains on derivatives transactions		
Trading Income	**75 149**	**24 085**
+ Other banking income	112 557	123 753
- Other banking expenses	10 882	11 010
Net banking income	**5 275 265**	**5 338 423**
± Gains on financial fixed asset transactions	8	5 451
+ Other non-banking operating income	92 529	69 037
- Other non-banking operating expenses	4 269	1 708
- General operating expenses	2 048 665	2 144 648
Gross operating income	**3 314 869**	**3 266 555**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-1 147 850	-794 609
± Other allocations net of reversals of provisions	230 215	-72 791
Current income	**2 397 234**	**2 394 633**
Extraordinary income	**-43 993**	**9 136**
- Income tax	849 568	906 570
Net income for the year	**1 503 673**	**1 497 199**

Appendix 10

Aggregate balance sheet of consumer loan companies
As at December 31, 2015

(Thousands of dirhams)

ASSETS	31/12/2014	31/12/2015
Cash values, Central Banks, Public Treasury and Postal Checks Service	**74 386**	**58 061**
Due from credit institutions and similar entities	**501 472**	**592 509**
. Demand	467 766	550 799
. Time	33 706	41 710
Due from customers	**28 703 382**	**28 832 305**
. Overdraft facilities and consumer loans	27 403 063	27 612 585
. Equipment loans	246 681	344 838
. Real estate loans	21 957	27 539
. Other loans	1 031 681	847 343
Factoring loans	**300 226**	**400 014**
Trading and held-for-sale securities	**3 328**	**1 181**
. Treasury bills and the like	358	207
. Other debt securities		
. Ownership securities	2 970	974
Other assets	**2 382 604**	**2 529 728**
Investment securities		
. Treasury bills and the like		
. Other debt securities		
Equity securities and the like	**18 709**	**16 004**
Subordinated loans		
Fixed assets for leasing and rental	**10 255 163**	**10 830 379**
Intangible fixed assets	**378 722**	**353 556**
Tangible fixed assets	**400 355**	**392 931**
Total assets	**43 018 347**	**44 006 668**

(Thousands of dirhams)

LIABILITIES	31/12/2014	31/12/2015
Central Banks, Public Treasury, Postal Checks Service	**695**	**0**
Due to credit institutions and similar entities	**19 646 180**	**18 243 929**
. Demand	1 005 755	1 102 882
. Time	18 640 425	17 141 047
Customers' deposits	**5 463 737**	**6 021 100**
.Creditor demand deposits		
. Savings accounts		
. Time deposits		
. Other creditor accounts	5 463 737	6 021 100
Debt securities issued	**7 864 966**	**9 479 423**
. Negotiable debt securities	7 864 966	9 479 423
. Bond loans		
. Other debt securities issued		
Other liabilities	**3 300 965**	**3 115 680**
Provisions for risks and expenses	**95 720**	**137 200**
Regulated provisions	**24 447**	**24 054**
Subsidies, allocated public funds and special guarantee funds		
Subordinated debts	**497 120**	**627 098**
Reevaluation gaps	**16 957**	**114 232**
Reserves and premiums related to capital	**2 646 339**	**2 728 084**
Capital	**1 892 200**	**1 916 486**
Shareholders. Unpaid capital (-)		
Retained earnings (+/-)	**723 848**	**747 282**
Net income before appropriation (+/-)		**738**
Net income for the year (+/-)	**845 173**	**851 362**
Total liabilities	**43 018 347**	**44 006 668**

Appendix 11

Aggregate Loss and Profit statement of consumer loan companies
From January 1st to December 31, 2015

(Thousands of dirhams)

	31/12/2014	31/12/2015
+ Interest and related income	3 281 658	3 206 843
- Interest and related expenses	1 349 489	1 239 113
Interest income	**1 932 169**	**1 967 730**
+ Gains on fixed assets leasing and rentals	3 557 031	3 796 068
- Expenses on fixed assets leasing and rentals	3 174 938	3 388 350
Income from leasing and rental transactions	**382 093**	**407 718**
+ Commissions received	632 474	632 433
- Commissions paid	77 067	58 394
Margin on commissions	**555 407**	**574 039**
± Gains on trading securities transactions	1 458	684
± Gains on investment securities transactions	4 961	2 587
± Gains on foreign exchange transactions	49	-35
± Gains on derivatives transactions		
Trading income	**6 468**	**3 236**
+ Other banking income	94 863	110 967
- Other banking expenses	8 697	8 815
NET BANKING INCOME	**2 962 303**	**3 054 875**
± Gains on financial fixed assets transactions	8	5 451
+ Other non-banking operating income	29 289	18 524
- Other non-banking operating expenses	428	27
- General operating expenses	1 175 818	1 225 744
GROSS OPERATING INCOME	**1 815 354**	**1 853 079**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-551 806	-502 737
± Other allocations net of reversals of provisions	16 882	-42 934
CURRENT INCOME	**1 280 430**	**1 307 408**
EXTRAORDINARY INCOME	**7 633**	**34 723**
- Income tax	442 890	490 769
RESULTAT NET DE L'EXERCICE	**845 173**	**851 362**

Appendix 12

Aggregate balance sheet of leasing companies
As at December 31, 2015

(Thousands of dirhams)

ASSETS	31/12/2014	31/12/2015
Cash values, Central Banks, Public Treasury and Postal Checks Service	**120**	**124**
Due from credit institutions and similar entities	**1 839**	**1 529**
. Demand	1 839	1 529
. Time		
Due from customers	**78 027**	**87 227**
. Overdraft facilities and consumer loans	20 900	17 247
. Equipment loans		
. Real-estate loans	19 463	16 985
. Other loans	37 664	52 995
Factoring loans		**37 771**
Trading and held-for-sale securities	**374**	**211**
. Treasury bills and the like		
. Other debt securities	374	211
. Ownership securities		
Other assets	**855 831**	**632 139**
Investment securities		
. Treasury bills and the like		
. Other debt securities		
Equity securities and the like	**23 723**	**18 223**
Subordinated loans		
Fixed assets for leasing and rental	**41 888 149**	**42 841 333**
Intangible fixed assets	**152 048**	**158 602**
Tangible fixed assets	**31 006**	**107 548**
Total assets	**43 031 117**	**43 884 707**

(Thousands of dirhams)

LIABILITIES	31/12/2014	31/12/2015
Central Banks, Public Treasury, Postal Checks Service		
Due to credit institutions and similar entities	**29 725 735**	**31 155 549**
. Demand	3 801 939	3 241 428
. Time	25 923 796	27 914 121
Customers' deposits	**596 470**	**513 837**
. Creditor demand deposits	28 186	38 401
. Savings accounts		
. Time deposits	339 662	245 233
. Other creditor accounts	228 622	230 203
Debt securities issued	**7 294 063**	**6 509 463**
. Negotiable debt securities	5 395 611	5 020 436
. Bond loans	1 865 598	1 440 941
. Other debt securities issued	32 854	48 086
Other liabilities	**2 186 682**	**2 175 390**
Provisions for risks and expenses	**148 913**	**142 739**
Regulated provisions	**916**	**687**
Subsidies, allocated public funds and special guarantee funds		
Subordinated debts	**66 371**	**68 571**
Reevaluation gaps		
Reserves and premiums related to capital	**1 150 507**	**1 379 481**
Capital	**874 209**	**910 095**
Shareholders. Unpaid capital (-)		
Retained earnings (+/-)	**692 994**	**775 562**
Net income before appropriation (+/-)		
Net income for the year (+/-)	**294 257**	**253 333**
Total liabilities	**43 031 117**	**43 884 707**

Appendix 13

Aggregate Loss and Profit statement of leasing companies
From January 1st to December 31, 2015

(Thousands of dirhams)

	31/12/2014	31/12/2015
+ Interest and related income	6 284	7 353
- Interest and related expenses	1 712 945	1 648 765
Interest income	**-1 706 661**	**-1 641 412**
+ Gains on fixed assets leasing and rentals	14 459 846	14 408 946
- Expenses on fixed assets leasing and rentals	11 559 952	11 681 342
Income from leasing and rental transactions	**2 899 894**	**2 727 604**
+ Commissions received	13 661	12 191
- Commissions paid	9 335	8 265
Margin on commissions	**4 326**	**3 926**
± Gains on trading securities transactions		
± Gains on investment securities transactions		
± Gains on foreign exchange transactions	22	46
± Gains on derivatives transactions		
Trading income	**22**	**46**
+ Other banking income	1 327	4 100
- Other banking expenses	263	268
NET BANKING INCOME	**1 198 645**	**1 093 996**
± Gains on financial fixed assets transactions		
+ Other non-banking operating income	6 961	5 678
- Other non-banking operating expenses	3 841	1 333
- General operating expenses	320 803	335 623
GROSS OPERATING INCOME	**880 962**	**762 718**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-567 888	-280 948
± Other allocations net of reversals of provisions	219 893	-21 029
CURRENT INCOME	**532 967**	**460 741**
EXTRAORDINARY INCOME	**-58 598**	**-35 796**
- Income tax	180 112	171 612
NET INCOME FOR THE YEAR	**294 257**	**253 333**

Appendix 14

Consolidated balance sheet of the nine banking groups at december 31, 2015

(Thousands of dirhams)

ASSETS	31/12/2014	31/12/2015
Cash values, Central Banks, Treasury and Postal Checks Service	35 507 831	42 810 158
Financial assets at fair value by result	106 303 292	114 798 273
Hedging derivatives	0	7 207
Financial assets held-for-sale	95 044 625	92 819 173
Due from credit institutions and similar entities	62 484 483	78 783 669
Due from customers	863 615 326	886 552 109
Asset revaluation gap on interest hedged portfolios		
Held-to-maturity investments	56 439 415	58 157 252
Current tax assets	2 241 619	2 724 838
Differed tax assets	2 669 754	2 905 300
Adjustment accounts and other assets	20 804 234	26 035 435
Non-recurrent assets held for sale	97 089	98 622
Participations in businesses-equity method	1 724 793	1 790 144
Investment property	4 499 971	8 147 605
Tangible fixed assets	28 066 844	29 419 144
Intangible fixed assets	3 984 071	4 200 358
Goodwill	9 267 201	9 499 978
Total assets	1 292 750 548	1 358 749 265

(Thousands of dirhams)

LIABILITIES	31/12/2014	31/12/2015
Central Banks, Treasury, Postal Checks Service	**205 866**	**715 430**
Financial liabilities at fair value by result	**5 029 808**	**3 248 450**
Hedging derivatives	**2 018**	**0**
Due to credit institutions and similar entities	**132 757 972**	**135 256 780**
Due to customers	**871 308 947**	**933 478 144**
Debt securities issued	**62 384 316**	**50 417 945**
Liability reevaluation gaps on hedged interest portfolios		
Current tax liabilities	**4 263 076**	**2 900 516**
Differed tax liabilities	**5 246 592**	**4 909 137**
Adjustment accounts and other liabilities	**27 719 562**	**27 970 236**
Liabilities linked to non-current assets held for sale		
Technical provisions of insurance contracts	**22 338 247**	**24 720 782**
Provisions	**5 552 654**	**6 198 756**
Subsidies and similar funds	**2 882 326**	**2 843 947**
Subordinated debts and special guarantee funds	**25 268 461**	**31 014 838**
Equity capital	**127 790 703**	**135 074 302**
Equity - Share of the Group	**109 922 875**	**116 306 063**
Capital and related reserves	64 424 246	67 892 235
Consolidated reserves	31 969 928	34 581 352
Unrealized or deferred gains or losses	2 647 339	2 354 634
Income of the year	10 881 362	11 477 842
Minority shareholdings	**17 867 828**	**18 768 239**
Total liabilities	**1 292 750 548**	**1 358 749 265**

Appendix 15

Consolidated income statement of the nine banking groups
From January 1 to December 31, 2015

(Thousands of dirhams)

	31/12/2014	31/12/2015
+ Interest and related income	62 761 778	63 104 696
- Interest and related expenses	22 374 724	20 954 462
INTEREST MARGIN	**40 387 054**	**42 150 234**
+ Commissions received	11 251 949	11 661 262
- Commissions paid	1 342 114	1 346 969
MARGIN ON COMMISSIONS	**9 909 835**	**10 314 293**
+/- Net gains or losses on Financial instruments at fair value by result	7 503 253	5 588 269
+/- Net gains or losses on financial assets available for sale	1 088 814	1 304 463
+ Income from other activities	8 629 408	9 593 188
- Expenses on other activities	7 095 252	7 856 079
NET BANKING INCOME	**60 423 112**	**61 094 369**
- General operating expenses	26 152 419	27 822 639
- Amortization and depreciation allocations of tangible and intangible fixed assets	3 096 468	3 180 770
GROSS OPERATING INCOME	**31 174 225**	**30 090 960**
- Cost of risk	11 402 911	10 369 357
OPERATING INCOME	**19 771 314**	**19 721 603**
+/- Share of the net income of equity-consolidated companies	178 691	182 196
+/- Net gains or losses on other assets	12 390	421 956
+/- Value change of goodwill		
INCOME BEFORE TAX	**19 962 395**	**20 325 755**
- Income tax	6 450 737	6 808 225
+/- Net income of discontinued activities or activities being discontinued		
NET INCOME	**13 511 658**	**13 517 530**
- MINORITY SHAREHOLDINGS	**2 630 296**	**2 039 688**
NET INCOME - SHARE OF THE GROUP	**10 881 362**	**11 477 842**

Appendix 16

Core financial soundness indicators - individual basis

	2013	2014	2015
Capital adequacy			
Capital adequacy ratio	13,3	13,8	13,7
Core equity / total weighted risks	11,1	11,6	11,4
Non-performing loans net of provisions (as a part of capital)	16,8	19,2	17,8
Assets' quality			
Non-performing loans rate (Non-performing loans/total loans)	**5,9**	**6,9**	**7,4**
Sectoral distribution of loans			
Loans to the primary sector	6,2	5,7	6,1
Loans to the construction sector	12,4	12,2	11,2
Loans to the manufacturing industry	16,5	17,6	16,8
Loans to the general government and local communes	5,0	4,7	4,5
Loans to the trade sector	6,2	6,6	6,1
Loans to the tourist sector	2,4	2,4	2,1
Households	29,7	31,4	32,3
Loans to other sectors	21,6	19,4	20,9
Result and profitability			
Return on assets (ROA)	0,9	0,9	0,8
Return on equity (ROE)	10,6	10,2	9,1
Interest margin / net banking income (NBI)	74,0	69,0	72,0
General operating expenses / NBI	47,7	46,1	49,1
Liquidity			
Liquid assets / total assets	**12,5**	**13,3**	**16,1**
Currency net open positions / capital	**11,3**	**9,0**	**7,4**

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