BANK AL-MAGHRIB

ANNUAL REPORT

PRESENTED TO HIS MAJESTY THE KING

2015

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Mr. Abdellatif JOUAHRI

DIRECTOR GENERAL

Mr. Abderrahim BOUAZA

GOVERNMENT REPRESENTATIVE

BANK BOARD

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The Director General

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REPORT
ON THE FINANCIAL YEAR 2015

PRESENTED TO HIS MAJESTY THE KING

BY MR. ABDELLATIF JOUAHRI

GOVERNOR OF BANK AL-MAGHRIB

Your Majesty,

In application of Article 57 of Law No. 76-03 on the Statutes of Bank Al-Maghrib promulgated by Dahir No. 1-05-38 of Shawwal 20, 1426 (November 23, 2005), I have the honor to present to Your Majesty the report of the year 2015, the fifty-seventh year of the central bank.

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Majesty,

In 2015, the global economy grew by merely 3.1 percent, held back by a marked slowdown in emerging and developing countries. In China, the rebalancing of the economy affected growth which recorded its slowest pace in 25 years, while in Brazil and Russia the GDP contracted sharply. India was the exception, with continued momentum in the economy supported by structural reforms.

In contrast, the recovery continued in the advanced economies, albeit at a still slow pace. In the euro area, growth accelerated significantly, supported by monetary easing and lower energy prices. In the United States, growth strengthened, boosted by private consumption while foreign demand was negatively impacted by a stronger dollar. Labor market further improved, with an almost general decline in unemployment, which however remained high in some European partner countries.

World trade slowed down substantially, mostly because of the sharp deceleration of emerging economies' imports. Conversely, foreign direct investment increased significantly, benefiting the advanced economies, especially the United States.

In commodity markets, abundant supply and lower growth and prospects in major importing countries prompted a steeper decline in prices, particularly for energy. This contributed to a strong deceleration of inflation in advanced countries where it stood at near-zero levels.

Financial conditions improved overall in developed economies, with a further decline in sovereign yields and an increase in major stock indexes. Similarly, the growth rate of bank lending to the private sector turned positive for the first time in three years in the euro area and continued to improve in the United States.

Regarding monetary policy, the European Central Bank strengthened its quantitative easing measures while maintaining its policy rate near zero in order to support the economic recovery. In the United States, the Federal Reserve, after ending its asset purchase program in 2014, raised in December 2015 the target range for the federal funds rate for the first time since 2006. The decoupling of monetary cycles between the United States and the euro area contributed to the sharp appreciation of the dollar.

The year also saw several important events relating to the international monetary system.

These include in particular the ratification, after a three-year delay, of the IMF 2010 quota and governance reforms and the decision to include the Chinese currency in the SDR basket. In addition, two new financial institutions were created, namely the New Development Bank by the BRICS and the Asian Infrastructure Investment Bank by China.

Domestically, activity in nonagricultural sectors remained sluggish, as the annual growth of their value added has not exceeded 2.1 percent since 2013, as against an average of 4.7 percent between 2003 and 2012. Activity contracted in mining and tourism, slowed down in non-tradable sectors and construction and accelerated in the processing industry. Overall growth, however, improved from 2.6 to 4.5 percent, driven by a record cereal production. On the demand side, household consumption decelerated sharply, that of the government maintained the same rate of increase, and investment showed its second consecutive decline. The contribution of net foreign demand to growth was again positive and improved significantly.

The weakness of nonagricultural activities continued to be reflected in the labor market. After 129,000 jobs on annual average between 2003 and 2014, the national economy generated only 33,000 jobs in 2015. Labor force participation rate declined markedly and, consequently, the unemployment rate fell somewhat to 9.7 percent. The latter worsened among graduates and young people, especially in urban areas where nearly 4 in 10 young people are unemployed. The low participation rate and its downward trend are becoming increasingly worrying, as half of the working-age population is now outside the labor market. This proportion exceeds 75 percent among women, reflecting low participation of women in the labor market and therefore their weak contribution to the country's development.

With regard to price developments, inflation accelerated from 0.4 to 1.6 percent, driven by an increase in volatile food prices and some regulated products, while the prices of fuels, indexed on international prices, declined substantially. Core inflation remained essentially stable at 1.3 percent.

Regarding macroeconomic stability, the situation continued to improve, supported in particular by lower energy prices, the significant influx of foreign direct investment and grants from GCC partners.

Indeed, the improvement in public finances that started in 2013 continued with a further reduction in the fiscal deficit to 4.4 percent of GDP, resulting from higher tax revenues but mostly from a decrease by more than half in subsidy costs. Payroll expanded only slightly and its ratio to GDP fell to 10.5 percent. Capital expenditure was up, exceeding by almost

20 percent the amount budgeted. In these circumstances, public debt continued to trend upward, as the ratio of Treasury debt to GDP rose to 64.1 percent and that of public debt to 80.4 percent.

Concerning external accounts, the current account deficit continued to narrow, falling to 1.9 percent of GDP after reaching 9.5 percent in 2012. The trade deficit was reduced by 19.2 percent, mostly helped by the cheaper prices of energy imports, the continued momentum in the automotive sector –which has become the first exporting sector since 2014– and higher phosphate exports reflecting a stronger dollar. For the other current account items, travel receipts declined slightly to 58.6 billion dirhams despite the climate of insecurity in some countries of the region, and migrants' transfers recorded a further increase to 61.7 billion dirhams, nearly a fifth of which are received from GCC countries. The latter are also a source of large foreign direct investments and grants, contributing 30 percent to FDI inflows which totaled about 40 billion dirhams in 2015. Altogether, foreign exchange reserves increased significantly to the equivalent of 6 months and 24 days of goods and services' imports as of end-2015, up from 5 months and 9 days as of end-2014.

This improvement in reserves caused banks' need for liquidity to decrease significantly to 32.7 billion dirhams in weekly average. In response, Bank Al-Maghrib adjusted the volume of liquidity injections while continuing an accommodative monetary policy. It kept its key rate unchanged at 2.5 percent and continued, at the same time, the implementation of its support program for the financing of micro, small and medium-sized enterprises. In order to improve the transmission of monetary policy decisions, the Bank introduced in July 2015 a new rule for the distribution of its 7-day advances, favoring in particular banks that deploy more efforts in terms of lending. This situation contributed to the easing of interest rates in the various markets. However, growth in bank lending to the nonfinancial sector remained modest, with in particular a contraction in lending to businesses. This may reflect weak demand amid sluggish nonagricultural activities and declining liquidity needs of oil-importing companies.

Improved liquidity in the economy and falling interest rates were not beneficial to the stock market. The benchmark index lost 7.2 percent and the volume of transactions remained low. This lack of depth, persistent for several years, is an adverse factor for Casablanca Finance City (CFC) which yet continued to grow, as more than a hundred international institutions have obtained the CFC status. These advances have earned it the recognition of the international financial community, as evidenced by its ranking as the leading financial center in the African continent.

The banking system remains sound and well capitalized, in line with international standards.

However, credit slowdown and loan impairments impacted the sector's profitability, which however benefited from its good performance abroad, particularly in Africa. In terms of banking supervision, several reform projects were undertaken to better control credit and concentration risks and to prevent cybercrime risks. Coordination with regulators of host countries to supervise cross-border banking activities was enhanced with the signing of two new agreements.

As part of implementing the new banking law, Bank Al-Maghrib, in partnership with the authorities concerned, completed a large part of the regulations related in particular to participatory finance and started the process of receiving applications for licensing. Through a collaborative approach, it worked for the implementation of the accompanying measures to promote this new financial industry, especially by putting in place the appropriate fiscal and legal framework and a sovereign sukuk market.

Moreover, the Bank carried on efforts to improve access to financial services. The expansion of banks' network helped to increase the rate of access to banking services to 68 percent. In the same vein, the Moroccan Foundation for Financial Education conducted several awareness-raising activities and expanded the target population to micro businesses. In this regard, the development of a three-year overall strategy for financial inclusion with all stakeholders, within an appropriate governance framework, would strengthen the progress made so far.

The Bank is also active in promoting a more responsible finance, taking into account environmental and social concerns. To this end, it launched an action plan to bring the banking sector into alignment with sustainable development needs, in a coordinated and progressive manner. This plan will be part of Morocco's commitments to fight against climate change within the COP 22 framework.

The progress that our financial system has achieved was confirmed by the last joint IMF-World Bank FSAP mission conducted in April 2015. It demonstrated the banking system's soundness and resilience and identified a number of opportunities for improvement that the Bank and other bodies concerned work to materialize.

Majesty,

These developments show that our country has made significant progress, achieving in particular a significant improvement in macroeconomic stability and enhancing its attractiveness and outreach. These advances are recognized by international institutions and investors, as evidenced by the significant flow of investments directed to Morocco, the renewal of its Precautionary and Liquidity Line agreement with the IMF and the positive assessment of rating agencies.

The large-scale economic, social and institutional projects launched since the early 2000s have helped our country to build a substantial institutional and economic infrastructure. This favorable environment has enabled it to achieve a notable acceleration in growth and a significant progress in human development.

These achievements are certainly valuable assets that should be strengthened. However, we must acknowledge that the pace of progress has been on a downward trend in recent years. Indeed, despite the combination of several favorable internal and external factors, nonagricultural activities and employment remain sluggish, our productive fabric is weakening, and human development advances are still below expectations and low by international standards.

This situation leads us to question our policies and strategies and challenges us on the ability of our development model to continue to meet the expectations and aspirations of our citizens. This very questioning was at the heart of His Majesty's Throne Speech in July 2014, in which He called for a new approach in the development of public policies putting intangible capital at the center of priorities.

The domestic demand-driven growth model has shown its limits. In addition to weak growth and job creation, the significant deterioration of the twin deficits in recent years, the worsening debt level and the persistently low industrial competitiveness are all signs of fragility probably indicating that this model is running out of steam.

Today, our country has to fundamentally reshape its economic model and break with the existing methods of designing and implementing public policies. Industrialization, which generates added value and creates quality employment, should be at the center of these changes alongside the other sectoral strategies launched in recent years but which have had mixed outcome so far. Exports of the automotive sector and, to a lesser extent, some other world trades of Morocco keep momentum, but with a still limited knock-on effect on the economy. In this regard, the establishment of ecosystems is a promising direction that should -if their objectives materialize in a reasonable time- improve the results of these strategies and strengthen small and medium-sized enterprises, the backbone of the industrial fabric.

This situation reminds us again of the need to assess the performance of these sectoral plans as well as their phasing and overall coherence. This assessment should be systematic and be of an institutional nature through the establishment of special arrangements or entities to ensure an ex-ante analysis and a regular and close monitoring to make any necessary adjustments in a timely manner. More generally, we believe that strategic planning would be appropriate to better guide the economic and social development of our country. This would help to better meet the requirements of a comprehensive and coherent vision while prioritizing objectives and optimizing the use of resources.

Regarding our policy of openness, the continuing economic difficulties facing the euro area, our traditional partner, and the inertia of the Maghreb integration support the orientation to diversify partnerships, in particular with Africa, the GCC countries and influential countries on the international economic and political scene. It gives our banking system and businesses new growth opportunities and helps Morocco bolster its position as a transition platform between Africa and the rest of the world. However, in order for these partnerships to succeed and for our country to preserve its status as a credible partner, the authorities need to closely monitor these partnerships and the stakeholders need to mobilize resources that match commitments.

Our country's choice of openness has led us to initiate a reflection in recent years on whether to make a gradual transition to a flexible exchange rate regime. The goal is to improve the ability of our economy to absorb external shocks and to give a signal of confidence to external partners. Such a progressive approach would enable economic operators to have sufficient time to adapt gradually to a more demanding environment and to develop the necessary capacity and know-how.

This choice will also strengthen the independence of monetary policy and improve the transmission of central bank decisions to the real economy. Bank Al-Maghrib will then be able to shift to inflation targeting, which will help it to better anchor expectations and enhance its contribution to economic development.

While it is true that many emerging and developing countries have already made this transition, the fact remains that Morocco is one of the few countries to opt for this change on a voluntary and orderly basis and not under the pressure of a currency crisis. The timing and preparation of this project will ensure it a better chance of success. Bank Al-Maghrib and the Ministry of Economy and Finance are currently working to define the appropriate phasing taking into account the specificities of our economic fabric and the lessons learnt from international experiences. Nevertheless, the success of this project depends on the combined efforts of all relevant authorities and operators and the constant compliance with the prerequisites of this transition.

To overcome the hesitation and wait-and-see attitude that has hampered the economic dynamics in recent years, it is also necessary to speed up the ongoing reforms. The momentum seen in the justice reform should be reset. This reform project is vital for human and social rights as well as for the improvement of the business environment, investment and entrepreneurship. The fulfillment of this project within a reasonable period will help to change the negative perception of justice by investors and citizens in general.

The advanced regionalization project is an important step towards an inclusive and balanced territorial development that strengthens local democracy, fosters investment and promotes the emergence of regional economic centers. Nevertheless, the implementation of this project is still at an early stage and international experiences show that if poorly planned, such projects could turn into a financial abyss. Its successful completion requires a careful approach in order to avoid duplication of decision centers and ensure rational use of resources. Also, it depends heavily on the availability of skills capable to manage local development.

The issue of skills and renewal of the elite once again highlights the need to strengthen the general mobilization to speed up the reform of education and ensure its completion. Everyone should contribute to the implementation and realization of the strategic vision for education that has been developed for this purpose. Priority should be given to improving the system's internal efficiency whose current level causes a huge loss in human capital. Indeed, a significant portion of our youth, women in particular, suffer from multiple forms of exclusion, as nearly one in three young people are neither in employment nor in education or training.

In addition to these high levels of exclusion, the failure of the education and training system contributes to low job quality. Actually, one in five workers are unpaid and four in five do not benefit from any health insurance. The resulting problem of employment should become one of the national priorities, at a time when more than half of the working age population is outside the labor market. If a lasting solution requires a strong and sustained economic growth, appropriate policies and measures may reduce the severity of this problem by reducing distortions in the labor market. These include in particular upgrading regulation and transforming the national employment strategy into realistic and effective arrangements and programs.

In the same vein, the numerous initiatives to strengthen social safety nets in favor of the most vulnerable populations were a resounding success in terms of involvement. However, the poor capacity to meet the population's additional demand for the services concerned, including those of health, jeopardize the credibility of State commitments. The financial sustainability of these arrangements hinges on improving their targeting and governance. Some of them are already threatened in the short term and their difficulties are likely to increase if adequate responses are not made as promptly as possible.

The development of effective targeting mechanisms would also help to expand and complete the reform of the subsidy system. This reform will certainly lead to reflecting real prices but will leave margins to establish support mechanisms for the most disadvantaged populations.

Moreover, the slow progress in the reform of pension funds is becoming worrying. Considering the huge costs generated by its delayed implementation, the different partners should accelerate this project especially as there is almost unanimity that this reform is necessary and urgent and its technical preparation has been completed for several years.

These costs, if they continue to rise, could jeopardize fiscal sustainability in the medium term. Enhancing the achievements made in this regard also requires reviewing the composition of expenditure to further improve its quality and yield. The new Organic Law relating to the Finance Act, in particular the provisions it introduces on the fiscal rule and the multiannual programing, should be a great contribution in this direction, provided that its implementation is effective and within the established deadlines.

Turning to taxes, many measures have been adopted since the National Tax Conference in 2013, like the taxation of large farms and the gradual harmonization of VAT rates. However, several other recommendations of this conference are slow to make their way into practice. These include the expansion of the tax base, the integration of the informal sector and the reduction of the numerous and costly tax exemptions, particularly those which have shown no economic and social performance.

Majesty,

The challenges facing our country to realize its ambitions are high, leaving little room for hesitation and passivity in the conduct of public policy. It is necessary to break with certain current practices in order to accelerate structural reforms and enhance the confidence of citizens and economic operators. If political rivalries are a fact of life in modern democracies, the most strategic challenges for the country should be placed above any political considerations or vested interests.

This reorientation will further strengthen the domestic front at a time when our country faces important challenges, particularly with regard to its territorial integrity and security. It will then be able to mobilize its forces and resources to ensure better living conditions for its people and promising prospects for its youth.

Abdellatif JOUAHRI

Rabat, June 2016

PART 1

ECONOMIC, MONETARY AND FINANCIAL SITUATION

1.1 International environment

In 2015, the global economy saw a sharp slowdown in emerging and developing countries, mainly due to the gradual deceleration of the Chinese economy, a steeper decline in commodity prices and geopolitical tensions. However, albeit at a modest and uneven pace, advanced economies continued to recover, mainly boosted by stronger domestic demand, particularly household consumption. Thus, global growth slowed down to 3.1 percent, a record low since the 2009 recession.

In labor markets, conditions improved overall in major advanced economies, particularly in the United States and the United Kingdom. In the euro area, despite its downward trend, the unemployment rate remained high, especially in Spain and Italy. In key emerging economies, unemployment stabilized in China and rose in Brazil and Russia.

Commodity prices were tilted to the downside, at a stronger pace for energy products, in connection with an oversupply and weak growth prospects in major importing countries. This trend affected inflation, particularly in advanced economies where it declined sharply.

The economic slowdown in emerging and developing countries impacted global trade, as the marked deceleration in the volume of their imports was only partially offset by a modest improvement in imports of developed economies. However, foreign direct investment (FDI) recorded a significant growth, covering a sharp rise in FDI to developed countries, especially the United States, a moderate increase in developing economies and a steep decline in countries in transition[1].

Monetary policies of major developed countries were particularly marked by a continued out-of-synch situation between monetary cycles in the United States and in the euro area. The ECB continued its quantitative easing program, while maintaining its key rate near zero. After having concluded its asset purchase program in October 2014, the U.S. Federal Reserve (FED) raised the target range for federal funds for the first time since 2006. In key emerging countries, the central banks of China, India and Russia reduced their policy rates several times, while the Central Bank of Brazil continued to tighten its monetary policy. These developments resulted in a significant appreciation of the dollar against other major currencies.

Against this backdrop, financial conditions improved overall in developed countries, with a further rise in stock market indexes and a continued decline in sovereign yields. In addition, the growth of bank credit to the private sector turned positive for the first time in three years in the euro area

1 UNCTAD identifies three categories of countries: developed, developing and transition economies.

and continued to gain strength in the United States. Conversely, financial conditions deteriorated in key emerging economies, with mainly a drop in their stock market indexes starting from the second half-year.

Finally, the international monetary system was marked by several major events. Indeed, the United States approved the 2010 IMF quota and governance reforms, and the IMF took a decision to include, as of October 2016, the Chinese currency in the special drawing rights (SDR) basket. In addition, two new financial institutions were established, the "New Development Bank" by the BRICS[1] and the "Asian Investment Bank for Infrastructure" by China.

1.1.1 Economic growth

After 3.4 percent in 2014, global growth decelerated to 3.1 percent in 2015, reflecting an economic slowdown in emerging and developing countries. Growth in these countries fell to 4 percent, continuing the trend observed since 2011. In contrast, growth in developed countries improved slightly from 1.8 to 1.9 percent, driven particularly by faster growth in the euro area and Japan.

In the United States, despite the marked improvement in private consumption, due to a robust labor market, growth stabilized at 2.4 percent, held back by a drop of 0.6 percent in foreign demand, mainly owing to the appreciation of the dollar.

In the euro area, growth accelerated significantly from 0.9 to 1.6 percent, driven by an increase in domestic demand, prompted by falling commodity prices, easing financial conditions and relative improvement in labor market conditions. Private consumption and investment were up 1.7 percent and 2.7 percent, respectively, from 0.8 percent and 1.3 percent. In the major economies of the euro area, growth moved up to 1.1 percent from 0.2 percent in France, to 3.2 percent from 1.4 percent in Spain and to 0.8 percent in Italy after a decline of 0.3 percent. However, in Germany it slowed slightly from 1.6 to 1.5 percent.

In Japan, despite the steeper decline in household consumption and the fall in investment, GDP grew 0.5 percent, after stagnating in 2014, driven by government consumption. In the United Kingdom, growth decelerated from 2.9 to 2.2 percent, mainly due to a slowdown in investment.

In emerging and developing countries, growth in China fell from 7.3 to 6.9 percent, its lowest level in 25 years, with a slowdown in both foreign demand and investment. The gradual slowdown in growth in China is mostly caused by the process of rebalancing the economy from a model based on exports and heavy industry to another one more focused on consumption and services. In Russia, the decline in energy prices and ongoing geopolitical tensions arising from the conflict

1 Brazil, Russia, India, China and South Africa.

in Ukraine affected growth significantly, as GDP contracted by 3.7 percent after a 0.7 percent increase in 2014. In Brazil, in a context of deteriorating fiscal position and strong acceleration of inflation, GDP was down 3.8 percent after rising 0.1percent, due to lower commodity prices and tighter external financing conditions. Conversely, the Indian economy maintained its momentum with a growth of 7.3 percent from 7.2 percent, supported by private consumption and investment prompted by structural reforms aiming particularly to improve business climate.

In Sub-Saharan Africa, growth fell from 5 to 3.4 percent, reflecting mainly a sharp deceleration from 6.3 to 2.7 percent in Nigeria and from 4 to 3.5 percent in Ghana, especially due to falling commodity prices. In South Africa, the problems of repetitive power load-shedding continue to impact growth, which declined slightly from 1.5 to 1.3 percent.

In the Middle East and North Africa (MENA), the steeper geopolitical and social tensions and declining oil revenues affected growth, which generally decelerated from 2.6 to 2.3 percent. In the GCC countries in particular, growth slowed down from 3.6 to 3.4 percent in Saudi Arabia and from 4.6 to 3.9 percent in the United Arab Emirates. In North Africa, growth particularly decelerated from 2.3 to 0.8 percent in Tunisia, while it accelerated from 2.2 to 4.2 percent in Egypt.

Table 1.1.1 : Global growth trends (%)

	2011	2012	2013	2014	2015
World	**4.2**	**3.5**	**3.3**	**3.4**	**3.1**
Advanced economies	**1.7**	**1.2**	**1.2**	**1.8**	**1.9**
United states	1.6	2.2	1.5	2.4	2.4
Euro area	1.6	-0.9	-0.3	0.9	1.6
Germany	3.7	0.6	0.4	1.6	1.5
France	2.1	0.2	0.7	0.2	1.1
Italy	0.6	-2.8	-1.7	-0.3	0.8
Spain	-1.0	-2.6	-1.7	1.4	3.2
United kingdom	2.0	1.2	2.2	2.9	2.2
Japan	-0.5	1.7	1.4	0.0	0.5
Emerging and developing countries	**6.3**	**5.3**	**4.9**	**4.6**	**4.0**
Emerging and developing countries of Asia	**7.8**	**6.9**	**6.9**	**6.8**	**6.6**
China	9.5	7.7	7.7	7.3	6.9
India	6.6	5.6	6.6	7.2	7.3
Countries of Latin America and the Caribbean	**4.9**	**3.2**	**3.0**	**1.3**	**-0.1**
Brazil	3.9	1.9	3.0	0.1	-3.8
Mexico	4	4	1.3	2.3	2.5
Community of Independent States	**4.8**	**3.5**	**2.1**	**1.1**	**-2.8**
Russia	4.3	3.5	1.3	0.7	-3.7
Emerging and developing countries of Europe	**5.4**	**1.2**	**2.8**	**2.8**	**3.5**
Turkey	8.8	2.1	4.2	2.9	3.8
Sub-Saharan Africa	**5.0**	**4.3**	**5.2**	**5.1**	**3.4**
South Africa	3.2	2.2	2.2	1.5	1.3
Middle-East and North Africa	**4.6**	**5.1**	**2.1**	**2.6**	**2.3**

Source: IMF.

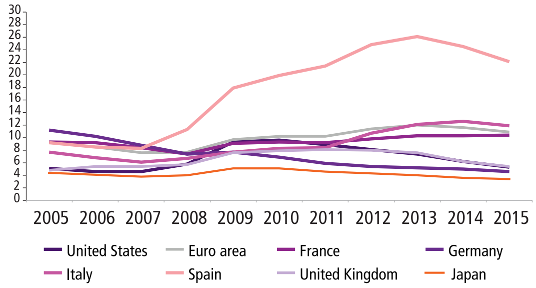
1.1.2 Labor market

The relative improvement in economic activity in major advanced countries affected labor markets, which saw a virtually generalized decline in unemployment, albeit with persistently high levels in some economies of the euro area.

Table 1.1.2: Change in the unemployment rate (in %)

	2011	2012	2013	2014	2015
Advanced countries					
United States	8.9	8.1	7.4	6.2	5.3
Euro area	10.2	11.4	12.0	11.6	10.9
Germany	5.9	5.4	5.2	5.0	4.6
France	9.2	9.8	10.3	10.3	10.4
Italy	8.4	10.7	12.1	12.6	11.9
Spain	21.4	24.8	26.1	24.5	22.1
United Kingdom	8.1	8.0	7.6	6.2	5.4
Japan	4.6	4.3	4.0	3.6	3.4
Emerging countries					
Russia	6.5	5.5	5.5	5.2	5.6
China	4.1	4.1	4.1	4.1	4.1
Brazil	6.0	5.5	5.4	4.8	6.8

Chart 1.1.1: Change in the unemployment rate in advanced countries



Source: IMF.

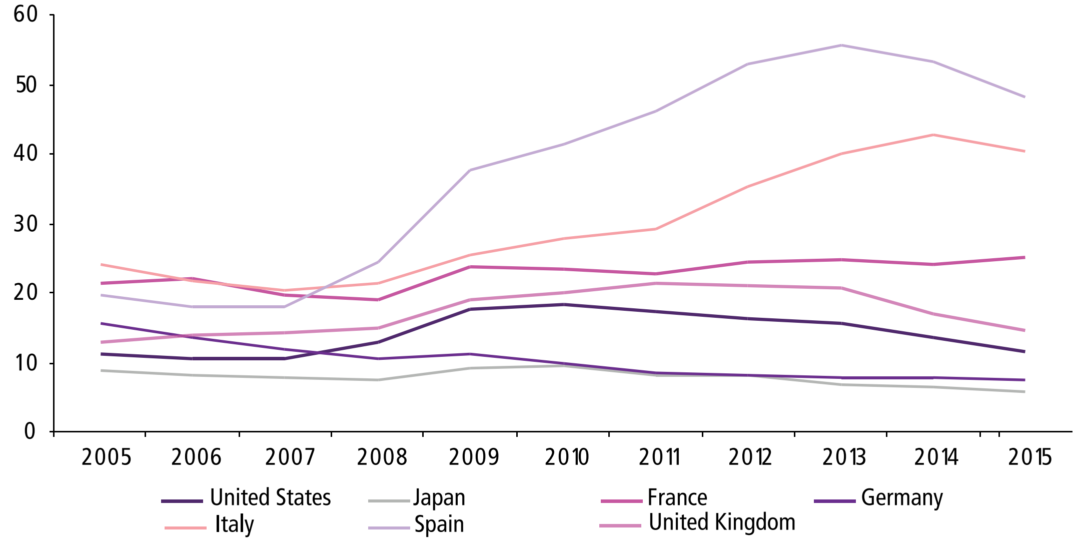
In the United States, the labor market continued to be robust, with a strong job creation and falling unemployment rate to 5.3 percent. Similarly, unemployment continued to decline in Japan and the United Kingdom from 3.6 to 3.4 percent and from 6.2 to 5.4 percent, respectively.

In the euro area, although remaining high, the unemployment rate declined further from 11.6 to 10.9 percent. By country, it moved down from 24.5 to 22.1 percent in Spain, from 12.6 to 11.9 percent in Italy and from 5 to 4.6 percent in Germany, while it rose slightly in France from 10.3 to 10.4 percent.

In key emerging and developing countries, with the exception of China where it remained stable at 4.1 percent, the unemployment rate went up from 4.8 to 6.8 percent in Brazil and from 5.2 to 5.6 percent in Russia. In Sub-Saharan Africa, it worsened from 25.1 to 25.4 percent in South Africa, reaching its highest level since 2004. In the MENA region, it particularly increased in Algeria from 10.6 to 11.3 percent, and decreased in Egypt from 13.4 to 12.9 percent and in Tunisia from 15.3 to 15 percent.

Unemployment among young persons aged under 25 years remains high in most advanced countries, despite the decline recorded in 2015. The highest rates were recorded in the euro area peripheral countries, with 48.3 percent in Spain, 40.3 percent in Italy and 49.7 percent in Greece. However, Japan and Germany recorded the lowest rates, or 5.6 percent and 7.3 percent, respectively.

Chart 1.1.2: Change in the unemployment rate among the youth under 25 years in advanced countries (%)

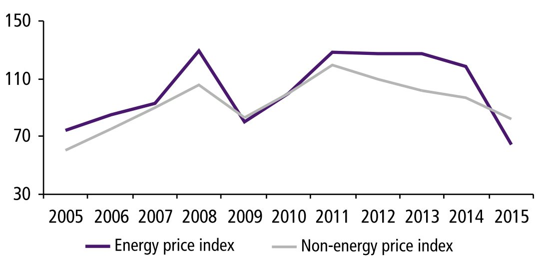


Source: Eurostat.

1.1.3 Commodity markets

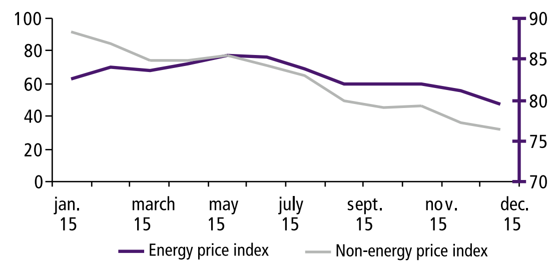
Commodity markets were marked in 2015 by a further decline in prices, with particularly a significantly steeper downward trend for energy prices. This change is attributable to both an oversupply and weak growth prospects in major importing countries.

Chart 1.1.3: Annual change in commodity price indexes



Source: World Bank.

Chart 1.1.4: Monthly change in commodity price indexes in 2015



Thus, after a decline of 7.2 percent in 2014, energy prices recorded a sharp drop of 45.1 percent. Oil prices fell from 96.2 dollars a barrel on average in 2014 to 50.75 dollars and natural gas prices dropped by 34.4 percent. Similarly, coal prices declined by 19.8 percent, particularly due to weak demand from China and India, which accounts for nearly 60 percent[1] of global demand.

Chart 1.1.5: Annual change in energy prices

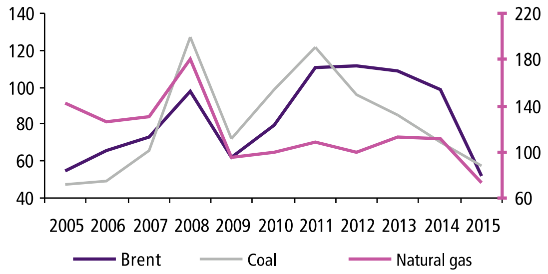
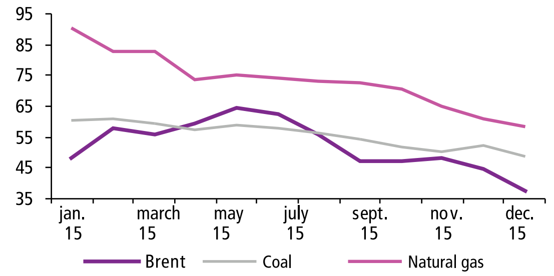


Chart 1.1.6: Monthly change in energy prices in 2015



Source: World Bank

Excluding energy, metal and mineral prices were down 21.1 percent overall, with declines of 42.4 percent for iron, 29.8 percent for nickel and 26.6 percent for tin. Similarly, prices of agricultural commodities fell 13.1 percent, mainly in connection with favorable supply conditions. The decline stood at 22.7 percent for wheat, 20.6 percent for soybeans and 17.7 percent for coffee. Prices of fertilizers broadly dropped by 5 percent, covering decreases of 13.7 percent for urea, 2.9 percent for diammonium phosphate (DAP) and 0.9 percent for the triple superphosphate (TSP). However, potassium chloride prices rose 1.9 percent and crude phosphate prices 6.6 percent to 117.5 dollars per tonne on average, after dropping 25.6 percent in 2014.

Chart 1.1.7: Change in non-energy price indexes

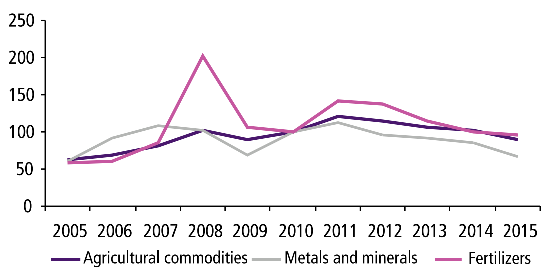
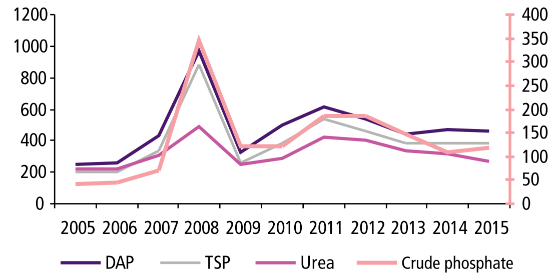


Chart 1.1.8: Change in prices of phosphate and derivatives (dollar/tonne)



Source: World Bank.

Precious metals prices followed the same trend, with a decline of 10.4 percent overall. Impacted mainly by the appreciation of the dollar, gold prices fell 8.3 percent to 1.160 dollars per ounce. Silver prices were down 17.6 percent to 15.7 dollars per ounce on average. The downward trend

1 2014 figures

also affected platinum prices, which fell by 23.9 percent to 1,053.3 dollars per ounce, due to an oversupply attributed to higher production in South Africa.

1.1.4 Inflation trend

In this context of lower commodity prices, inflation continued its downward trend, standing at low levels in advanced countries, while in emerging and developing economies, it stabilized broadly, maintained by currency depreciation in some of these countries. Thus, global inflation decelerated from 3.2 to 2.8 percent.

Table 1.1.3: Inflation trend in the world (%)

	2011	2012	2013	2014	2015
World	**5.1**	**4.1**	**3.7**	**3.2**	**2.8**
Advanced economies	**2.7**	**2.0**	**1.4**	**1.4**	**0.3**
United States	3.1	2.1	1.5	1.6	0.1
Euro area	2.7	2.5	1.3	0.4	0.0
Germany	2.5	2.1	1.6	0.8	0.1
France	2.3	2.2	1.0	0.6	0.1
Italy	2.9	3.3	1.2	0.2	0.1
Spain	3.2	2.4	1.4	-0.1	-0.5
United Kingdom	4.5	2.8	2.6	1.5	0.1
Japan	-0.3	0.0	0.4	2.7	0.8
Emerging and developing countries	**7.1**	**5.8**	**5.5**	**4.7**	**4.7**
Russia	8.4	5.1	6.8	7.8	15.5
China	5.4	2.6	2.6	2.0	1.4
India	9.5	9.9	9.4	5.9	4.9
Brazil	6.6	5.4	6.2	6.3	9.0
Middle-East and North Africa	**8.6**	**9.7**	**9.3**	**6.6**	**5.9**

Sources : IMF,& Eurostat

In the euro area, inflation fell from 0.4 percent to 0 percent, with declines from 0.8 percent to 0.1 percent in Germany, from 0.6 percent to 0.1 percent in France and from 0.2 percent to 0.1 percent in Italy. In Spain, consumer prices fell for the second consecutive year to -0.5 percent from -0.1 percent. In the United States, the dollar appreciation and moderate wage growth contributed to weakening inflation, which moved down from 1.6 to 0.1 percent. Similarly, inflation fell sharply in Japan from 2.7 to 0.8 percent and decreased in the United Kingdom from 1.5 to 0.1 percent, a record low in a half a century.

In emerging and developing countries, inflation was down from 2 to 1.4 percent in China and from 5.9 to 4.9 percent in India. However, due mainly to the depreciation of their currencies, Russia and Brazil saw significantly higher inflation rates from 7.8 to 15.5 percent and from 6.3 to 9 percent, respectively.

Chart 1.1.9: Inflation trend in the world

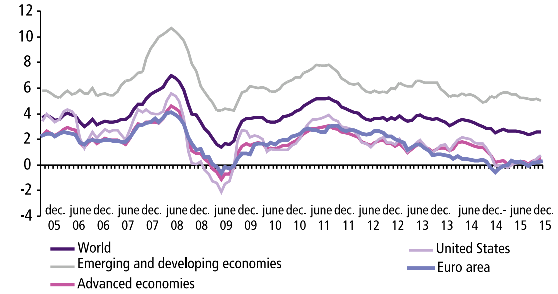
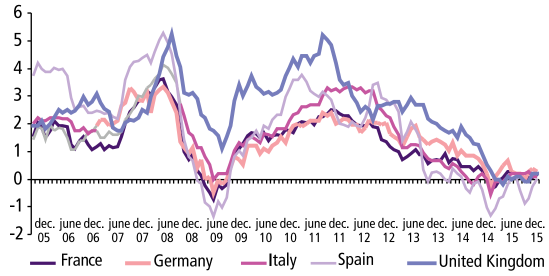


Chart 1.1.10: Inflation trend in Morocco's main partner countries



Source: IMF.

1.1.5 Public finance

The fiscal position of major advanced economies continued to recover in 2015, in connection with the relative economic improvement and ongoing fiscal consolidation programs in some of these countries. Thus, the fiscal deficit fell from 4.1 to 3.7 percent of GDP in the United States, from 6.2 to 5.2 percent in Japan and from 5.6 to 4.4 percent in the United Kingdom. In the euro area, it declined from 2.6 to 2 percent, with a reduction from 3.9 to 3.6 percent in France and from 3 to 2.6 percent in Italy and an increase in the surplus balance in Germany from 0.3 to 0.6 percent of GDP. The deficit also eased in Spain from 5.9 to 4.5 percent and in Portugal from 7.2 to 4.4 percent, while in Greece it rose from 3.9 to 4.2 percent.

Chart 1.1.11: Change in fiscal balance as % of GDP

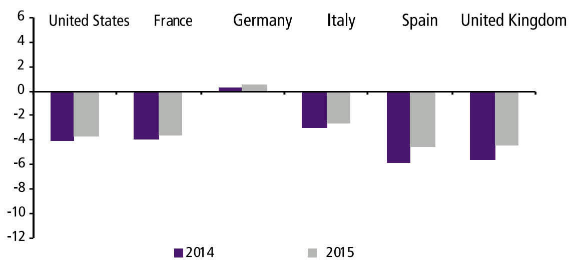
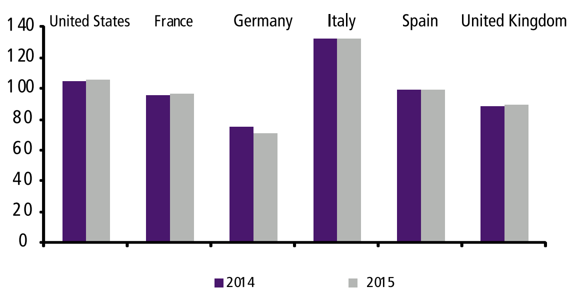


Chart 1.1.12: Change in public debt as % of GDP



Source: IMF.

Public debt ratio to GDP increased from 105 to 105.8 percent of GDP in the United States and declined from 94.5 to 93.2 percent in the euro area, mainly reflecting a decrease from 74.9 to 71 percent of GDP in Germany. In the other major economies of the area, it rose from 95.6 to 96.8 percent in France and from 132.5 to 132.6 percent in Italy and decreased from 99.3 to 99 percent in Spain.

In emerging and developing countries, the fiscal position deteriorated relatively with higher deficits and debt ratios. More specifically, the budget deficit rose from 6 to 10.3 percent of GDP in Brazil and from 0.9 to 2.7 percent in China, parallel to an increase in the debt ratio from 63.3 to 73.7 percent of GDP and from 41.1 to 43.9 percent, respectively. Similarly, fiscal deficits of India and Russia were up from 7 to 7.2 percent and from 1.1 to 3.5 percent and their public debt ratios increased from 66.4 to 67.2 percent and from 16.3 to 17.7 percent.

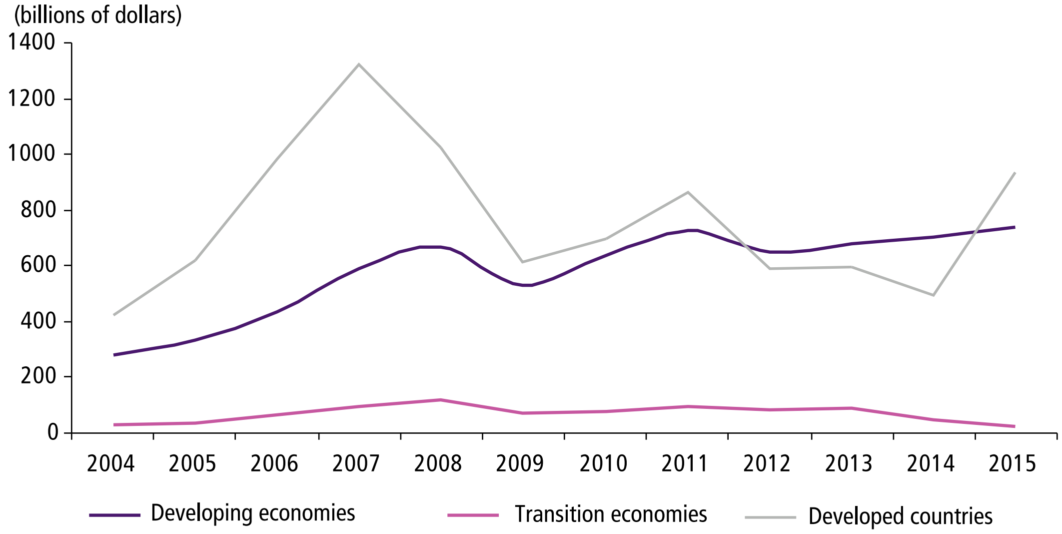
In the MENA region, the position of public finances deteriorated again, impacted mainly by lower oil revenues. In the Gulf countries in particular, the deficit in Saudi Arabia rose sharply from 3.4 to 16.3 percent of GDP, while surpluses in Qatar and Kuwait were down from 18.1 to 10.3 percent and from 26.6 to 1.2 percent, respectively. In North Africa, the fiscal deficit widened from 7.3 to 15.3 percent in Algeria and from 3.4 to 4.4 percent in Tunisia, thus bringing their debt ratios from 8 to 8.7 percent and from 50.1 to 54.5 percent of GDP, respectively. In contrast, the deficit in Egypt fell from 12.9 to 11.7 percent, with nonetheless an increase in public debt from 86 to 87.7 percent of GDP.

1.1.6 Trade and FDI

In 2015, world trade slowed down to 2.8 percent from 3.5 percent in 2014. This trend covers a sharp deceleration from 3.7 to 0.5 percent in imports of emerging and developing countries and an acceleration from 3.5 to 4.3 percent in those of advanced economies.

After falling 16 percent in 2014, FDI flows recorded a strong increase of 36 percent to 1.700 billion dollars, which is the highest level since 2008. Flows to developed countries almost doubled to 936 billion, mainly in connection with relatively favorable growth prospects. Thus, flows to the United States more than quadrupled and those to the European Union were up by 67.6 percent. However, FDI drained by developing countries rose by 5.3 percent to 741 billion, mainly covering an increase of 5.4 percent in FDI to China and respective declines of 11.2 percent and 31.4 percent in those going to Latin America and Africa. Flows to countries in transition dropped by 54 percent to $22 billion.

Chart 1.1.13: Change in FDI inflows



Source: CNUCED.

1.1.7 External accounts

The change in the current account of advanced economies in 2015 resulted in a higher surplus from 0.5 to 0.7 percent of GDP. In the euro area, it strengthened from 2.4 percent to 3 percent, with an increase in the surplus of Germany from 7.3 to 8.5 percent of GDP and an improvement in those of Italy and Spain and a reduction in the current deficit in France. Similarly, the current account surplus in Japan was up from 0.5 percent to 3.3 percent and the deficit in the United Kingdom eased to 4.3 percent from 5.1 percent. Conversely, the current account deficit in the United States worsened from 2.2 to 2.6 percent of GDP, notably impacted by the appreciation of the dollar.

Table 1.1.4: Change in the balance-of-payments' current account (% of GDP)

	2011	2012	2013	2014	2015
Advanced economies	**-0.1**	**-0.0**	**0.5**	**0.5**	**0.7**
United States	-3.0	-2.8	-2.3	-2.2	-2.6
Euro area	0.2	1.3	2.0	2.4	3.0
Germany	6.1	7.0	6.8	7.3	8.5
France	-1.0	-1.2	-0.8	-0.9	-0.1
Italy	-3.1	-0.4	0.9	1.9	2.1
Spain	-3.2	-0.2	1.5	1.0	1.4
United Kingdom	-1.7	-3.3	-4.5	-5.1	-4.3
Japan	2.2	1.0	0.8	0.5	3.3
Emerging and developing economies including	**1.4**	**1.3**	**0.6**	**0.5**	**-0.2**

Emerging and developing countries of Asia	**0.9**	**1.0**	**0.7**	**1.4**	**1.9**
China	1.8	2.5	1.6	2.1	2.7
India	-4.3	-4.8	-1.7	-1.3	-1.3
Countries of Latin America and the Caribbean	**-1.9**	**-2.3**	**-2.6**	**-3.1**	**-3.6**
Brazil	-2.9	-3.0	-3.0	-4.3	-3.3
Mexico	-1.1	-1.4	-2.4	-1.9	-2.8
Community of Independent States	**4.1**	**2.4**	**0.6**	**2.1**	**2.8**
Russia	4.8	3.3	1.5	2.9	4.9
Emerging and developing countries of Europe	**-6.5**	**-4.6**	**-3.8**	**-3.1**	**-1.9**
Turkey	-9.6	-6.1	-7.7	-5.5	-4.4
Sub-Saharan Africa	**-0.7**	**-1.8**	**-2.4**	**-4.1**	**-5.9**
South Africa	-2.2	-5.0	-5.8	-5.4	-4.4
Middle-East and North Africa	**13.9**	**12.9**	**10.8**	**6.0**	**-3.8**

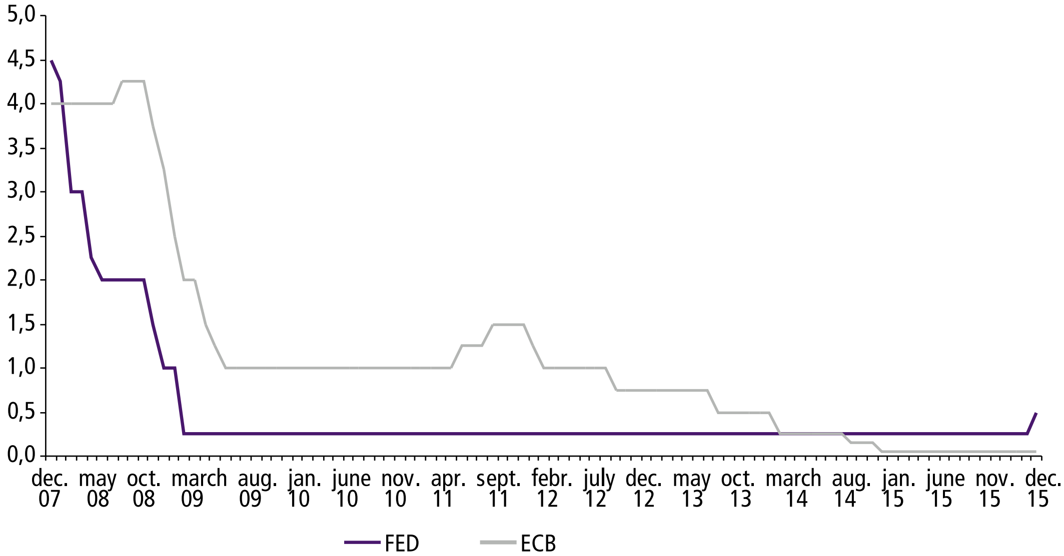
Source : IMF.

In emerging and developing countries, after a surplus of 0.5 percent of GDP in 2014, the current account showed a slight deficit at 0.2 percent, largely reflecting its deterioration in the MENA region, where it stood at -3.8 percent, after a surplus of 6 percent. In India, the current account deficit stabilized at 1.3 percent, while in Brazil it dropped from 4.3 to 3.3 percent. Surpluses in China and Russia grew from 2.1 to 2.7 percent and from 2.9 to 4.9 percent of GDP, respectively.

1.1.8 Monetary policy

In a context marked by the persistence of deflationary risks and the slow economic recovery, the ECB reinforced its accommodative monetary policy. Thus, while maintaining unchanged its key rate at 0.05 percent, the ECB reduced in December its deposit facility rate by 10 basis points to -0.30 percent and launched in January an extensive asset purchase program (APP) encompassing the already-ongoing programs and including, in addition to private sector securities, sovereign yields. Originally planned until September 2016, this program, whose monthly amount totaled 60 billion euros, was extended until end-March 2017 and expanded to securities issued by regional and local governments. Meanwhile, as part of its forward-looking communication, it is committed to use all instruments available within its mandate to secure a return of inflation to its medium-term target.

Chart 1.1.14: Change in the key rates



Source : Thomson Reuters Eikon.

The Bank of England kept its key rate unchanged at 0.5 percent in November and decided to extend its "Funding for Lending Scheme"[1] , established in 2012 in collaboration with the Treasury, by two years until the end of 2018. Similarly, the Bank of Japan kept its key rate at 0.1 percent and its objective to increase the monetary base to 80.000 billion yen per year. It also announced in December a new exchange-traded funds repurchase plan (ETFs), composed of stocks issued by businesses proactively making investment in physical and human capital. This plan, totaling an annual amount of 300 billion yen, should take effect as of April 2016.

However, after having maintained it between 0 percent and 0.25 percent over the past six years, the Fed raised in December the target range for the federal funds rate by 25 basis points to 0.25 percent to 0.5 percent. This decision was motivated by the significant improvement in the labor market and the expected return of inflation to its 2 percent objective over the medium term. In terms of forward-looking trends, the Fed stated at the same meeting that in determining the timing and size of future adjustments to the target range for its policy rate, it will assess actual and expected economic conditions relating to its two objectives of maximum employment and 2 percent inflation.

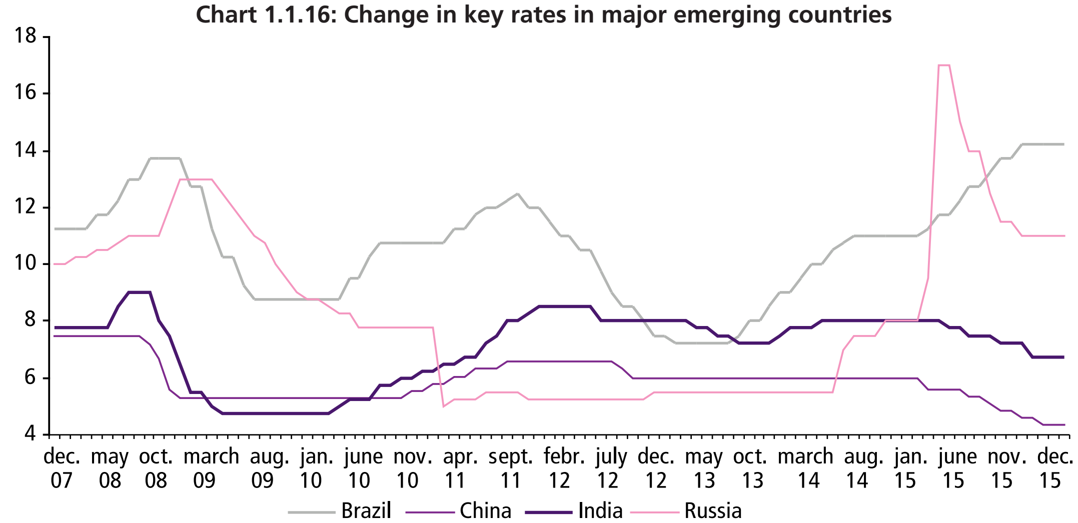
1 Funding for Lending is a medium-term refinancing scheme established with the Treasury to allow institutions, in case of increase in the volume of their loans to the private sector, particularly SMEs, to get cash from the Bank of England at lower cost for a maximum of four years.

Chart 1.1.15: Change in the key rates of the Bank of England and the Bank of Japan

Source : Thomson Reuters Eikon.

Regarding monetary policies of major emerging economies, the People's Bank of China cut five times its key rate, from 5.6 percent to 4.35 percent, with a view in particular to ease the financing costs of corporations. Meanwhile, it adjusted its exchange rate policy, which resulted in a devaluation of the yuan against the dollar. Similarly, taking into account the easing of inflationary risks and fragility of the recovery, the Central Bank of India lowered four times its key rate during the year from 8 percent to 6.75 percent. In Russia, after rising it in 2014 by 115 basis points to 17 percent, the Central Bank lowered its key rate five times to stimulate economic activity, bringing it to 11 percent. However, to cope with the continuous increase in inflation, the Central Bank of Brazil continued its monetary tightening by raising five times its key rate to 14.25 percent despite the economic contraction.

Chart 1.1.16: Change in key rates in major emerging countries



Source : Thomson Reuters Eikon.

1.1.9 Financial markets

The relative improvement in the macroeconomic situation and accommodative monetary conditions in advanced economies impacted bond markets, which were characterized in 2015 by an easing in sovereign yields. Thus, yields on U.S. 10-year bonds fell from 2.5 to 2.1 percent. In the euro area, they dropped from 1.2 to 0.5 percent in Germany, from 1.7 to 0.8 percent in France, from 2.7 to 1.7 percent in Spain and from 2.9 to 1.7 percent in Italy. Conversely, they rose from 6.9 to 10.1 percent in Greece due to uncertainties about the country's economic and financial situation. These developments were accompanied by a significant drop in credit default swaps (CDS)[1] of the peripheral countries of the euro area, with a decline of 94.7 percent in Greece, 13 percent in Italy and 7.2 percent in Spain.

In the main emerging countries, with the exception of Brazil where it moved up from 12.2 percent to 13.8 percent, the 10-year sovereign yields fell from 4.2 percent to 3.4 percent in China and from 8.6 percent to 7.8 percent in India.

Chart 1.1.17: Change in 10-year bond yields in the United States, France and Germany

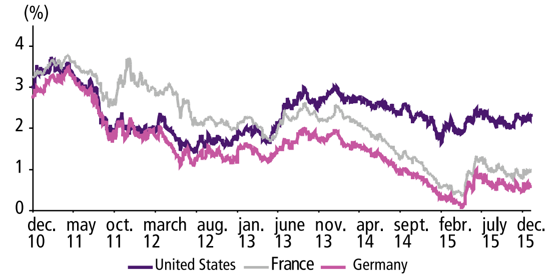
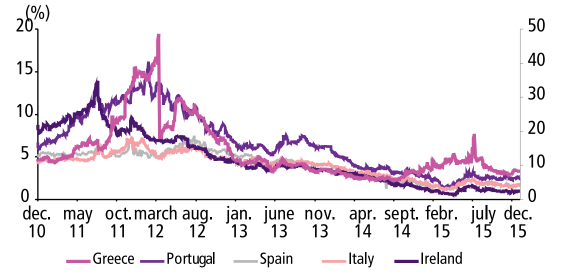


Chart 1.1.18: Change in 10-year bond yields in the euro area peripheral countries



Source : Thomson Reuters Eikon.

In stock markets, apart from the FTSE 100, which fell 1.4 percent, the indexes of major advanced countries recorded performances of 9.5 percent for the Eurostoxx 50, 4.8 percent for the Dow Jones Industrial and 23.8 percent for the Nikkei 225. Markets were also characterized by higher volatility[2], as the VSTOXX grew from 18.3 to 24 basis points and the VIX from 14.1 to 16.7 basis points.

1 Credit Default Swaps (CDS) represent insurance premiums against the default risk of a given loan.

2 VSTOXX is a reference indicator measuring the volatility of the European stock markets, which measures the volatility of the Eurostoxx 50. VIX is a reference indicator of the volatility of the U.S. stock market, which measures the volatility of the S&P 500.

Chart 1.1.19: Change in the major stock market indexes

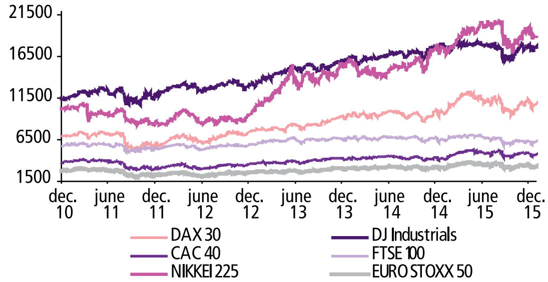
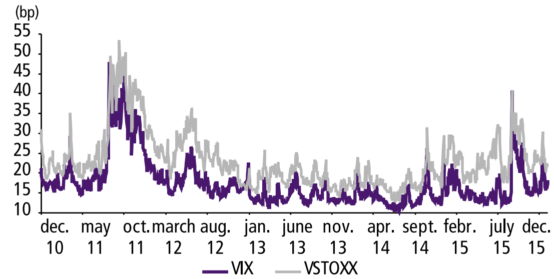


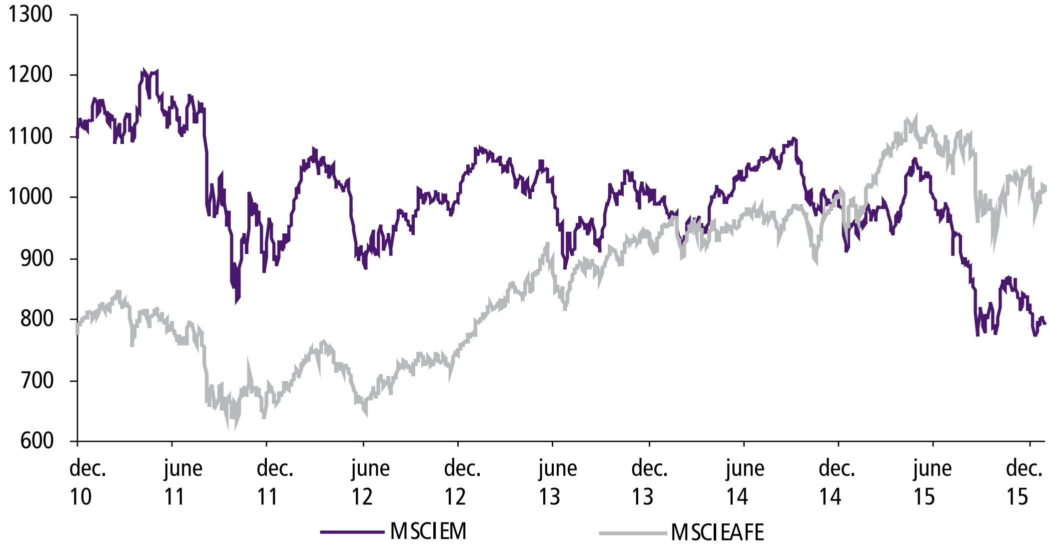
Chart 1.1.20: Change in volatility indicators



Source : Thomson Reuters Eikon.

The MSCI EM[1] decreased by 9 percent, covering mainly drops of 34.2 percent in Brazil and 26.7 percent in Russia, as well as increases of 9.8 percent and 5.1 percent in China and India respectively. China's index during the year trended upward over the first five months followed by a decrease, due to the unfavorable change in several macroeconomic indicators.

Chart 1.1.21: Change in the MSCI EM and MSCI EAFE*



* MSCI EAFE index is a market capitalization index designed to measure equity market performance in developed markets excluding the United States and Canada. It contains indexes of around twenty developed countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

Source : Thomson Reuters Eikon.

The contrasting trends in the monetary policy resulted in a desynchronization of changes in interbank rates in the euro area and United States. While the 3-month Euribor[2] fell from 0.18

1 The MSCI EM is a composite index measuring the performance of the following emerging stock markets: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa, Turkey, UAE, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

2 Euro Interbank Offered Rate (Euribor) is the reference rate of one-week to 12-month loans in the interbank market of the euro area. It is calculated based on the rates applied by a sample of the most active European banks in the euro area, which reflect the money market activities and its geographic diversity.

percent on average to -0.02 percent, the 3-month dollar Libor[1] increased from 0.23 percent to 0.32 percent. The dollar Libor-OIS spread[2] stagnated at 14 basis points.

Chart 1.22: Change in the spread Libor-OIS US

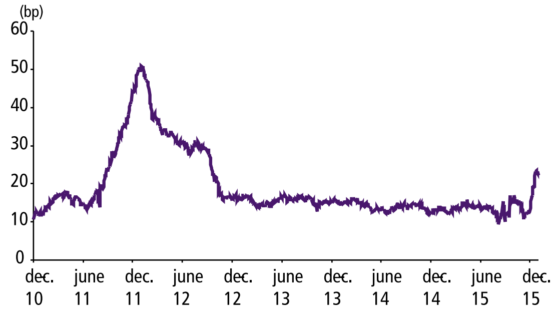
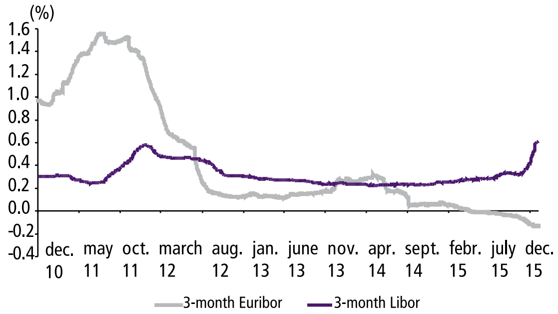


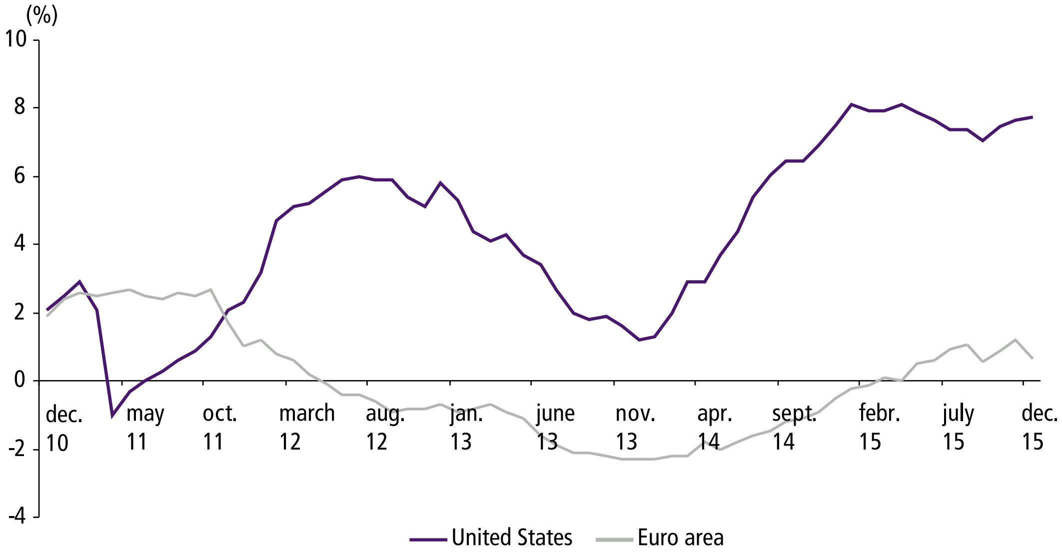
Chart 1.1.23: Change in the three-month Euribor and Libor rates



Source : Thomson Reuters Eikon.

Bank credit reported in March its first year-on-year increase in the euro area since May 2012, ending the year with an average growth of 0.5 percent. In the United States, credit growth rate continued to accelerate from 4.7 percent to 7.7 percent. However, it decelerated in key emerging countries, rising 4.3 percent from 16.1 percent in Russia, 8.2 percent from 11 percent in Brazil and 18.6 percent from 20.5 percent in China[3] .

Chart 1.1.24: Credit trends in the United States and the euro area (YoY)



Source : Thomson Reuters Eikon.

1 London Interbank Offered Rate (Libor) is the reference short-term interest rate. It is calculated based on the rates applied by a sample of some of the most solvent banks in the world

2 The LIBOR-OIS spread reflects a rate risk and represents the difference between the three-month interbank rate and the overnight index swap (OIS) with the same maturity.

3 For China, growth concerns consumer loans.

On the foreign exchange markets, anticipations of higher FED rates, the strengthening of accommodating monetary policies by the ECB and the Bank of Japan, as well as the less favorable outlook for emerging economies, subjected the main currencies to pressures which resulted in their steep decline against the dollar. From one year-end to the next, the depreciation stood at 11.6 percent for the euro, 4.2 percent for the pound sterling and 1.9 percent for the Japanese yen. For emerging economies, the drop stood at 31.8 percent for the Brazilian real, 19.8 percent for the Russian rouble, 5.6 percent for the Indian rupee and 4.1 percent for the Chinese yuan. The depreciation of the latter also reflects the adjustments introduced in the foreign exchange policy by the central bank of China.

Chart 1.1.25: Change in euro/US dollar exchange rate

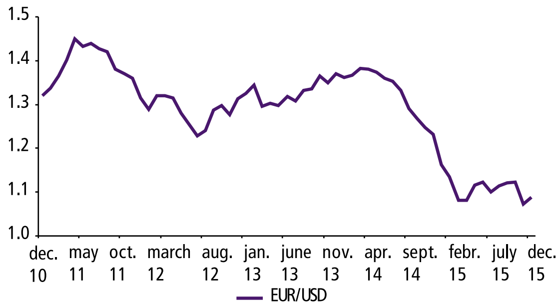
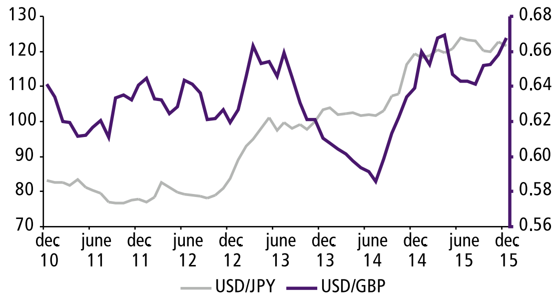
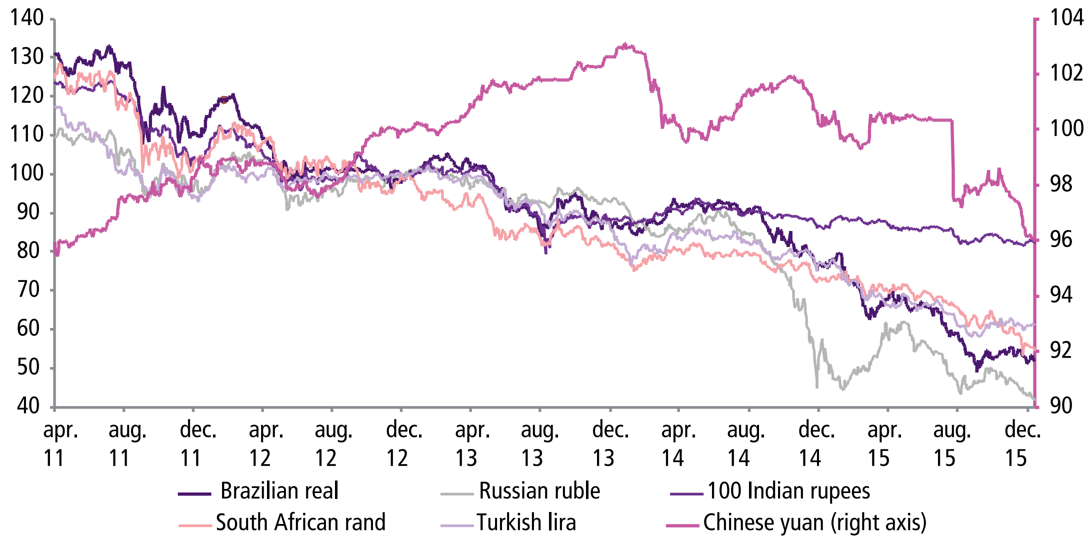


Chart 1.1.26: Change in euro/pound sterling and euro/yen exchange rates



Source : Thomson Reuters Eikon.

Chart 1.1.27: Change in the currencies of major emerging countries against the dollar (January 1, 2013 = 100)



Source: Thomson Reuters Eikon, and BAM calculations.

1.1.10 International financial architecture

In December 2015, the United States ratified the IMF's 2010 Quota and Governance Reforms[1], which was the final step in the adoption process. These reforms include in particular: (1) a doubling of quotas[2] to allow the Fund to increase its lending capacity; and (2) a shift of more than 6 percent of total quota shares of "over-represented" countries to dynamic and "under-represented" emerging and developing countries[3], while protecting the quota shares and voting power of the poorest member countries. Under these reforms, the quota of Morocco rose from 588.2 to 894.4 million SDRs. However, its share in total quota and voting rights were reduced from 0.25 percent to 0.19 percent and from 0.26 percent to 0.21 percent, respectively.

As part of its five-yearly review of the SDR currency basket[4], the IMF decided to include in it the Chinese currency starting from October 1, 2016. Accordingly, the value of the SDR will be determined based on a new weighting formula of five currencies: 41.73 percent for the US dollar; 30.93 percent for the euro; 10.92 percent for the Yuan; 8.33 percent for the yen and 8.09 percent for the pound.

Finally, 2015 was also marked by the launch of two international financial institutions. These are: (i) the "New Development Bank", set up by the BRICS, aimed to mobilize resources for infrastructure investment and sustainable development projects in emerging and developing countries; and (ii) the "Asian Infrastructure Investment Bank", created by China to provide financial support to infrastructure development and regional connectivity in Asia.

1 In accordance with its Statutes, the entry into force of the IMF's 2010 Quota and Governance Reforms requires an 85 percent majority of the total voting power. With a share of 16.74 percent of votes, the United States therefore had a right of veto, thus blocking the implementation of these reforms.

2 From about 238.5 billion to some 477 billion SDRs.

3 Four emerging countries: Brazil, China, India and Russia, will be among the ten largest IMF members in addition to the United States, Japan and four European countries: Germany, France, Italy and the United Kingdom. After the reforms, China's voting rights will double to more than 6 percent and those of India and Russia, from 2.3 percent to 2.6 percent, and those of Brazil from 1.7 percent to 2.2 percent.

4 Since January 2011, the SDR basket was composed of 4 currencies based on the following weighting: USD (42%); Euro (37%); Pound Sterling (11%); and Yen (9%).

1.2 Output and demand

In 2015, nonagricultural activities remained sluggish. They shrank in the mining industry and tourism, decelerated in non-market sectors and continued to evolve at a low rate in the construction sector. However, they accelerated in processing industries. Their value added slowed down to 1.9 percent, as against 2.5 percent in 2014, 1.8 percent in 2013 and an annual average of 4.8 percent between 2003 and 2012. Despite these developments, the overall growth improved to 4.5 percent from 2.6 percent in 2014, driven by a record cereal production of 115 million quintals, which caused the agricultural value added to increase by 12.8 percent.

Regarding demand, household final consumption decelerated, while the growth of government consumption remained almost unchanged from one year to the next. Meanwhile, investment fell by 2.7 percent, mainly reflecting a decrease in change in inventories. The contribution of net external demand to growth was positive for the second consecutive year.

GDP at current prices amounted to 982.2 billion dirhams, up 6.3 percent. Taking into account a decline of 7.4 percent in net transfers and income from outside, the gross national disposable income (GNDI) grew 5.5 percent to 1039.8 billion dirhams.

Table 1.2.1 : Change in value added by sector in volume (%)

	2010	2011	2012	2013	2014	2015
Primary sector	**1.1**	**6.7**	**-7.8**	**17.8**	**-2.3**	**13**
Agriculture	2.3	5.7	-9.1	17.2	-2.2	12.8
Fisheries	-15.9	24.8	9.7	26.8	-4.0	15.2
Secondary sector	**10.2**	**6.3**	**0.8**	**0.6**	**3.1**	**2.8**
Mining	42.1	5.0	-2.1	-1.2	3.4	-5.1
Processing industry	8.4	6.8	1.8	-0.7	3.5	4.3
Electricity and water	18.2	8.3	-6.7	14.9	-0.4	6.0
Construction	2.4	4.9	2.2	1.6	2.6	0.8
Tertiary sector	**2.9**	**6.2**	**6.3**	**1.9**	**2.3**	**1.2**
Trade	-3.3	7.4	4.1	-2.0	1.7	1.8
Hotels and restaurants	7.7	-1.1	2.6	4.7	2.2	-3.2
Transport	4.9	7.0	2.4	1.0	3.7	2.4
Post and telecommunication	5.2	9.5	29.5	2.9	5.3	3.7
Financial activities and insurance	13.0	8.6	4.2	0.2	2.5	-2.2
Real-estate, renting and services to businesses	1.7	5.6	4.5	1.5	2.4	3.2
General government and social security	0.8	9.9	5.1	3.7	2.7	0.4
Education, health and social work	4.4	1.6	7.1	5.0	1.4	0.5
Other nonfinancial services	2.4	2.1	3.0	2.9	0.2	4.7
Nonagricultural activities	**5.0**	**6.4**	**4.5**	**1.8**	**2.5**	**1.9**
Total value added	**4.7**	**6.3**	**2.7**	**3.7**	**1.9**	**3.2**
Taxes on products net of subsidies	**-2.8**	**-3.8**	**6.8**	**14.6**	**9.7**	**15.8**
GDP	**3.8**	**5.2**	**3.0**	**4.5**	**2.6**	**4.5**

Source : HCP.

1.2.1 Output

After a negative change of 2.3 percent in 2014, the primary sector value added rose significantly by 13 percent, reflecting an increase of 12.8 percent for agriculture and 15.2 percent for fisheries, as against respective declines of 2.2 percent and 4 percent.

Thanks to favorable weather conditions, including an abundance and good spatial and temporal distribution of rainfall, cereal production hit a record high of 115 million quintals from 67 million a year earlier. Other crops showed divergent trends, with respective production increases of 15.9 percent and 11 percent in sugar crops and leguminous plants, and declines of 1.6 percent for vegetables, 14.4 percent for citrus and 27.3 percent for olives. Livestock numbers declined 3.8 percent for sheep and increased 1.6 percent for cattle and 1.4 percent for goats.

Chart 1.2.1: Structure of cereal production (in %)

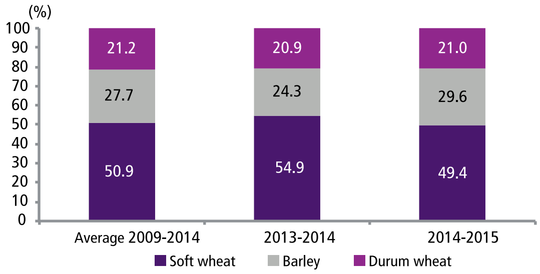
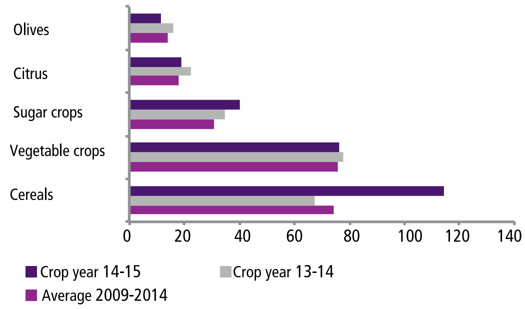


Chart 1.2.2: Main vegetable crops (million quintals)

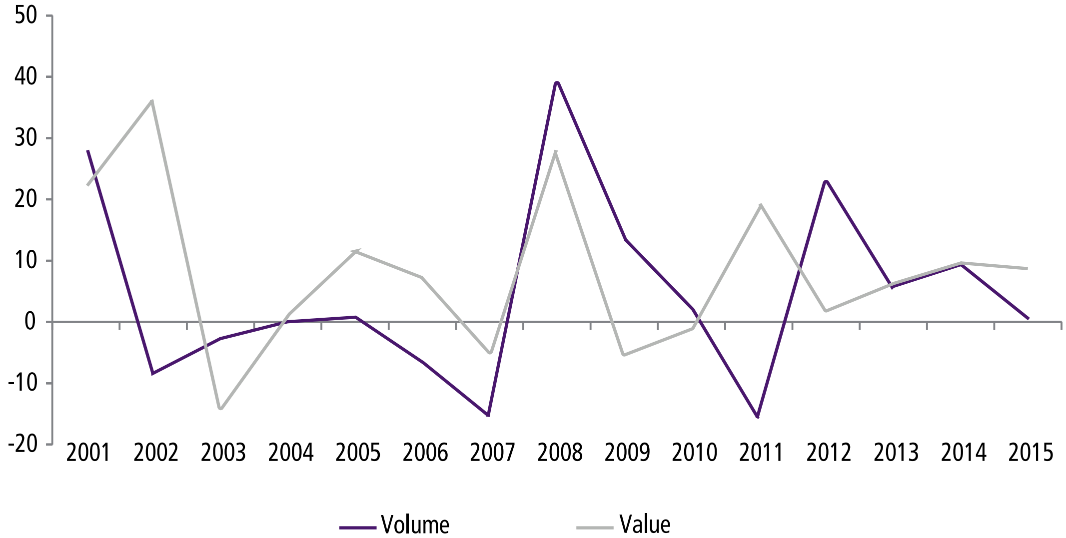


Source: Ministry of Agriculture and Fisheries.

Regarding fisheries, the data available on its inshore and small-scale component[1] indicate an increase in production of 9.1 percent in value to 6.6 billion dirhams and virtual stagnation in volume at 1.3 million tonnes. A 29 percent share of this production was used for consumption, 44 percent for freezing, 15 percent for fish canning and 11 percent for manufacturing fishmeal and fish oil.

1 Offshore fishery data for 2015 are not yet available.

Chart 1.2.3: Change in landings of inshore and small-scale fisheries (in %)



Source: National Fisheries Office.

Box 1.2.1: Job content of growth and spillover effects of the agricultural sector

Analysis of change in job content of growth shows that agriculture has the lowest content compared to other sectors. Between 1999 and 2015, each point in agricultural growth generated 1,370 jobs on average, as against 6,908 for the secondary sector and 18,636 for services. Against this backdrop, the share of agriculture in national employment fell from 45.8 percent in 1999 to 39 percent in 2015, ranking since 2012 behind the services sector, which became the first job-providing sector.

The low job content is partly due to the seasonal nature of agricultural activities. Indeed, an increase in cereal production results overall in greater job creation in the second quarter, during which harvest takes place. However, the year 2015 is a notable exception to this finding with a loss of 58,000 jobs in the second quarter despite a record cereal harvest of 115 million quintals.

Regarding the sector's spillover effects on other sectors, calculations based on national accounts data of 2014 (base 2007) show that the impact of a one dirham increase in demand addressed to the agricultural sector generates a 1.7 dirham increase in overall output, which is the weakest effect after that of mining, posts and telecommunications, and fisheries. This impact is estimated at 1.2 dirham in the sector itself and 0.5 dirham in other components.

In addition, sectors that have the largest spillover effect on agriculture are the food industry and, to a lesser extent, hotels and restaurants. One-dirham increase in demand in these branches results in respective increases of 0.53 dirham and 0.16 dirham in agricultural production.

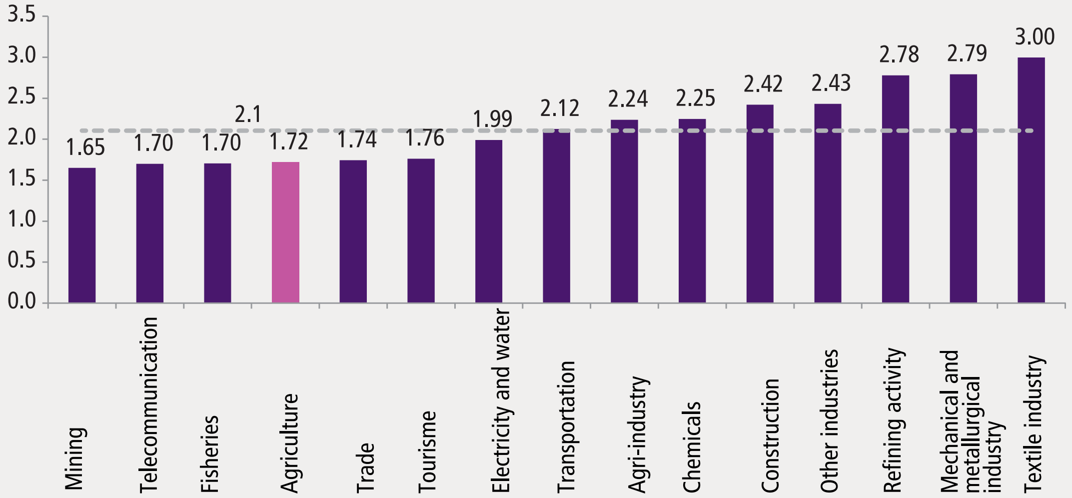
Table B 1.2.1.1: Spillover effects between agriculture and some sectors

	Mining	Food and tobacco industries	Chemicals	Mechanical, metallurgical and electrical industries	Trade	Hotels and restaurants	Transportation
Spillover effect of agriculture	0.096*	0.146	0.086	0.025	0.001	0.001	0.019
Spillover effect on agriculture	0.002**	0.528	0.029	0.006	0.027	0.157	0.004

*One dirham increase in agricultural production results in 0,096 dirham increase in mining industry production.

**One dirham increase in mining production results in 0.002 dirham increase in agricultural production.

Chart B 1.2.1.1: Spillover effects of economic sectors*



*Impact of one dirham increase in demand directed to the sector on overall output

Sources : HCP and BAM calculations.

The secondary sector growth decelerated from 3.1 percent to 2.8 percent in 2015, with a contraction in mining activities, a further weakening in the construction sector and a faster growth in processing industries, and electricity and water sectors.

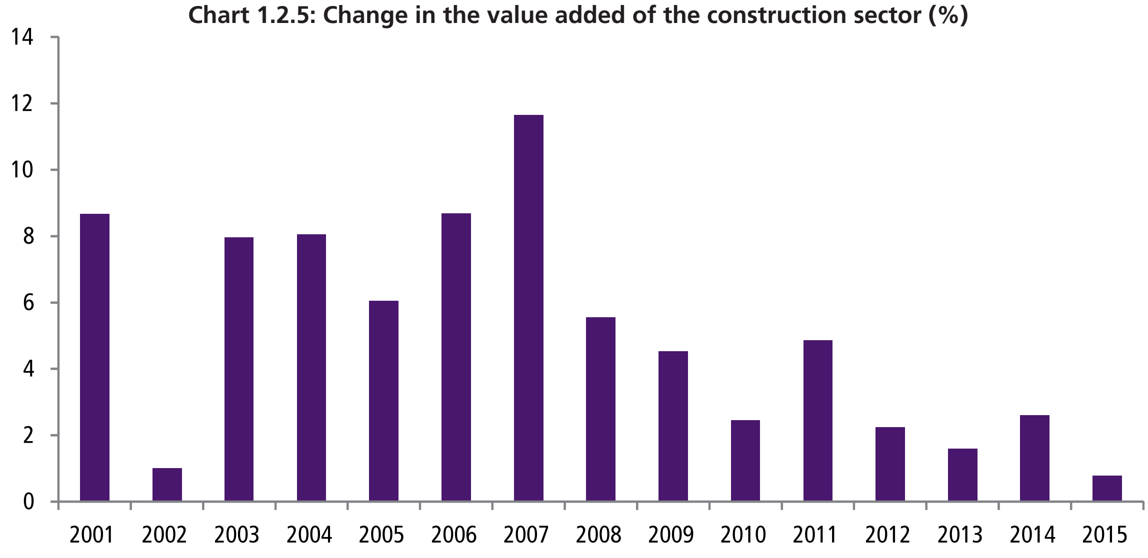
Thus, the mining value added was down 5.1 percent, as against a 3.4 percent increase in 2014. This change mainly reflects a 4.1 percent decrease in the market production of phosphates, after a rise of 3.6 percent, in a context of weak international demand for phosphates and fertilizers.

Chart 1.2.4: Change in crude phosphate production and exports, in volume (in %)

Source: OCP.

Regarding the construction sector, sluggish activities continued with a growth of only 0.8 percent, as against 2.6 percent a year earlier. This change is partly due to the lack of momentum in the real estate market, as the number of transactions fell by 2.7 percent and the growth of real estate loans slowed down from 2.7 percent to 1.7 percent.

Chart 1.2.5: Change in the value added of the construction sector (%)



Source : HCP.

Processing industry activities grew by 4.3 percent in 2015, from 3.5 percent in 2014 and as against a contraction of 0.7 percent in 2013. By industry, the value added growth moved up from 2.4

percent to 3.4 percent for chemicals and related industries, fell from 6.6 percent to 4.4 percent for agrifood and tobacco industries and from 8.6 percent to 6.6 percent for mechanical, metallurgical and electrical industries. However, the value added of textile and leather industries was down 4.1 percent, after an increase of 4.4 percent.

Regarding the refining industry, the sharp contraction recorded since 2014 in demand for industrial fuel[1] addressed to SAMIR and the worsening of its financial difficulties caused it to cease activities of several of its units as of August 2015. Indeed, after an annual average growth of 18 percent between 2009 and 2012, production decreased by 6 percent in 2013, 54 percent in 2014 and 53 percent in 2015.

The value added of the electricity and water sector registered an increase of 6 percent, as against a 0.4 percent decline in 2014. Output progressed significantly, with the commissioning of units 5 and 6 of Taqa Morocco (formerly know as JLEC) and Tarfaya wind farm in the second half of 2014, with respective capacities of 700 MW and 300 MW. Combined with an increase in consumption of 2 percent, this increase resulted in a 17.2 percent decrease in electricity imports.

Chart 1.2.6: Change in the production of available electricity by primary source (GWh)

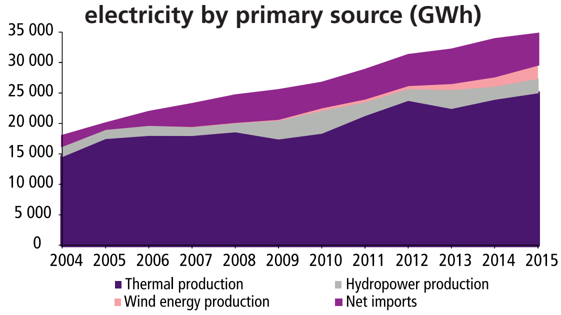
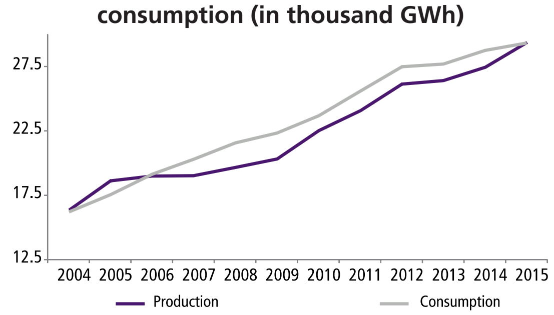


Chart 1.2.7: Change in electricity production and consumption (in thousand GWh)



Source : ONEE.

In the tertiary sector, growth fell to 1.2 percent after an annual average of 2.3 percent between 2012 and 2014 and 4.7 percent between 2007 and 2012. This change mainly covers a decline in tourism activities, a deceleration in non-market and transport services, as well as a slight acceleration in trade and services to businesses.

The hotels and restaurants value added was down 3.2 percent, after rising 2.2 percent in 2014 and 4.7 percent in 2013, suffering particularly from insecurity climate in some countries of the region. Indeed, tourist arrivals decreased by 1 percent to 10.2 million, as a 3.7 percent increase in flows of Moroccan expatriates were insufficient to offset a 5.3 percent contraction in arrivals of foreign tourists. By nationality, the flow of French, Italian and Belgian tourists fell by 13 percent,

1 Following the commissioning of units 5 and 6 of Taqa Morocco (formerly known as JLEC) in October 2014 with a capacity of 700 MW based on coal and Tarfaya wind farm with a capacity of 300 MW, demand for industrial fuel from ONEE declined sharply.

10.3 percent and 8.8 percent, respectively. However, arrivals of German and English tourists rose by 12.2 percent and 5.9 percent, respectively.

Table 1.2.2: Change in tourist arrivals (in thousands)

	In thousands				Change (%)		
	2012	2013	2014	2015	13/12	14/13	15/14
Foreign tourists	**5,012**	**5,323**	**5,437**	**5,152**	**6.2**	**2.1**	**-5.3**
European Union	3,856	3,994	4,115	3,826	3.6	3.0	-7.0
Non-EU Europe	250	313	325	297	25.1	3.6	-8.5
America	258	295	304	333	14.2	3.0	9.7
Arab countries	372	435	391	393	16.8	-10.1	0.6
Rest of the world	275	286	303	302	4.1	5.8	-0.2
Moroccans living abroad	**4,363**	**4,723**	**4,845**	**5,025**	**8.2**	**2.6**	**3.7**
Total	**9,375**	**10,046**	**10,283**	**10,177**	**7.2**	**2.4**	**-1.0**

Source: Ministry of Tourism.

Likewise, overnight stays in classified hotels showed a decline of 6 percent after an increase of 2.7 percent in 2014, due to a deeper decline from 4.2 percent to 12.7 percent for non-residents and an increase of 11 percent for residents, as against 1.2 percent. Taking into account a 6.5 percent rise in bed capacity to 229,647 beds, the occupancy rate fell from 44 percent to 40 percent.

With regard to transportation services, activity indicators showed a decline in freight traffic and a deceleration in maritime and air passenger transports. Indeed, the maritime freight traffic decreased by 4.3 percent, with declines of 4.3 percent for export-oriented traffic, 2.5 percent for import-oriented traffic and 6.7 percent for transshipment at the Tanger Med port. Similarly, the rail freight transport declined again by 7.1 percent, in connection with the commissioning of the crude phosphate transport pipeline by the OCP in October 2014. Meanwhile, growth of passenger transport slowed down from 6.8 percent to 2.2 percent for maritime transport and from 4.8 percent to 1.8 percent for air one, with particularly a decrease of 5.6 percent in arrivals of foreign residential tourists, while rail transport moved up 3.8 percent from 2.4 percent. Under these conditions, the growth of the sector's value added decelerated from 3.7 percent to 2.4 percent.

Regarding posts and telecommunications, after an average annual growth of 8.4 percent between 2010 and 2014, the mobile phone market showed a decrease of 2.3 percent to 43.1 million subscribers. This decline is partly attributed to a decision taken by the National Telecommunication Regulatory Agency (ANRT) to establish the obligation of identifying prepaid card users. This change was accompanied by an increase in the average use[1] in a context marked by a further decline in prices. Meanwhile, the number of fixed telephony subscribers continued its downward trend, with

1 Defined as the ratio of outgoing traffic in minutes to the average number of subscribers.

a decline of 10.7 percent to 2.2 million subscribers. Conversely, the number of Internet subscribers expanded further by 45.2 percent to 14.5 million subscribers. The number of users progressed by 48.4 percent for mobile Internet, which represents 92 percent of the total and 15.2 percent for ADSL. Therefore, the penetration rate declined from 133 percent to 127 percent for mobile services and from 7.5 percent to 6.6 percent for fixed services, while the Internet penetration rate was up from 30.1 percent to 42.8 percent. Overall, the sector's value added grew by 3.7 percent, as against 5.3 percent a year earlier.

Chart 1.2.8: Change in number of subscribers by segment (in million)

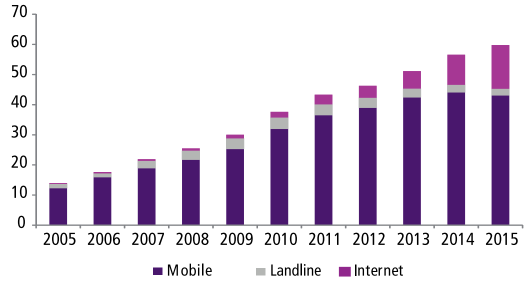
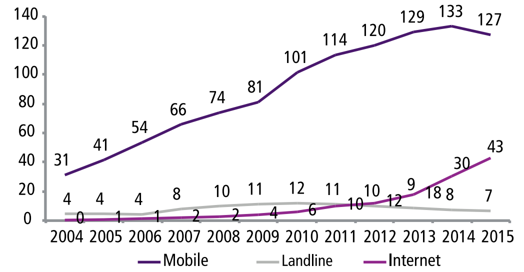


Chart 1.2.9: Change in the penetration rate (in %)

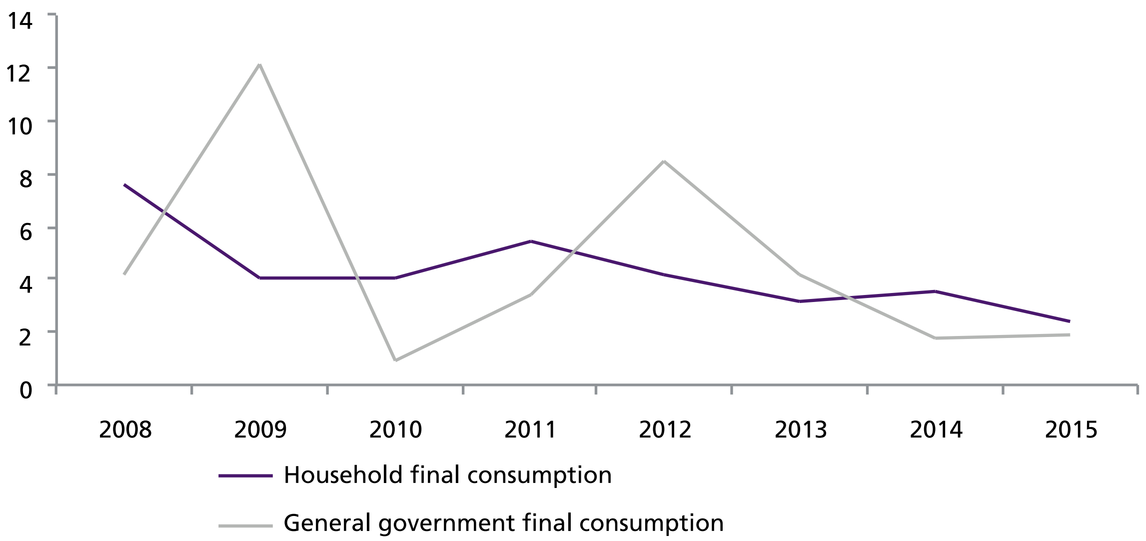


Source : ANRT.

1.2.2 Demand

Domestic demand growth decelerated to 0.9 percent in 2015 from 1.2 percent in 2014 and its contribution to growth dropped from 1.3 percentage point to 1 point. This change mainly reflected a slower growth in household final consumption from 3.5 percent to 2.4 percent, despite higher farm incomes. However, the government final consumption maintained its growth at 1.9 percent.

Chart 1.2.10: Change in final consumption expenditure in volume terms (in %)



Source : HCP.

Investment showed a further decline, albeit slowing from 3.4 percent to 2.7 percent and its contribution to growth was negative at 0.9 point from 1.2 point a year earlier. By component, the gross fixed capital formation grew by 1.5 percent after two consecutive declines of 1.3 percent on average, and change in inventories was down 53.3 percent after a drop of 13.2 percent, thus contributing negatively to growth by 1.3 percentage point.

The contribution of net external demand to growth was positive for the second consecutive year. Export volumes increased by 6 percent as opposed to 8.4 percent, while imports showed a decrease of 3.1 percent, after rising 3.3 percent in 2014.

GDP at current prices amounted to 982.2 billion dirhams, up 6.3 percent. Given net property income outflows of 18.4 billion dirhams, gross national income stood at 963.9 billion dirhams, up 6.9 percent. After an increase of 15 percent, net current transfers from outside showed a 9.5 percent decline, reflecting a decrease of 71.7 percent in net public transfers to 4.5 billion. In particular, donations from GCC partners fell from 13 billion dirhams to 3.7 billion. However, private transfers grew 5.8 percent to 72.2 billion. In total, the GNDI stood at 1039.8 billion dirhams, up 5.5 percent.

Chart 1.2.11: Change in GNDI

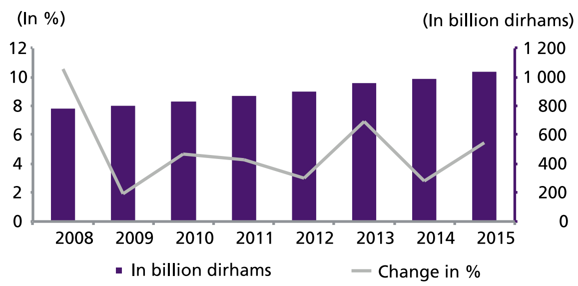
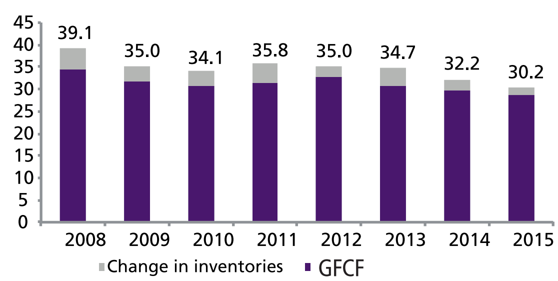


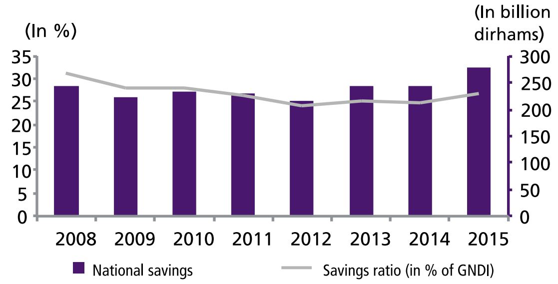
Chart 1.2.12: Trend in investment ratio (in % of GDP)



Source : HCP.

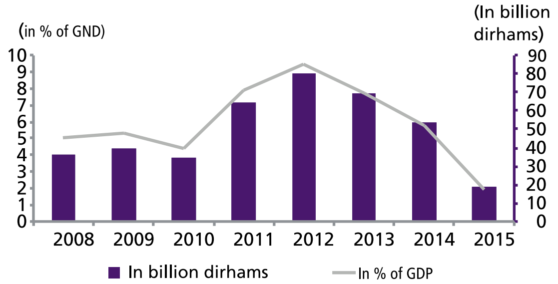
Taking into account a 2.6 percent increase in national final consumption to 761.7 billion dirhams, national savings stood at 278.1 billion dirhams, or 26.7 percent of GNDI, as against 24.7 percent a year earlier. Meanwhile, investment decreased slightly by 0.1 percent to 297.1 billion dirhams or 30.2 percent of GDP. Under these conditions, the financing requirement of the economy eased for the third consecutive year to 18.9 billion dirhams or 1.9 percent of GDP, from 5.8 percent in 2014.

Chart 1.2.13: Change in national savings



Source : HCP.

Chart 1.2.14: Change in financing requirements



1.3 Labor market

In 2015, the labor market was marked by a weak job creation and a significant decline in the participation rate. Accordingly, unemployment fell slightly by 0.2 point to 9.7 percent, albeit a further worsening among young people, especially city dwellers.

Despite a record cereal production, the agricultural sector lost 32,000 jobs, while sluggishness in nonagricultural activities affected particularly tertiary employment, which grew only by 32,000 positions, the lowest level since 2004. In the construction sector and industry, including handicrafts, employment recorded respective increases of 18,000 and 15,000 jobs, after years of decline. Overall, the national economy reportedly created 33,000 jobs compared to 21,000 a year earlier and an annual average of 137,000 between 2001 and 2013.

Apparent labor productivity, measured by the ratio of nonagricultural value added to nonagricultural employment, recorded a slight growth of 0.9 percent, as against 2.4 percent in 2014. Meanwhile, the labor cost[1] increased in real terms by 1.9 percent in the private sector from 1.6 percent, and dropped by 1.3 percent in the public sector, as against an increase of 1.5 percent.

1.3.1 Activity indicators

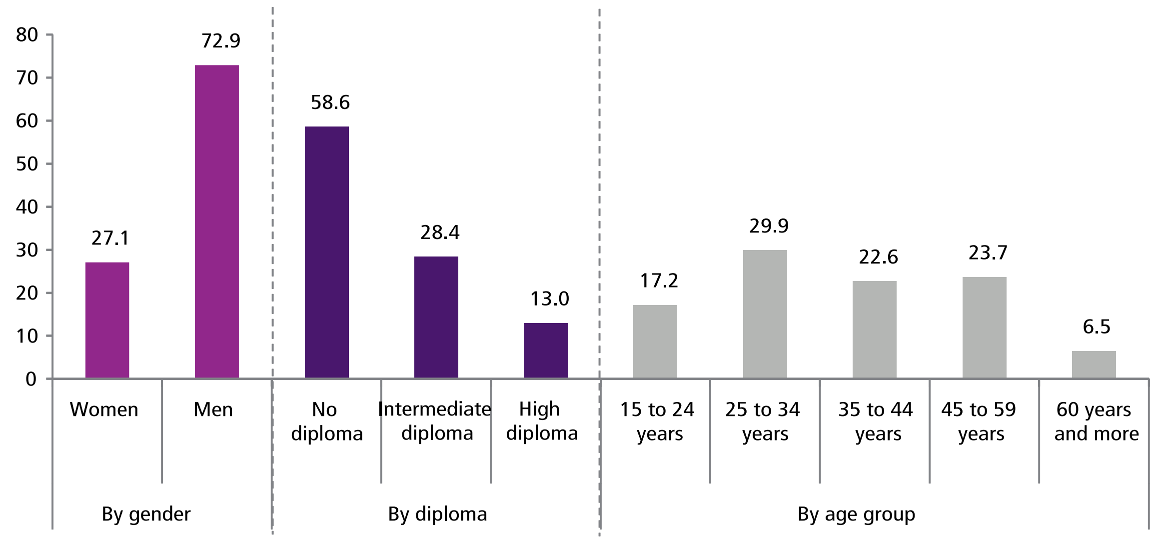
In 2015, the working-age population[2] stood at 25 million persons, of which 52.6 percent are inactive. The workforce continues to grow at a rate well below that of the inactive population, or 0.1 percent, as against 2.7 percent. The labor force remains low skilled, as the workers with no degrees represent 58.6 percent, a share standing at 79 percent in rural areas and 40.8 percent among urban dwellers[3] . Women account for only 27.1 percent of the labor force.

1 Based on data from CNSS for the private sector and the Ministry of Economy and Finance for the public sector.

2 Aged 15 years and over.

3 The most recent data published by the HCP on the workforce structure by degree relate to the year 2014. According to the HCP classification, high-level graduates include people with secondary education degree, higher education degree, technicians and middle staff. Medium-level graduates include people with a degree under the category "degrees and certificates of basic education" or "degrees in professional qualification and degrees in occupational specialization".

Chart 1.3.1: Structure of the active labor force by gender, diploma, and age group (%)



Source: HCP (Data concerning the structure by diploma and age group date back to 2014).

Against this backdrop, the participation rate[1] continued its downward trend with a sharp decline of 0.6 point to 47.4 percent. It moved down from 42.1 percent to 41.4 percent in urban areas and from 57.2 percent to 56.7 percent in rural ones. This decline affected all age groups and was particularly marked among young people aged 15 to 24 years, whose rate fell from 32.2 percent to 30.5 percent.

Chart 1.3.2: Change in labor force participation rate by residence (%)

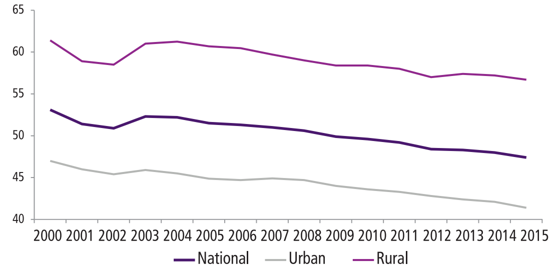
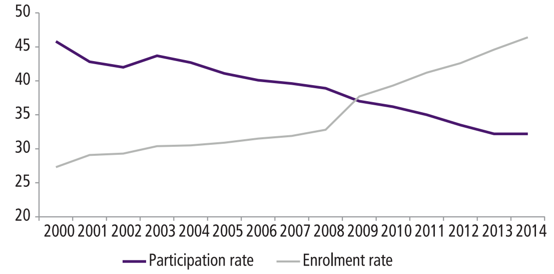


Chart 1.3.3: Change in the labor force participation rate and the enrolment rate of young people aged 15 to 24 years (%)



Source : HCP.

It is undeniable that schooling probably explains, in part, the low level of youth participation. However, the fact remains that a significant proportion of this population is not in employment, education or training (NEET). This status covers a variety of situations, some of which combine factors of vulnerability: young people who cannot or do not want to work, young people in the family home, young people with disabilities and other inactive youth. In 2015, nearly one in three

1 The participation rate is defined as the ratio of labor force aged 15 and over to the total population aged 15 and over.

young people aged 15 to 24 years (27.9 percent) was NEET. This proportion ranges from 15 percent, among people aged 15 to 17 years, to 34.4 percent among the 18-24 years age group. This phenomenon is mostly a characteristic of women with a share of 45.1 percent among young women aged 15 to 24 years, as against 11.4 percent for men.

Compared with other countries[1], the youth NEET rate is broadly high in Morocco. This applies to women only, while for men, this rate is among the lowest in the sampled countries. The sharp disparity between men and women is a common feature of the MENA region countries and is attributed to the high proportion of women with a "housewife" status. This share reaches 58.5 percent in the case of Morocco.

Chart 1.3.4: Ratio of young persons in NEET, by gender (%)

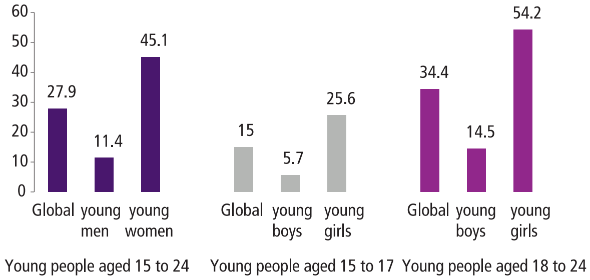
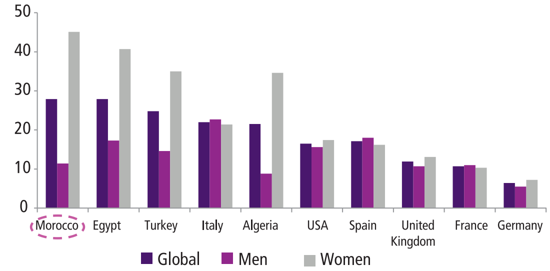


Chart 1.3.5: Ratio of young persons in NEET, in a sample of countries (%)

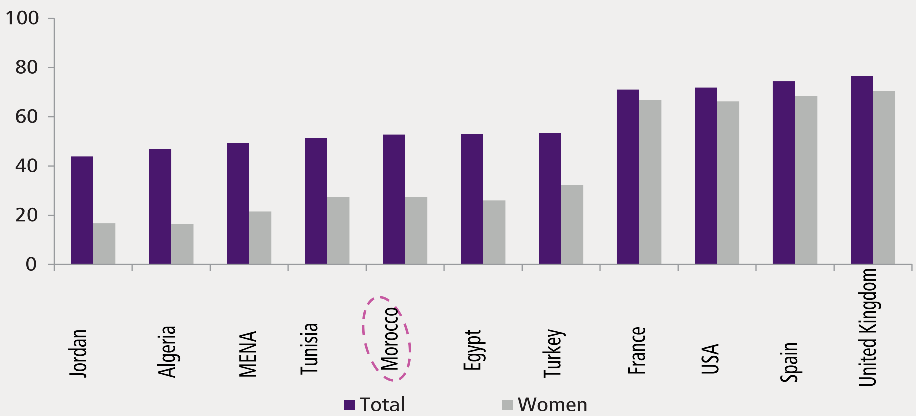


Sources : HCP et Organisation Internationale du Travail (ILOSTAT).

Box 1.3.1 : Level and trend of the participation rate

The participation rate, which measures the degree of the population's involvement in the labor market, is relatively low by international standards. This characteristic, common between Morocco and the MENA region countries, is due to several economic, social and cultural factors. Particularly, women's participation rate in the labor market remains very low, since less than three in ten women overall and less than two in ten women in urban areas are working.

Chart B1.3.1.1: Participation rate (15 to 64 years) in a sample of countries (%)



Source: WDI, World Bank.

1 2013 data for Algeria and Egypt, 2015 data for Morocco and 2014 data for the rest of the sampled countries (Chart 1.3.5).

Besides its low level, the participation rate followed a downward trend from 54.4 percent in 1999 to 47.4 percent in 2015. This decline affected both urban and rural areas and was recorded among almost all sections of the population.

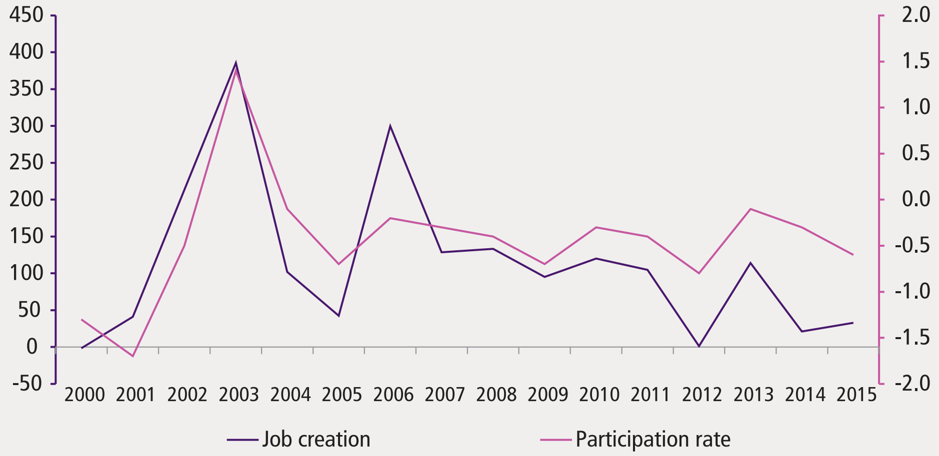
Table B1.3.1.1 : Participation rate by residence, gender and age group (%)

		1999	2015	Change by percentage points
	National	54.4	47.4	-7.0
Residence	Urban	48.1	41.4	-6.7
	Rural	63.1	56.7	-6.4
Gender	Women	30.3	24.8	-5.5
	Men	79.3	71.5	-7.8
Age group	15 to 24 years	48.0	30.5	-17.5
	25 to 34 years	64.7	61.1	-3.6
	35 to 44 years	64.2	60.3	-3.9
	45 years and more	45.7	43.2	-2.5

Source : HCP.

This trend is probably relatively attributed to the generalization and extension of schooling, as youth aged 15 to 24 years registered a drop of almost 18 percentage points over the period. However, the reasons for declines recorded for ages beyond schooling (25 years and over) remain to be determined. In the short term, changes in the participation rate would reflect more developments in labor market conditions. Data analysis over the 1999-2015 period shows that this rate increases overall when job creation is significant and decreases in the opposite case, which may reflect discouragement of a part of the workforce and would thus contribute to mitigating unemployment. By way of illustration, assuming that the decline in the participation rate observed in 2015 reflects discouragement only, the unemployment rate would have stood at 10.9 percent in 2015 as opposed to 9.7 percent.

Chart B1.3.1.2: Job creation (in thousands) and change of the participation rate (in percentage points)



Source : HCP.

1.3.2 Employment trends

Although improving compared to 2014, job creation remained limited to 33,000 jobs, far below the 137,000 jobs created on annual average between 2001 and 2013. Indeed, the employed labor force registered a slight increase of 0.3 percent to 10.7 million persons and the employment rate[1] dropped again from 43.3 percent to 42.8 percent, with declines of 0.5 point to 35.4 percent in urban areas and 0.3 point to 54.4 percent in rural areas.

By sector, services created not more than 32,000 jobs compared to 42,000 a year earlier and an annual average of 90,000 between 2001 and 2013. However, their share in total employment continued to increase to 40.3 percent from 40.2 percent and 36.8 percent, respectively. Almost all of the new jobs were created in the ‘restaurants’ branch, with nearly 16,000 positions, and in the “land transportation sector”, with 15,000 jobs.

Box 1.3.2 : Analysis of employment in the services sector

In addition to its strong contribution to the value added, the services sector remains the main job provider, with an average annual creation of almost 84,000 jobs between 1999 and 2015. Since 2012, it has become the first employer with a share of 40.3 percent of overall employment volume in 2015. In the past two years, job creation fell to 42,000 jobs in 2014 and 32,000 in 2015, reflecting a deceleration in the value added.

The two branches of “restaurants and hotels” and “banks, insurance and real estate business” were the most dynamic, as their volume of jobs rose respectively by 5.1 percent and 6.8 percent on average between 1999 and 2013*, but their shares are still low. Meanwhile, the workforce in the “trade and repair” sector, which represents nearly 39 percent of tertiary employment, progressed by 2.6 percent on average during the same period while workers in the “general government and social services provided to the community”, which contribute up to 25.7 percent, increased by only 1.1 percent.

Chart B1.3.2.1: Growth of employment and of services added value (%)

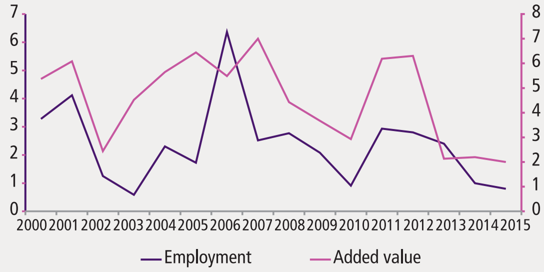
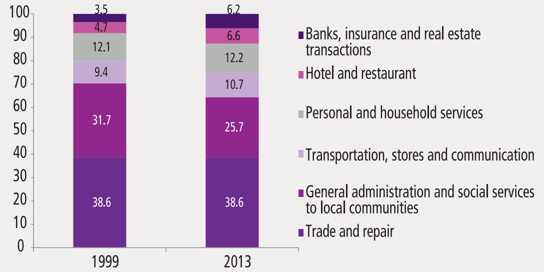


Chart B1.3.2.2: Structure of employment in the tertiary sector (%)



*The last data published by the HCP on job creation by sector date back to 2013.

Source: HCP

1 The employment rate is defined as the ratio of the employed workforce aged 15 and over to the total population aged 15 and over.

Although the quality of tertiary employment is relatively better compared to other sectors, it remains broadly weak and characterized by a strong heterogeneity across branches. Indeed, in "general administration and social services provided to the community", the proportion of graduates, wage rate and underemployment rate stood at 83.3 percent, 95 percent and 4.3 percent, respectively, while in the "trade and repair" sector, these shares amounted to 45.8 percent, 26.6 percent and 9.6 percent, respectively.

Chart B1.3.2.3: Structure of employment in the tertiary sector by degree of qualification (%)

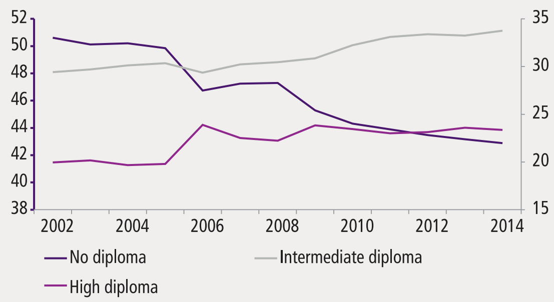
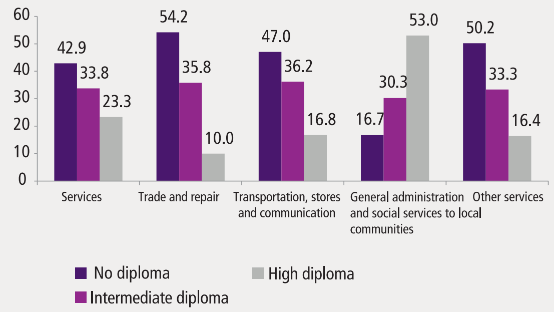


Chart B1.3.2.4: Structure of employment in the tertiary sector by branch and by qualification (%)



Source: HCP..

After two successive years of decline and its stagnation in 2014, employment in the construction sector improved slightly, with creation of 18,000 jobs, reflecting a relative recovery of activity in the sector, as evidenced by the rising cement sales. Its share in overall employment remained almost stable at 9.4 percent.

Similarly, after the downward trend that started in 2008, the share of industry, including handicrafts, in overall employment rose slightly 0.2 point to 11.2 percent. This trend reflects a creation of 15,000 jobs, mostly in urban areas, after a loss of 37,000 jobs.

Chart 1.3.6: Job creation by sector of activity (in thousands)

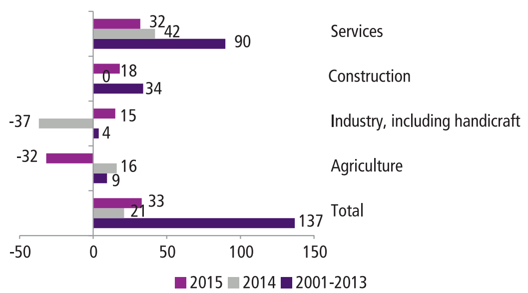
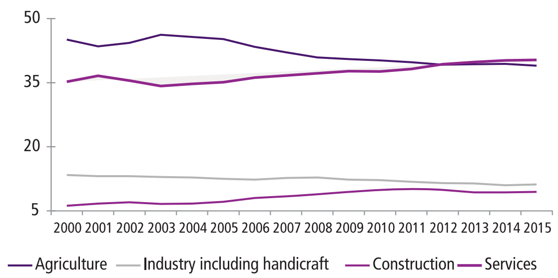


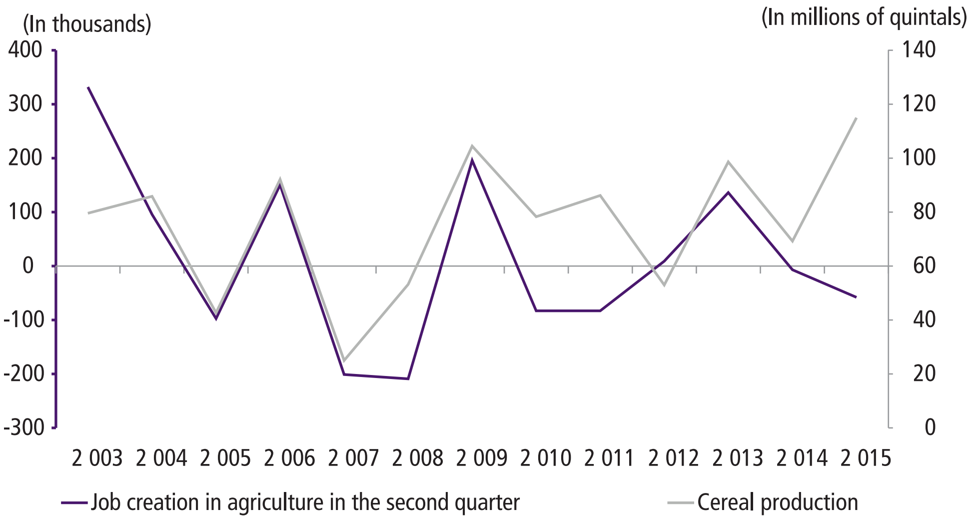
Chart 1.3.7: Structure of employment by sector (%)



Source : HCP.

Conversely, despite a bumper cereal production, the agricultural sector registered a contraction of 32,000 jobs, thus reducing its share in overall employment from 39.4 percent to 39 percent. In the second quarter in particular, a period marked generally by intense agricultural activity, agricultural employment decreased by 58,000 jobs. This decoupling is unusual, as it was observed only four times between 2003 and 2014 and to a much lesser degree.

Chart 1.3.8: Cereal production and job creation in the second quarter



Sources : HCP and the Ministry of Agriculture and fisheries.

1.3.3 Employment characteristics

Labor force in Morocco remains structurally low skilled, as 61.2 percent of employed labor force have no degree, 27.2 percent have a medium-level degree and only 11.6 percent have a higher-level degree. By sector, the share of the workforce with no degree stood at 83.5 percent in agriculture, 63.4 percent in construction, 51.2 percent in industry, including handicrafts, and 42 percent in services. By gender[1], this proportion rises from 59.7 percent for men to 71.9 percent for women.

Moreover, albeit its downward trend, unpaid employment remains relatively high with a share of 21.9 percent nationally and 40.8 percent in rural areas. It particularly affects women and young people aged 15 to 29 years in rural areas with respective shares of 73.6 percent[2] and 60 percent. Meanwhile, after a contraction of 24,000 jobs in 2014, paid employment was up 86,000 or 1.2 percent in 2015, reflecting a 3.4 percent increase in paid employment, while self-employment declined by 2 percent. Thus, the proportion of wage earners was up 1.4 point to 46.3 percent, but with 62.9 percent having no employment contract.

1 The latest available data on the structure of employment by qualification level and by gender are those published by the HCP in 2013.
2 2013 data.

When internationally compared[1], the wage rate, which informs partly on the economy organization, is relatively low in Morocco. Indeed, it stood in 2014 at 45 percent, as against 61.1 percent in Egypt, 70.9 percent in Algeria, 72 percent in Tunisia and 84.1 percent in Jordan.

Chart 1.3.9: Structure of employment by professional status (%)

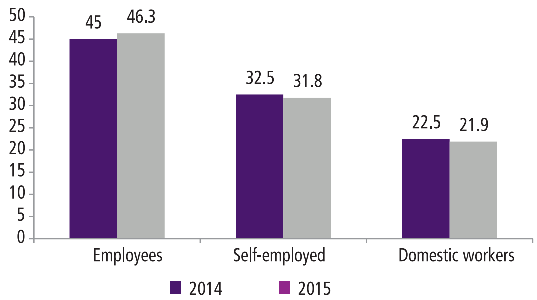
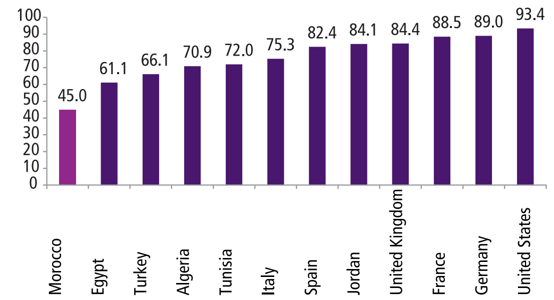


Chart 1.3.10: Share of employees in the overall volume of employment in a sample of countries (%)



Source : HCP, wdi, and World Bank.

In terms of consistency in employment, "seasonal and temporary work" rose significantly by 15 percent in 2015 from 6.7 percent a year earlier, bringing its share in the overall volume from 8.2 percent to 9.4 percent. Only 20.6 percent benefit from social protection, including 6 percent in rural areas and 34.8 percent in urban ones. Moreover, the share of the employed workforce who had excessive working hours[2], stood at 41.4 percent in 2015, 51.6 percent among men and 13.7 percent among women.

1.3.4 Unemployment and underemployment trends

After three consecutive years of increase, the unemployed labor force registered in 2015 a decrease of 1.6 percent nationwide, 3.9 percent in rural areas and 1.1 percent in urban areas. Unemployment remains an essentially urban phenomenon, affecting particularly young people aged 15 to 29 years, who represent a share of 63.5 percent of the unemployed. The unemployed population is far more skilled than the employed labor force with a proportion of 72.3 percent[3], including 27.8 percent with higher education degrees. First-time job seekers and long-term unemployed[4] represent 51.7 percent and 65.3 percent, respectively. The structure of long-term unemployed population changed significantly between 2006 and 2013, with a decrease from 42 percent to 36 percent among the unemployed over five years and an increase from 38.2 percent to 42.7 percent among those between 12 and 35 months. After rising from 19.8 percent to 24.6 percent between 2006 and 2008, the share of the unemployed from 36 to less than 60 months was tilted to downside to 21.3 percent in 2013.

1 2013 data for Tunisia, Egypt and the United States, 2012 data for Jordan and 2014 data for the rest of the sampled countries.
2 Proportion of employed workforce whose actual working hours exceed 48 hours per week.
3 Data on the population by educational degrees relate to 2014.
4 More than a year.

When compared internationally[1] , long-term unemployment remains a common feature in many developing and developed countries, mainly the euro area peripheral countries. However, Morocco has one of the highest proportions.

Chart 1.3.11: Share of the long-term unemployed in a sample of countries (%)

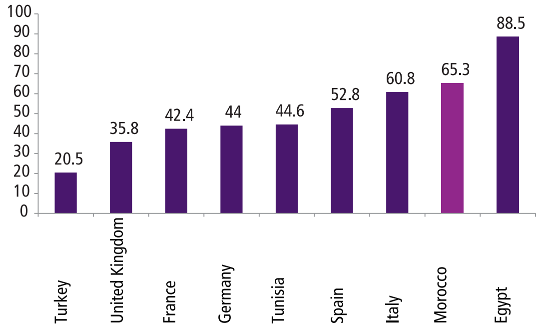
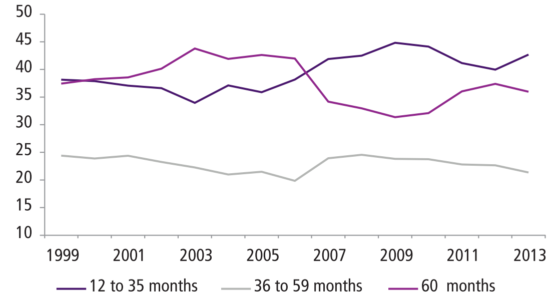


Chart 1.3.12: Structure of long-term unemployed (%)



Sources : HCP and International Labour Organization (ILOSTAT).

Taking account of changes among the working and unemployed population, the unemployment rate reversed its uptrend in place since 2012, thus recording a slight decline of 0.2 point to 9.7 percent nationally, to 14.6 percent in urban areas and 0.1 point to 4.1 percent in rural areas. By age group, the decline involved only people aged 35 to 44 years, while it continued worsening for young persons aged 15 to 24 years, especially in urban areas, where it stood at 39 percent. By skill level, the decline benefited those with no degrees with a rate falling from 4.7 percent to 4.1 percent, while the rate for graduates increased slightly from 17.2 percent to 17.3 percent.

Chart 1.3.13: Rate of unemployment by age group (%)

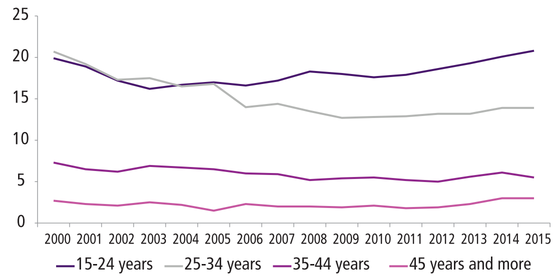
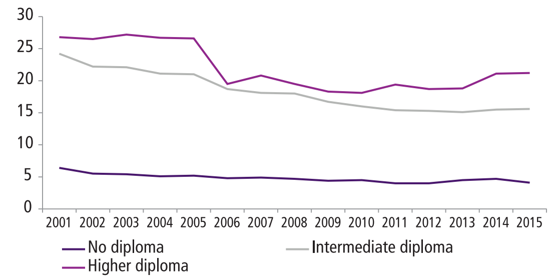


Chart 1.3.14: Rate of unemployment by degree of diploma (%)



Source : HCP.

The slight decrease in unemployment was coupled with a further increase in underemployment[2], another form of the underutilization of labor. Indeed, its rate rose to 10.8 percent from 10.3

1 Data of 2012 for Tunisia, 2013 for Egypt, and 2014 data for the rest of the sampled countries.

2 The population living in underemployment consists of persons who have worked: i) during the reference week for less than 48 hours, but are willing to work extra hours and are available to do so or ii) more than the set threshold, and who are looking for another job or willing to change their job for mismatch with their training or their qualifications, or for insufficient income.

percent in 2014 and 9.2 percent in 2013. The increase affected all sectors, except for construction, which stagnated but whose rate remains the highest. By gender, the increase was particularly marked among rural men for whom the rate stood at 15.8 percent as against 9.6 percent among urban men.

Chart 1.3.15: Rate of underemployment by residence (%)

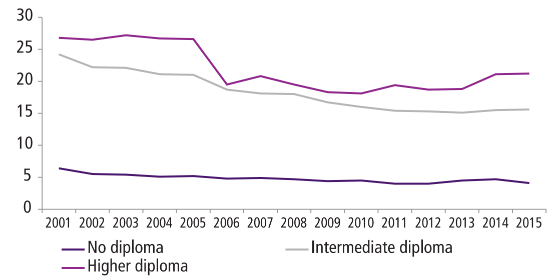


Table 1.3.1: Rate of underemployment by sector of activity and by gender (%)

	2014	2015
By sector		
Agriculture	10.3	10.8
Construction	17.0	16.9
Industry, including handicraft	8.0	8.2
Services	9.4	10.1
By gender and residence		
Men	11.9	12.4
Urban	9.2	9.6
Rural	15.1	15.8
Women	6.1	6.6
Urban	10.6	10.7
Rural	3.5	4.0

1.3.5 Productivity and labor cost

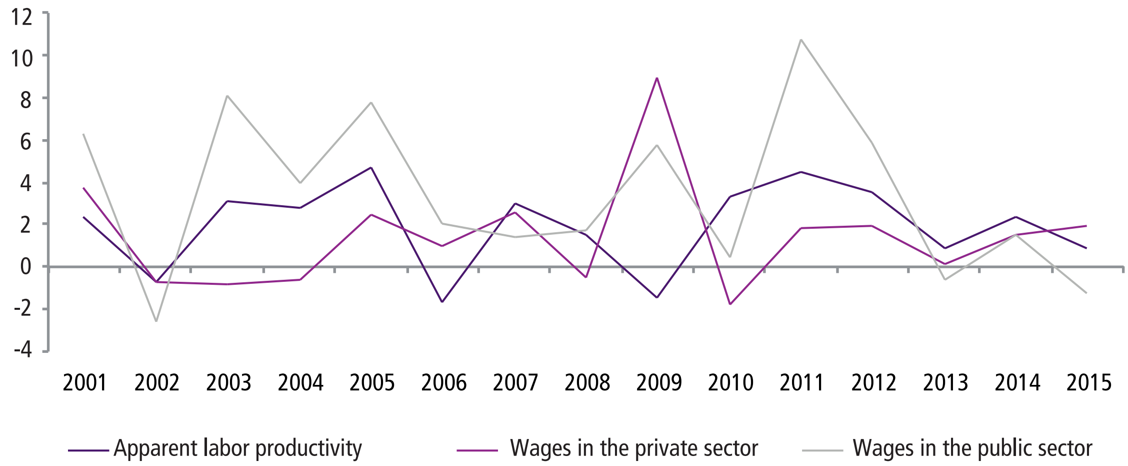
The economic slowdown, combined with a relative improvement in employment in the nonagricultural sector, resulted in a limited rise of 0.9 percent in the apparent labor productivity[1], as against 2.4 percent in 2014. This slowdown reflects increases of 0.2 percent in the secondary sector as opposed to 4.8 percent, and 0.5 percent in services, as against 1.3 percent.

Meanwhile, the private sector's average wage, calculated on the basis of the CNSS data, rose 3.5 percent in nominal terms from 2 percent, and 1.9 percent in real terms from 1.6 percent. This change was partly due to the increase of 10 percent in the minimum wage, which took effect twice in July 2014 and July 2015, bringing the minimum wage to 13.46 dirhams/hour and the minimum agricultural wage to 69.73 dirhams/day.

Meanwhile, wage growth in the public sector decelerated sharply in nominal terms, as the average wage rose by 0.3 percent as against 2 percent. In real terms, it was down 1.3 percent after a 1.5 percent increase.

1 Calculated based on the ratio of nonagricultural value added to nonagricultural employed labor force.

Chart 1.3.16: Evolution of wages and of apparent labor productivity in nonagricultural activities (change in %)



Sources : HCP, CNSS, Ministère de l'Economie et des Finances et calculs BAM.

Table 1.3.2: Main indicators of the labor market

		2010	2011	2012	2013	2014	2015
Indicators of activity							
Labor force (in thousands)		11 442	11 538	11 549	11 705	11 813	11 827
Urban		5 993	6 089	6 145	6 217	6 307	6 326
Rural		5 449	5 448	5 404	5 488	5 506	5 501
National participation rate (%)		49.6	49.2	48.4	48.3	48.0	47.4
Urban		43.6	43.3	42.8	42.4	42.1	41.4
Young persons aged 15 to 24 years		27.1	25.6	24.5	23.1	22.5	21.6
Rural		58.4	57.9	57	57.4	57.2	56.7
Indicators of employment							
Total job creation (in thousands)		120	105	1	114	21	33
Par milieu de résidence	Urban	69	103	48	26	27	29
	Rural	51	2	-47	88	-6	4
By sector	Agriculture	21	-9	-59	58	16	-32
	Industry, including handicraft	0	-32	-28	5	-37	15
	Construction	63	30	-21	-50	0	18
	Services	35	115	111	101	42	32
Active labor force (in thousands)		10 405	10 509	10 511	10 625	10 646	10 679
Urban		5 169	5 272	5 320	5 346	5 373	5 402
Rural		5 235	5 237	5 190	5 278	5 273	5 277
National employment rate (%)		45.1	44.8	44.1	43.8	43.3	42.8
Urban		37.6	37.5	37.0	36.4	35.9	35.4
Rural		56.2	55.7	54.7	55.2	54.7	54.4

Indicators of employment and underemployment							
National underemployment rate (%)		11.6	10.5	9.2	9.2	10.3	10.8
Urban		10.0	9.3	8.6	8.4	9.5	9.9
Rural		13.2	11.8	9.8	10.0	11.2	11.8
Unemployment rate (%)		9.1	8.9	9.0	9.2	9.9	9.7
Holder of higher diplomas		18.1	19.4	18.7	18.8	21.1	21.2
Urban		13.7	13.4	13.4	14.0	14.8	14.6
Young people aged 15 to 24 years		31.3	32.2	33.5	36.0	38.1	39.0
Rural		3.9	3.9	4.0	3.8	4.2	4.1
Productivity and wage costs (change in %)							
Apparent labor productivity in nonagricultural activities		3.4	4.5	3.5	0.9	2.4	0.9
Guaranteed minimum wage and Minimum agricultural wage	Nominal	2.4	5.0	7.2	2.3	2.5	4.9
	Real	1.4	4.1	5.8	0.3	2.0	3.3
Private sector's wages	Nominal	-0.8	2.7	3.2	2.0	2.0	3.5
	Real	-1.8	1.8	1.9	0.1	1.6	1.9
Public sector's wages	Nominal	1.5	11.8	7.3	1.2	2.0	0.3
	Real	0.5	10.7	5.9	-0.6	1.5	-1.3

Sources : HCP, CNSS, and Ministry of employment and social affairs.

1.4 Inflation

After an exceptionally low rate[1] in 2014, inflation, as measured by the change in the consumer price index, rose to a moderate level in 2015. It stood at 1.6 percent from 0.4 percent a year earlier.

This change was mainly attributed to rising volatile food prices, after a sharp decline in 2014 and a further increase in prices for certain regulated goods, excluding fuels and lubricants. However, fuel and lubricant prices fell 16.1 percent, after a 7 percent increase, reflecting lower international oil prices.

Meanwhile, core inflation, which traces the underlying trend in prices, stood at 1.3 percent from 1.2 percent. By component, prices of nontradables were up 1.3 percent, as against 0.9 percent, in conjunction with a rise in fresh meat prices and a dissipation of the effect of lower charges for telecommunication services in 2013. Meanwhile, despite a disinflationary environment in major trading partner countries, prices of tradables rose further by 1.4 percent, reflecting higher prices for cereal-based products, due to rising prices of durum wheat on the international market.

Industrial producer prices declined further to 4.5 percent from 2.9 percent in 2014 and 1.8 percent in 2013. This decline primarily reflects lower producer prices in refining industry, owing to a fall in international crude oil prices.

Table 1.4.1: Change in consumer prices

Groups of products	change in %						
	2009	2010	2011	2012	2013	2014	2015
Consumer price index (CPI)	**1.0**	**0.9**	**0.9**	**1.3**	**1.9**	**0.4**	**1.6**
Volatile food prices	**3.1**	**5.0**	**-2.0**	**3.0**	**3.3**	**-5.6**	**4.3**
Price-regulated goods	**0.7**	**0.3**	**0.1**	**1.6**	**2.3**	**2.4**	**0.4**
- Fuels and lubricants	-1.7	-0.7	0.0	9.9	8.0	7.0	-16.1
- Price-regulated goods excluding fuels and lubricants	1.0	0.4	0.1	0.7	1.4	1.7	2.9
Core inflation	**0.7**	**0.4**	**1.8**	**0.8**	**1.5**	**1.2**	**1.3**
- Food products included in core inflation	-0.1	-0.6	3.3	2.2	1.6	1.0	1.8
- Clothing items and footwear	1.0	0.5	1.6	2.1	1.6	2.1	0.6
- Housing, water, gas, electricity and other fuels[1]	1.6	0.8	1.0	1.0	2.2	1.7	1.1
- Furniture, household appliances and routine household maintenance	1.9	0.8	0.8	0.1	0.2	0.8	0.3
- Health[1]	0.8	0.0	0.3	2.0	0.9	2.6	1.0
- Transport[1]	0.3	0.3	-0.3	0.9	1.2	0.9	0.3
- Communications	-4.5	-1.1	-5.4	-19.6	-9.2	-4.6	0.2
- Entertainment and culture	-0.6	-0.7	-0.7	0.5	0.4	-0.9	0.3
- Education	5.4	4.1	4.1	3.8	5.5	3.4	2.9
- Restaurants and hotels	1.8	2.4	1.7	2.0	3.2	2.5	2.3
- Miscellaneous goods and services	2.0	1.7	2.1	1.4	1.3	1.2	0.6

(1) Excluding price regulated goods.

Sources: HCP, and BAM calculations.

1 The lowest rate registered since 1968, when inflation reached 0.4 percent from -0.8 percent in 1967 and -1 percent in 1966.

1.4.1 Change in CPI components

1.4.1.1 Volatile food prices

The acceleration of inflation from 0.4 percent in 2014 to 1.6 percent in 2015 is mainly due to an increase of 4.3 percent in volatile food prices, after a decrease of 5.6 percent, while their contribution to inflation moved up from -0.8 to 0.6 percentage point. The increase affected all products with the exception of "poultry and rabbit" whose prices stagnated from one year to another. The most significant changes were recorded for citrus with a rate of 26.1 percent, as against -36.6 percent a year earlier, vegetables with 6.4 percent as opposed to -7 percent, and fruits with 3.5 percent, as against -6 percent.

Chart 1.4.1: Change in inflation and core inflation (%)

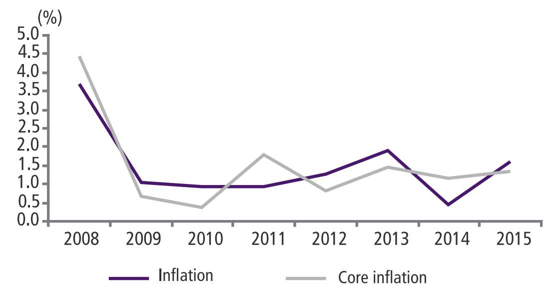
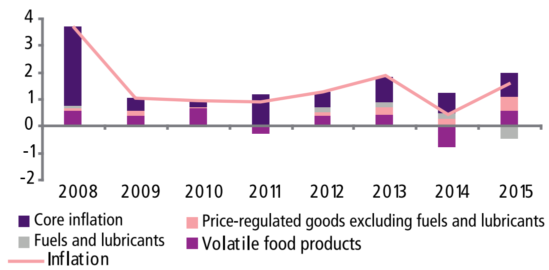


Chart 1.4.2: Contributions to inflation (in % points)



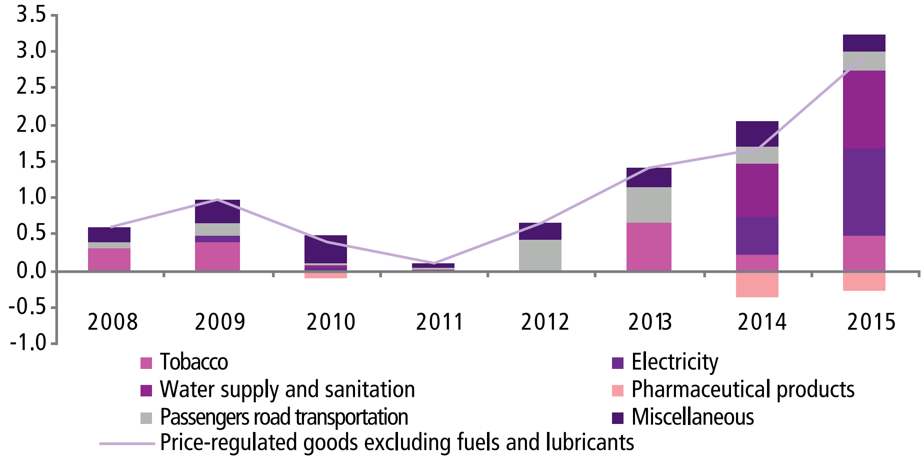
Sources: HCP, and BAM calculations.

1.4.1.2 Regulated goods

The rise in inflation in 2015 was also attributed to revised prices of several regulated goods and services in the past two years. These adjustments affected water and electricity supply services whose prices recorded increases of 8.9 percent and 6.6 percent, from 6.3 percent and 3 percent in 2014. Meanwhile, the application of a new arrangement to control prices of manufactured tobacco and the continued reform of the taxation thereof caused such prices to rise 4 percent, from 1.7 percent in 2014. Tariffs for passenger road transport progressed by 2.3 percent, mainly reflecting the increase applied by transporters in October 2014 in response to the partial removal of diesel subsidies. In total, prices for regulated goods excluding fuels and lubricants were up 2.9 percent, from 1.7 percent a year earlier, which is the fastest pace in the last eight years. Thus, their contribution to inflation increased to 0.5 from 0.3 percentage point in 2014.

After the complete removal of subsidies for gasoline prices in February 2014 and diesel prices in January 2015, fuel and lubricant prices were down 16.1 percent, after an increase of 7 percent a year earlier, due to a decline in world oil prices.

Chart 1.4.3: Contributions of price-regulated goods, excluding fuel and lubricants, to inflation (% points)



Sources: HCP and BAM calculations

Box 1.4.1: Change in prices for regulated goods

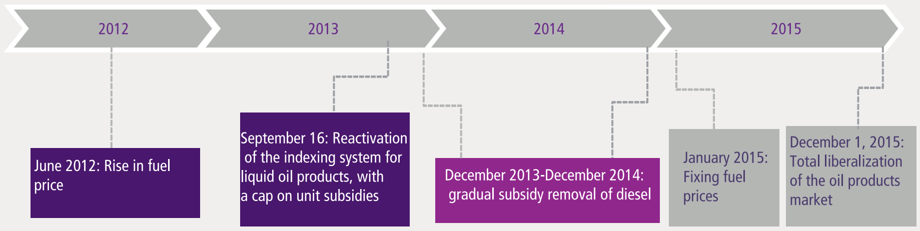
The establishment of a legal and administrative framework for regulating prices in Morocco dates back to the 1970s. At first, it covered 172 categories of goods and services, many of which were subsidized by the government, including milk and some of its derivatives, basic foodstuffs (oils, sugar and flour), sugar crops as well as some agricultural inputs and energy products. During the 1980s, the State's direct intervention in the economy diminished as part of the structural adjustment program, and therefore the number of regulated goods decreased significantly. In 2000, the law on freedom of pricing and competition brought the number to only 15 goods. Since then, an exhaustive list has been regularly updated by the Ministry of General Affairs and Governance.

Goods with regulated prices accounted for nearly 21 percent of the reference basket of the consumer price index, base 2006. This proportion fell to 18.4 percent as of December 2015, following the complete liberalization of fuel prices, which represent 2.4 percent of the basket.

1. Liquid petroleum products

After a price increase in June 2012, the Government reactivated on September 16, 2013 the liquid oil products price indexation system, with a cap of unit subsidies at 0.80 DH/L for gasoline, 2.6 DH/L for diesel and 930 DH/T for industrial fuel. In 2014, these subsidies were removed in February for gasoline and gradually for diesel. From January 2015 and with a view to completely liberalizing prices, a temporary certifying system was established, pursuant to the agreement signed on December 26, 2014 between the Government and the sector operators. Under this agreement, which covered the period from January 1 to November 30, 2015, the Government pledged to support the profession in the pricing of some petroleum products, to encourage investment in the sector and enforce uniform quality standards for the proposed products and services. Operators are committed to respecting and displaying approved prices, pursuing investment programs, ensuring supply for the country and staring to market 10 ppm diesel.

Change in the indexing system of fuels



The year 2015 is thus an important milestone in the oil subsidy reform process, while the full price liberalization as of December 1, 2015 constituted the final stage of this process.

After virtual stability between 2007 and 2012, fuel prices suffered the impact of these adjustments and reforms. They have become increasingly driven by trends in international prices and the exchange rate. Thus, after reaching their highest levels in July 2014, they dropped overall, reflecting a decline in oil prices and the removal starting from January 2015 of the equalization taxes[1] whose effects were somewhat mitigated by the appreciation of the dollar. During the first eleven months of 2015, prices recorded a year-on-year decline of 21.1 percent for gasoline and 8.6 percent for diesel.

Table B1.4.1.1 : Change in the average retail price of fuels (in dirhams per liter)

	2008	2009	2010	2011	2012	2013	2014	2015*
Diesel	7.2	7.2	7.2	7.2	7.7	8.3	9.3	8.5
Gasoline	10.8	10.3	10.2	10.2	11.3	12.2	12.8	10.1

* This concerns the first eleven months when diesel and gasoline prices were regulated.

Source : Caisse de Compensation (Subsidy Fund).

Chart B1.4.1.1: Change in gasoline price and its determinants (in points of %)

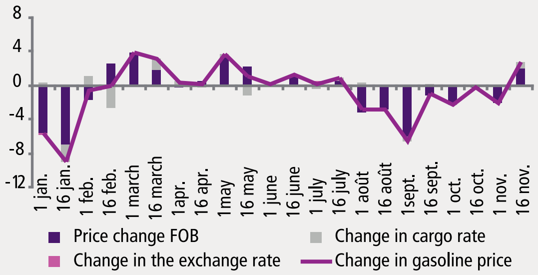
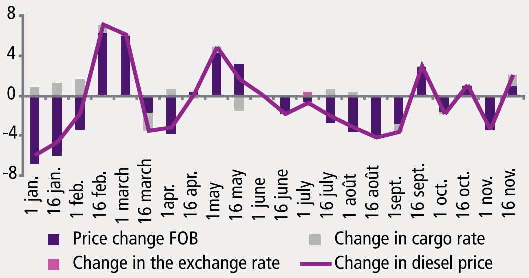


Chart B1.4.1.2: Change in diesel price and its determinants (in points of %)



Sources: Caisse de compensation (Subsidy Fund), and BAM calculations.

1 A tax levied on oil companies by the subsidy fund on sales of certain products, including gasoline and diesel, to partially cover subsidies for butane gas.

2. Regulated goods excluding fuels and lubricants

During the last three years, the State has also implemented a series of measures to reform prices for regulated goods excluding fuels and lubricants. Firstly, the pricing scheme for water and electricity supply services came into force in August 2014, as part of the program-contract with the National Office for Electricity and Drinking Water (ONEE). Accordingly, water and electricity tariffs recorded respective increases of 6.3 percent and 3 percent in 2014 and 8.9 percent and 6.6 percent in 2015. Their joint contribution to inflation reached 0.2 percentage point in 2014 and 0.4 in 2015. On the other hand, the reform of the tobacco tax system, enacted by the Finance Act 2013 and whose implementation was spread over three years, caused prices to grow by 5.5 percent in 2013, 1.7 percent in 2014 and 4 percent in 2015. This increase contributed 0.1 percentage point on average to inflation over the three years. However, lower prices of certain drugs in June 2014 resulted in a decline of 3 percent in pharmaceutical prices in the same year and 2.4 percent in 2015.

Chart B1.4.1.3: Contribution of price-regulated products to inflation (in points of percentage)

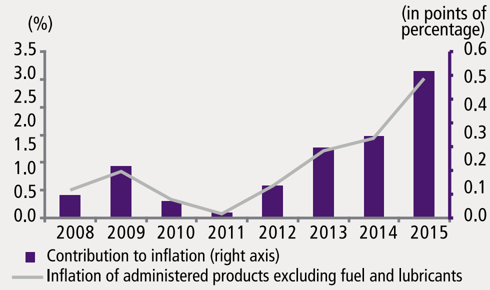
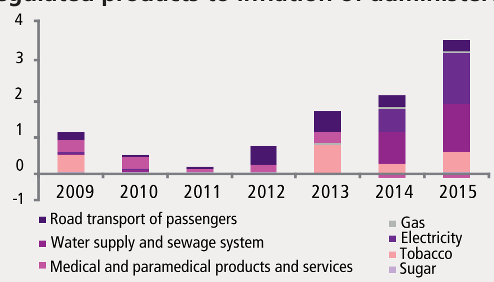


Chart B1.4.1.4: Contribution of the different price-regulated products to inflation of administered



Sources: HCP, and BAM calculations.

Furthermore, change in prices of road passenger transport registered three main increases in June and July 2012 and October 2014, in connection with the upward revisions of pump prices. Their average growth between 2012 and 2015 stood at 3.1 percent and their average contribution to inflation was 0.1 percentage point.

Overall, after an average annual rate of 0.5 percent between 2008 and 2012, growth of prices of regulated goods excluding fuels and lubricants accelerated to 1.4 percent in 2013, to 1.7 percent in 2014 and to 2.9 percent in 2015. Their contribution to inflation rose from 0.1 percentage point on average between 2008 and 2012 to 0.5 percentage point in 2015, or a third of the growth rate of consumer prices in the same year.

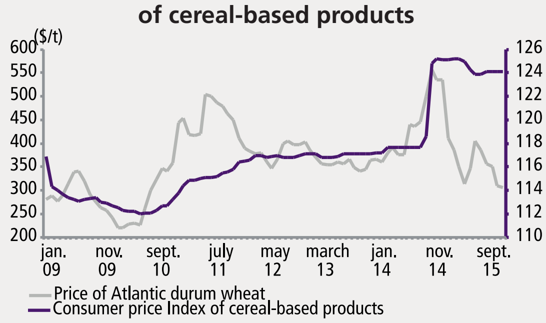
1.4.1.3 Core inflation

The slightly faster inflation from 1.2 percent in 2014 to 1.3 percent in 2015 covers contrasting trends across its components. Food prices grew from 1 percent to 1.8 percent, mainly in connection with increases of 4.7 percent, from 1.6 percent, for cereal-based products, and 0.6 percent, as against a 0.9 percent decline, for fresh meat. Similarly, communication charges grew by 0.2 percent, as against a 4.6 percent decline. However, growth of prices of certain goods and services slowed down especially from 2.6 percent to 1 percent for health, from 0.9 percent to 0.3 percent for transport and from 1.7 percent to 1.1 percent for housing.

Box 1.4.2: Change in world prices of durum wheat and impact on consumer prices in Morocco

Reflecting the food consumption patterns of Moroccans, cereal-based products are an important component of the reference CPI basket, with a share of 6.1 percent. Domestic demand is met largely by local industry characterized by a high dependence on imports of durum wheat, which constitutes about 80 percent of the production cost.

Chart B1.4.2.1: Change in the prices of Atlantic durum wheat and the consumer price Index of cereal-based products



Sources : France Agri Mer and BAM calculations.

Between May and November 2014, durum wheat prices increased significantly from $377/T to $556/T in the North American market, a main source of supply for the domestic market. This increase is primarily attributed to a decline in harvest that affected most production areas, in a context marked by an increasingly frequent deficit of production relative to consumption and reduced cultivated areas.

This price hike affected prices of cereal-based products that were up 5.2 percent in November 2014 from one month to another and 6.6 percent year on year. Their contribution to inflation increased from 0.08 percentage point in October to 0.42 in November, thus contributing more than half to the acceleration of inflation from 0.6 percent to 1.2 percent between these two months.

International durum wheat prices remained high before decreasing as of January 2015, falling to $320/T in June, in conjunction with expectations of a good crop year. This fall slightly affected local prices of cereal-based products, which were down only 0.6 percent in June compared to January 2015.

• Tradable and nontradable goods

Core inflation trends may be assessed by distinguishing between tradables and nontradables. Despite a deflationary context in many of Morocco's major trading partners and a decline in commodity prices, prices of tradables rose again by 1.4 percent, thus keeping their contribution to inflation at 0.7 percentage point. This change mainly reflected a further increase from 1.6 percent to 4.7 percent in cereal prices, due to changes in durum wheat prices. Apart from these products, growth of prices of tradables decelerated from 1.2 percent to 0.7 percent.

Table 1.4.2: Annual change in the prices of tradable* and nontradable goods (%)

	2008	2009	2010	2011	2012	2013	2014	2015
Tradables	6.5	-0.5	-0.8	2.5	2.0	1.2	1.4	1.4
Nontradables	2.1	2.1	1.7	1.0	-0.5	1.7	0.9	1.3

* Included in the core inflation indicator

Sources: HCP, and BAM calculations.

Prices of nontradable goods progressed by 1.3 percent, as against 0.9 percent, and their contribution to core inflation increased from 0.4 to 0.6 percentage point. This acceleration is mainly attributed to a 0.6 percent increase in fresh meat prices, as against a 0.9 percent decline, and stagnation of prices for "telephony and fax services", after a decline of 5.5 percent a year earlier.

Chart 1.4.4: Change in core inflation (in %)

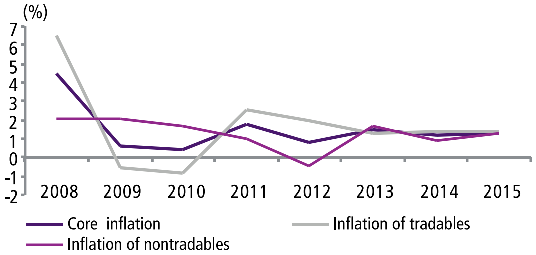
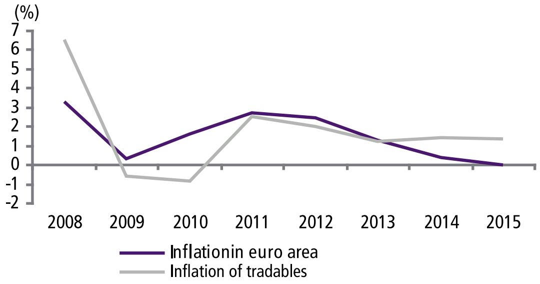


Chart 1.4.5: Change in inflation of tradables and inflation in the euro area (in %)



Sources: HCP, Thomson Reuters Eikon and BAM calculations.

1.4.2 Analysis of inflation of goods and services

The breakdown of the CPI basket components into goods and services indicates that the acceleration in inflation concerned all categories, with the exception of fuels and lubricants.

Indeed, prices of unprocessed goods rose 2.8 percent after falling 3.5 percent a year earlier, reflecting an increase in fresh food inflation. Prices of processed goods excluding fuels and lubricants moved up 1.4 percent in 2015, as against 0.9 percent in 2014. Meanwhile, growth of services prices accelerated from 2.1 percent to 2.5 percent, under the combined effect of rising prices of water and electricity services and the slow fall in prices for telephony and fax services.

Chart 1.4.6: Change in prices of goods and services (%)

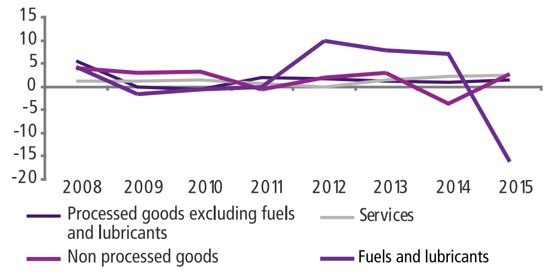
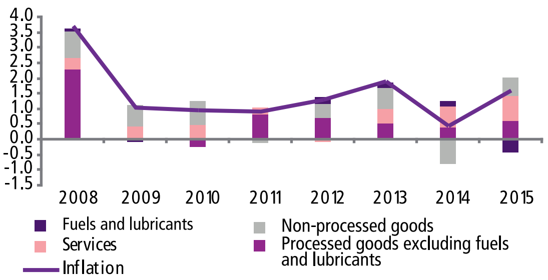


Chart 1.4.7: Contribution of prices of goods and services to inflation (% points)

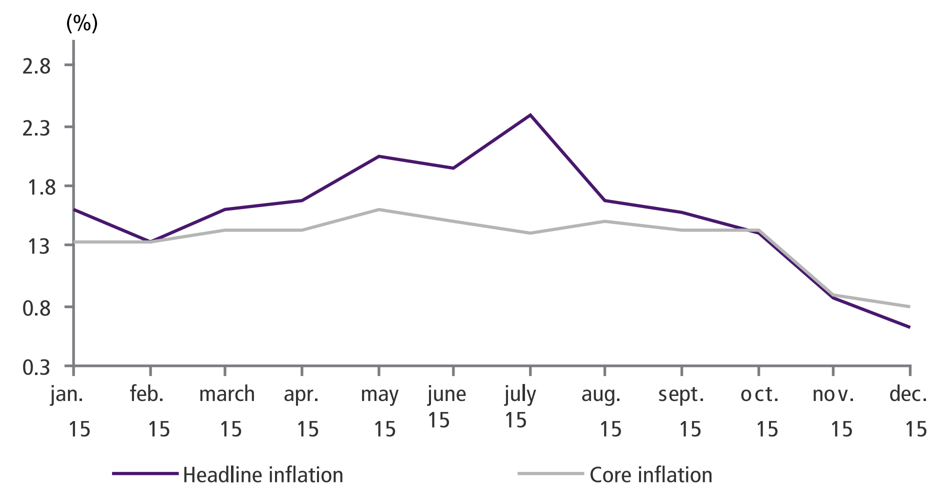


Sources: HCP, and BAM calculations.

1.4.3 Infra-annual price dynamics

Infra-annual price dynamics in 2015 were marked by a gradual acceleration of inflation to 2.4 percent in July and a downward trend to 0.6 percent in December 2015. However, its underlying component remained fairly stable at around 1.4 percent during the first ten months, before falling to 0.9 percent in November and 0.8 percent in December, in connection with the dissipation of the effect of higher prices for cereal-based products in 2014.

Chart 1.4.8: Infra-annual change of inflation and core inflation (in %)



Sources: HCP, and BAM calculations

1.4.4 Consumer price trends by city

The city-based analysis of consumer price trends shows that with the exception of Fes, all cities showed higher inflation rates in 2015. The price increase ranged between 0.8 percent in Fes and 2.4 percent in Meknes, and the inflation differential between cities widened further from 1.3 percentage point in 2014 to 1.6 percentage point.

Table 1.4.3 : Change in the CPI by city

	Annual average indexes			Inflation (%)	
	2013	2014	2015	2014	2015
Agadir	112.1	112.1	113.2	0.0	1.0
Casablanca	114.9	115.5	117.8	0.5	2.0
Fes	113.2	114.4	115.3	1.1	0.8
Kenitra	112.3	112.9	114.6	0.5	1.5
Marrakech	112.9	113.8	115.0	0.8	1.1
Oujda	112.6	112.5	114.2	-0.1	1.5
Rabat	110.5	111.5	113.0	0.9	1.3
Tetouan	112.0	112.4	114.4	0.4	1.8
Meknes	114.9	115.1	117.9	0.2	2.4
Tangier	114.7	115.1	117.0	0.3	1.7
Laayoune	112.6	112.8	115.1	0.2	2.0
Dakhla	111.8	112.6	115.2	0.7	2.3
Guelmim	112.5	112.3	114.5	-0.2	2.0
Settat	112.7	112.5	113.7	-0.2	1.1
Safi	108.2	108.9	110.5	0.6	1.5
Beni-Mellal	111.7	111.9	113.3	0.2	1.3
Al-Hoceima	114.0	113.8	115.3	-0.2	1.3
National	**112.9**	**113.4**	**115.2**	**0.4**	**1.6**
Range (% points)				**1.3**	**1.6**

Sources: HCP, and BAM calculations.

1.4.5 Change in the industrial producer price index

The continued downward trend in international commodity prices affected the industrial producer price index that dropped further from 2.9 percent in 2014 to 4.5 percent in 2015.

Chart 1.4.9: Change in the overall DJ-UBSCI[1] and the industrial producer price index

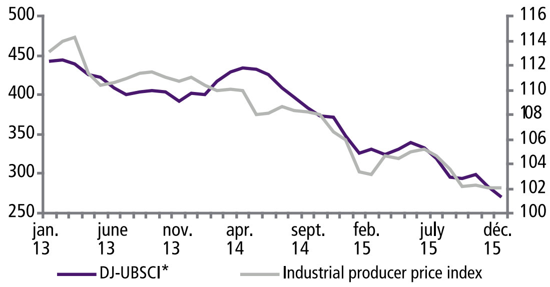
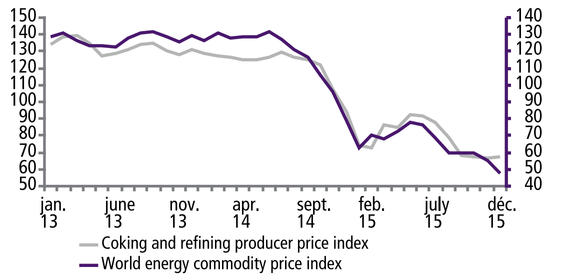


Chart 1.4.10: Change in the world energy commodity price index and the oil refining producer price index



[1] The Dow Jones-UBS Commodity Index (DJ-UBSCI) is composed of futures quotations of 22 commodities, including energy and agricultural goods, precious metals and base metals.

Sources: HCP, Thomson Reuters Eikon, and BAM calculations.

By industry, this decline affected mainly "oil refining" with a drop of 35.8 percent and, to a lesser extent, "textile industry" and "food industry" with respective rates of 2.8 percent and 0.7 percent. By contrast, producer prices progressed 2.8 percent for "clothing" and 5.2 percent for "tobacco products".

Table 1.4.4: Manufacturing producer price index (2010 = 100)

Change in %	2011	2012	2013	2014	2015
Food industries	4.5	3.2	1.5	-0.7	-0.7
Tabacco products	0.0	0.0	6.4	2.1	5.2
Chemicals	36.7	2.1	-9.5	-11.7	-0.3
Textile industry	2.1	0.8	-0.3	0.5	-2.8
Oil refining	29.8	10.9	-7.8	-8.1	-35.8
Clothing	0.6	0.8	0.7	1.1	2.8
Overall index	**10.6**	**2.9**	**-1.8**	**-2.9**	**-4.5**

Sources: HCP, and BAM calculations.

1.5 Public finance

The fiscal position continued to improve since 2013, as the budget deficit excluding privatization receipts narrowed from 4.9 percent of GDP in 2014 to 4.4 percent in 2015, in line with the Finance Act objective.

Revenue trends were marked by a 3.8 percent increase in tax receipts, mainly owing to improved proceeds from income tax and domestic VAT, and a drop in grants from GCC to 3.7 billion from 13.1 billion dirhams a year earlier. Regarding expenditure, the sharp decline in international energy commodity prices resulted in a reduction of 57.2 percent in subsidy costs, while spending on other goods and services grew faster again. Investment was up 7.8 percent, with an implementation rate of 119 percent.

Given the 6.9 billion reduction in the stock of arrears, cash deficit reached 49.6 billion, financed almost entirely by the domestic market. Against this backdrop, the Treasury's debt ratio was slightly up to 64.1 percent of GDP, with an increase of 1.5 point of GDP in its domestic component to 49.7 percent and a decline of 1 point in its external component to 14.3 percent of GDP.

1.5.1 Finance Act 2015

The Finance Act 2015 was developed based on average price of $103 a barrel for oil and 804 dollars per tonne for butane as well as a dirham/dollar exchange rate at 8.6 dirhams. It targeted a deficit of 4.3 percent of GDP or 42 billion dirhams and maintained a 2 percent inflation.

Tax revenues were expected to improve by 2 percent compared to the 2014 Finance Act, driven by increases of 7.7 percent in corporate tax receipts, 4 percent in income tax revenue and 5.2 percent in domestic consumer taxes. However, proceeds from VAT and customs duties should post respective decreases of 1.7 percent and 5.8 percent. Nontax revenues were expected to rise 15.6 percent, with an amount of 13 billion dirhams as grants from GCC.

Current expenditure should decrease by 0.9 percent, covering a decline to 22.9 billion dirhams in subsidy costs, as against 35 billion in the 2014 Finance Law, and an increase of only 1.7 percent in payroll. Investment issues were planned at 49.2 billion, up 12.6 percent.

Table 1.5.1 : Treasury expenses and revenues (millions of DH)

	Finance Act 2014	Finance Act 2015	Change in %	Change in value
Current receipts	**232 231**	**240 197**	**3,4**	**7 966**
Tax receipts[1]	204 686	208 819	2,0	4 134
including : Value added tax	81 708	80 281	-1,7	-1 426
CT	39 710	42 780	7,7	3 070
IT	35 137	36 540	4,0	1 403
Nontax receipts[3]	24 545	28 378	15,6	3 833
Including : Grants from GCC countries	8 500	13 000	52,9	4 500
Receipts of some special Treasury accounts	3 000	3 000	0,0	0
Overall expenditure	**283 891**	**287 154**	**1,1**	**3 262**
Current expenditure	**240 150**	**237 919**	**-0,9**	**-2 231**
Staff expenditure	103 700	105 509	1,7%	1 809
Other goods and services	53 003	58 865	11,1%	5 862
Public debt service	23 935	26 560	11,0	2 625
Subsidy costs	35 000	22 900	-34,6	-12 100
Transfers to local government	24 512	24 084	-1,7	-428
Current balance	**-7 919**	**2 279**		**10 198**
Capital spending[2]	43 741	49 235	12,6	5 494
Balance of other Treasury special accounts	5 100	5 000		
Overall fiscal balance	**-46 561**	**-41 957**		
In percentage of GDP	**-4,9**	**-4,4**		
Change in arrears	-7 984	0		
Financing requirement	**-54 545**	**-41 957**		
Domestic financing	32 751	20 368		
External financing	21 794	21 589		

1 Including 30% of VAT receipts transferred to local governments.
2 Issuance forecasts.
Source: Ministry of Economy and Finance (DTEF).

Box 1.5.1 : Major tax measures of the Finance Act 2015

Concerning corporate tax, it was decided:

- To enable companies to automatically deduct the surplus amount of the corporate tax paid in a given fiscal year in the following years without time limits;
- To broaden the scope of application of the reduced rate of 10 percent granted under the status of "Casablanca Finance City" to the representative offices of non-resident companies.

With regard to **income tax**, the measures adopted are as follows:

- Increase the maximum of deducing premiums and contributions relating to pension insurance contracts from 6 percent to 10 percent of total taxable income for taxpayers who do not have wage income and limit it to 50 percent of taxable net wage for taxpayers who have wage income. Taxpayers with the two revenue categories can choose either of the two options mentioned above;
- Assimilate advances on pension insurance contracts received before the expiration of the term of 8 years and/or before the age of 50 years with redemptions subject to the income tax;
- Apply escalation instead of abatement rates commensurate with the gross pension amounts :

Table B1.5.1.1 : Abatement rates applicable to gross annual pension amounts

Before 2015 (proportional)	As of January 1, 2015 (gradual)
55% when the gross amount ≤ 168,000 DH	55% on the gross amount totaling 168,000 DH
40% when the gross amount > 168,000 DH	40% for the surplus

- Maintain until December 31, 2016 incentives for taxpayers who identify themselves for the first time to the tax administration. Only income earned and transactions performed as of the date when taxpayers identify themselves, will be taxable;
- Exonerate the gross monthly salary of new recruits, up to 10,000 dirhams, over a period of 24 months, within a limit of five employees for companies created between 2015 and 2019;
- Abolish the possibility of extended exemption of the monthly internship allowance;
- Exclude from the scope of implementation of registration fees the listed companies mostly dealing with real estate and apply the specific rate of 15 percent instead of 20 percent, to profits of transfers of stocks or shares of these companies.

In terms of **the value added tax**, the period for exempting capital goods for newly established companies was extended from 24 to 36 months. Furthermore, the threshold of investment programs eligible for conventional regime with the State was reduced from 200 million to 100 million dirhams. In addition to these measures, several rate readjustments were made:

Table B1.5.1.2 : VAT rate readjustments

Transactions or products	Prior to 2015	FA 2015
Credit transactions relating to low-income housing	Exempted	10%
Rice flour and semolina and starch flour	10%	20%
Loose or retail-packed tea	14%	20%
Solar water heaters	14%	10%
Highway tolls	10%	20%
Works and objects of art	20%	10%
Fishing gear and nets	20%	10%

Other tax measures were also introduced, including:

- Increasing the registration rate applicable to the transfer of corporate stocks and shares from 3 percent to 4 percent;
- Granting foreigners living in Morocco the opportunity to purchase low property-value housing or housing for the middle class;
- Reducing rental income exemption period from 20 to 8 years and raising the rent from 700 to 1000 dirhams for low-income housing and from 1200 to 2000 dirhams for low property-value housing for operators entering into agreements with the State for purchasing housing for rental;
- Lowering import duties on several products, including tea, concentrated fruit puree and some spices not produced locally;
- Reducing the investment threshold for the acquisition of capital goods eligible for exemption from import duties from 200 to 100 million dirhams.

1.5.2 Budget execution

The overall deficit excluding privatization eased from 45.7 billion dirhams in 2014 to 42.7 billion in 2015. Current revenues[1] declined slightly by 0.5 percent to 233.7 billion, as lower grants was largely offset by higher tax revenues. Overall expenditure was down 1.4 percent to 282.1 billion dirhams, covering in particular a sharp decline in subsidy costs and a significant increase in investment.

Chart 1.5.1: Change in budget deficit

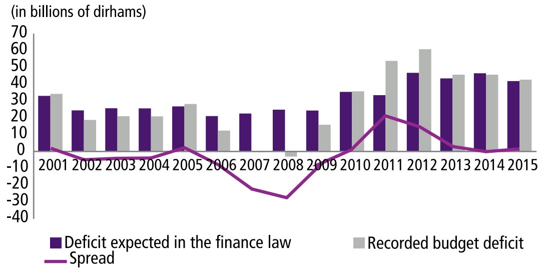
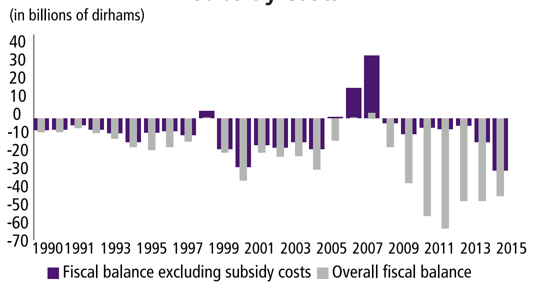


Chart 1.5.2: Change in fiscal balance excluding subsidy costs



Source: Ministry of Economy and Finance (DTEF).

1 Including the share of VAT proceeds transferred to local governments and excluding privatization receipts.

Current revenues

After increasing 0.7 percent in 2014, tax revenues rose by 3.8 percent to 205.8 billion dirhams. Given an increase of 6.3 percent in nominal GDP, the tax burden[1] was reduced to 21 percent from 21.5 percent in 2014 and an average of 22.5 percent between 2009 and 2013.

Proceeds from direct taxes improved by 4.1 percent, as against 0.3 percent in 2014, driven by an 8.4 percent increase in income tax receipts to 36.8 billion. Corporate tax revenue decreased by 0.4 percent to 41.3 billion, due to a base effect following exceptional revenues recorded in 2014, including mainly 1.1 billion from the sale of a share of Maroc Telecom capital.

Indirect taxes revenue amounted to 100.6 billion, up 3.5 percent after falling 0.9 percent in 2014. VAT receipts rose by 2.5 percent to 75.3 billion, reflecting an increase of 9.3 percent to 29.5 billion in domestic VAT. However, due to the decline in the value of imports, proceeds from import VAT dropped by 1.4 percent to 45.8 billion. Meanwhile, revenues from the domestic consumer tax (DCT) progressed by 6.4 percent to 25.4 billion, mainly with an increase of 10 percent to 15.3 billion in energy DCT.

For other sections, registration and stamp duties showed an increase of 7 percent to 16.7 billion, while proceeds from customs duties were slightly down 0.3 percent to 7.7 billion.

Chart 1.5.3: Change in corporate tax and income tax revenues

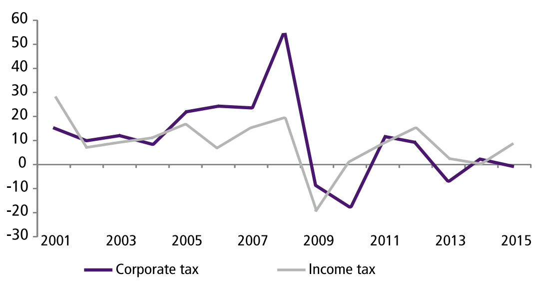
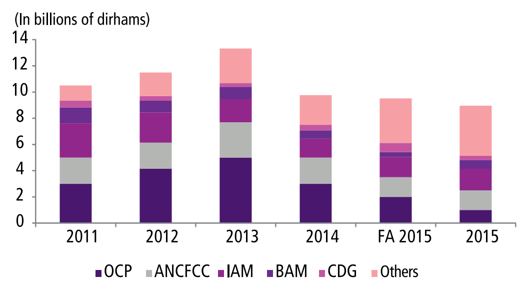


Chart 1.5.4: Change in receipts from monopolies and equity holdings



Source: Ministry of Economy and Finance (DTEF).

Meanwhile, nontax revenues fell from 33.6 to 25 billion dirhams, mainly reflecting a decline from 13.1 billion in 2014 to 3.7 billion of donations from GCC. Similarly, monopoly receipts dropped by 8.4 percent to 9 billion, including a decrease from 3 billion to one billion in dividends paid by OCP and the collection of 1.7 billion as duties from 4G phone licenses. Other revenues from monopoly and equity holdings come mainly from Maroc Telecom, with 1.6 billion, the National Land Registry Office (ANCFCC), with 1.5 billion and Bank Al-Maghrib, with 651 million dirhams. The remaining of other nontax revenues totaled 12.3 billion, including 4.4 billion of "expenditure-offsetting income."

1 Ratio of tax revenues to nominal GDP.

Chart 1.5.5: Change in Treasury current receipts

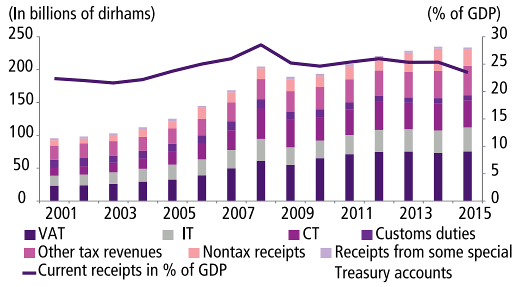
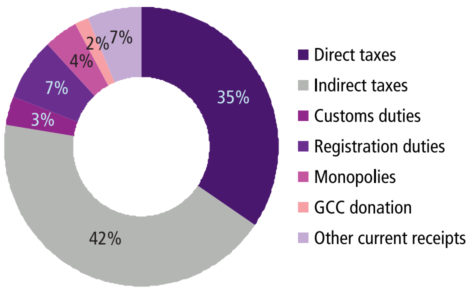


Chart 1.5.6: Structure of current receipts in 2015



Source: Ministry of Economy and Finance (DTEF).

Box 1.5.2 : Organic Law on the Finance Act: inputs and implementation

As part of modernizing the public finance system and aligning existing laws with the provisions of the 2011 Constitution, a new organic law on the finance act was adopted in 2015. It aims to improve visibility, discipline and transparency of public finance by implementing an output-based management, by introducing in particular a multi-year budgeting and a fiscal rule that limits the new net borrowings used to finance investments. Its gradual implementation will be spread over a period of five years starting from 2016.

With a view to improving the efficiency of government expenditure, several measures have been introduced in the Finance Act 2016. These particularly include the prohibition to incorporate staff and material costs in the investment chapter and the creation of a chapter entitled "refunds, rebates and tax refunds" to comply with the gross nature of expenses. As of January 1, 2017, a new rule on the limitation of staff appropriations will enter into force, instead of the evaluative character implemented currently.

In terms of budgetary transparency, the creation of special accounts or "State services managed autonomously" will depend as of 2016 on the existence of a minimum of own resources. In the same context, two new notes on common expenses and regional allocation of investment as well as a report on the public land mobilized for investment will be part of the documents accompanying finance bills.

Staring from 2018, a new program-based approach allowing for managerial accountability and outcome follow-up will be applied. Moreover, carryovers of payment appropriations approved under investment spending will be limited. To strengthen overall budgetary discipline and transparency of public finance, the State will have to keep general accounts making it particularly possible to establish its assets and financial position.

The three-year budget planning of government departments and subsidized public institutions will be applied and submitted to Parliament as of 2019. In 2020, the last year of implementation of the act, the State's contributions to social welfare and retirement under staff costs will be taken into account effectively. The draft regulation law will be therefore accompanied by the State's General Account, annual performance report and performance audit report. Certifying the State's accounts by the Court of Auditors will be mandatory.

Table 1.5.2 : Treasury expenses and revenues

	2014[1]	2015	Change in %	Implementation rate compared to the Finance Act 2015
Current receipts	**234 944**	**233 716**	**-0,5**	**97,3**
Tax receipts	**198 186**	**205 788**	**3,8**	**98,5**
- Direct taxes	77 593	80 760	4,1	98,8
Corporate tax	41 480	41 319	-0,4	96,6
Income tax	33 985	36 848	8,4	100,8
- Indirect taxes	97 276	100 637	3,5	95,9
Value added tax [2]	73 427	75 271	2,5	93,8
Domestic consumer tax	23 849	25 366	6,4	102,9
- Customs duties	7 738	7 715	-0,3	106,1
- Registration and stamp duties	15 579	16 676	7,0	112,1
Nontax receipts	**33 587**	**24 981**	**-25,6**	**88,0**
- Grants from GCC countries	13 120	3 716	-71,7	28,6
Receipts of some Special Treasury accounts	**3 171**	**2 947**	**-7,1**	**98,2**
Overall expenditure	**286 030**	**282 091**	**-1,4**	**98,2**
Current expenditure	**231 723**	**223 548**	**-3,5**	**94,0**
Goods and services	**152 259**	**159 700**	**4,9**	**97,2**
- Staff expenditure	101 505	102 669	1,1	97,3
- Other goods and services	50 754	57 031	12,4	96,9
Public debt service	**24 788**	**27 289**	**10,1**	**102,7**
- Domestic	21 052	23 304	10,7	102,3
- External	3 736	3 985	6,7	105,3
Subsidy costs	**32 648**	**13 977**	**-57,2**	**61,0**
Transfers to local governments	**22 028**	**22 581**	**2,5**	**93,8**
Current balance	**3 221**	**10 169**		
Capital spending	**54 307**	**58 544**	**7,8**	**118,9**
Balance of other Special Treasury accounts	5 396	5 630		
Primary balance	**-20 903**	**-15 456**		
Overall fiscal balance	**-45 690**	**-42 745**		
Change in arrears	-2 091	-6 873		
Financing requirement	**-47 781**	**-49 618**		
Domestic financing	36 442	49 522		
- Auction market	13 086	44 047		
- Other transactions	23 356	5 475		
External financing	9 293	54		
- Drawings	17 685	8 422		
- Depreciation	-8 392	-8 369		
Privatization	2 046	43		

1 Revised figures
2 Including 30% of VAT receipts transferred to local governments.
Source: Ministry of Economy and Finance (DTEF).

Overall expenditure

The Treasury's overall expenditure fell 1.4 percent to 282.1 billion, as the sharp decline in subsidy costs more than offset increases in other categories, particularly other goods and services as well as investment.

Chart 1.5.7: Change in overall Treasury expenditure

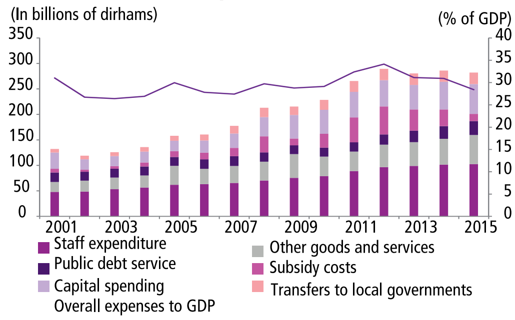
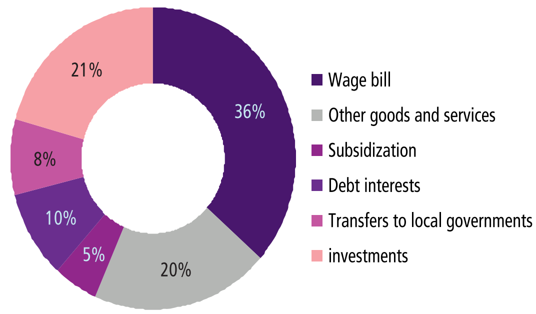


Chart 1.5.8: Structural of overall expenditure in 2015



Source: Ministry of Economy and Finance (DTEF).

Subsidy costs fell from 32.6 billion dirhams to 14 billion in 2015, including 8.6 billion for gas, down 40.9 percent, 2.9 billion for sugar and 2.5 billion for flour. The decrease in gas subsidy reflects lower gas prices on the international market, dropping from an average of 723.3 dollars per tonne in 2014 to 376.4 dollars in 2015. The effect of this decline was mitigated by the appreciation of the dollar, whose average price stood at 9.75 dirhams, from 8.41 dirhams in 2014.

Operating expenses increased by 4.9 percent to 159.7 billion dirhams. After rising 2.5 percent in 2014, payroll grew by 1.1 percent to 102.7 billion, reflecting in particular a net creation of nearly 7,000 jobs and a decrease of 26.7 percent in retroactive pays by the Treasury's Staff Costs Department (DPP)[1]. As a percentage of GDP, it fell from 11 percent to 10.5 percent, one year to the next.

Spending on other goods and services, up 12.4 percent, stood at 57 billion, bringing its share in overall spending from 17.7 percent to 20.2 percent. In particular, after an increase of 22.2 percent, transfers to public institutions increased by 11.9 percent to 16 billion dirhams.

1 Salaries paid by Treasury's Staff Costs Department (DDP) represent 88.5 percent of payroll.

Chart 1.5.9 : Change in the wage bill

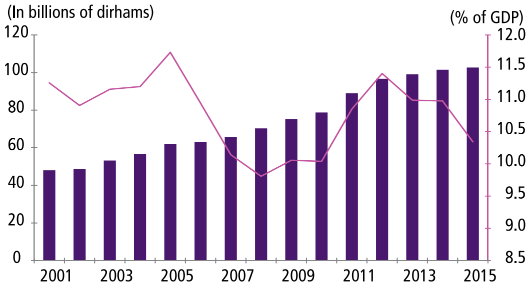
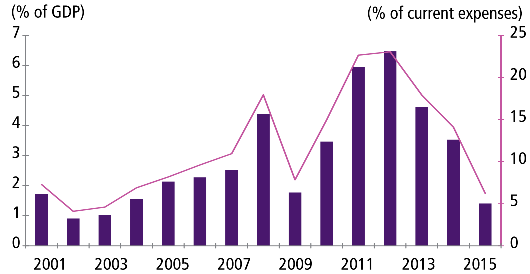


Chart 1.5.10 : Change in subsidy costs



Source: Ministry of Economy and Finance (DTEF).

Debt servicing charges moved up 10.1 percent to 27.3 billion, mainly reflecting an increase of 10.7 percent to 23.3 billion in its domestic component. Similarly, after a 3.8 percent drop in 2014, interest on external debt rose by 6.7 percent to 4 billion, including 383 million dirhams for a loan of one billion euros contracted in June 2014.

Overall, the Treasury's current expenditure fell for the third consecutive year, reaching 223.5 billion. Against this backdrop, the budget savings amounted to 10.2 billion from 3.2 billion in 2014, thus covering 17.4 percent of investment issues, as against 5.9 percent in 2014. These issues moved up 7.8 percent to 58.5 billion, mainly reflecting an increase of 16 percent to 36.2 billion in the ministries' capital expenditure and a decrease of 6.3 percent to 10.8 billion in payments to Treasury special accounts.

Chart 1.5.11 : Change in the current balance

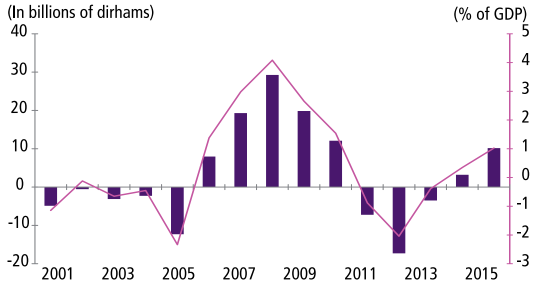
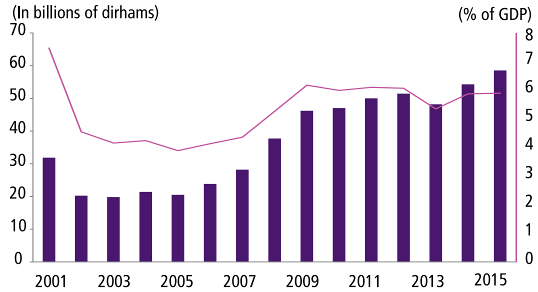


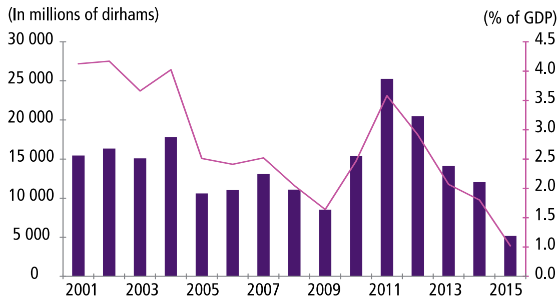
Chart 1.5.12 : Capital spending



Source: Ministry of Economy and Finance (DTEF).

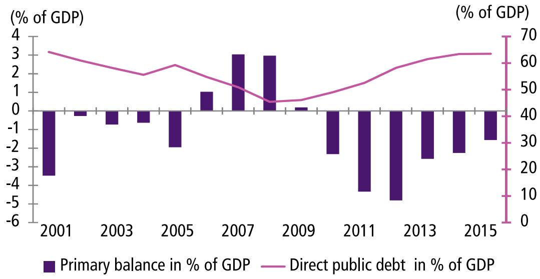
Given a positive balance of Treasury special accounts, amounting to 5.6 billion, the budget deficit eased from 45.7 billion in 2014 to 42.7 in 2015. In addition, the Treasury reduced its stock of arrears by 6.9 billion, bringing it to around 5 billion. As a result, the cash deficit stood at 49.6 billion compared to 47.8 billion in 2014.

Chart 1.5.13 : Change in the stock of arrears



Source: Ministry of Economy and Finance (DTEF).

Chart 1.5.14 : Change in primary balance and direct public debt



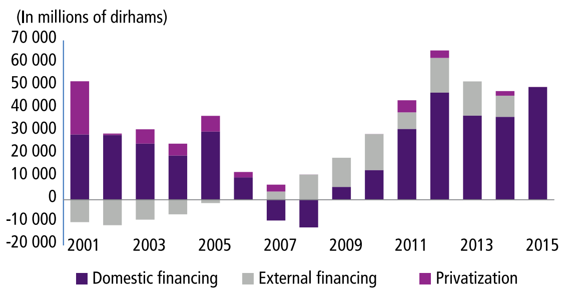
1.5.3 Treasury financing

The Treasury borrowing requirement was covered almost entirely by the domestic market. The net resources mobilized stood at 49.5 billion dirhams, from 36.4 billion in 2014. Net issuances of Treasury bills totaled 44 billion and the rest was mobilized through the Treasury's own channels.

The Treasury external resources stood at 8.4 billion dirhams, an amount almost equivalent to that of repayments. Thus, net flows stood at 54 million, as against 9.3 billion in 2014. These resources were almost fully mobilized from international institutions, including loans worth 5.8 billion from the World Bank and 1.7 billion from the African Development Bank.

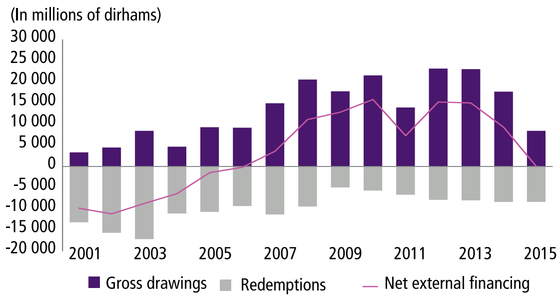
Moreover, privatization receipts were limited to 43 million from the sale of the State's equity holdings in the capital of Société Mer Verte, as against 2 billion dirhams in 2014.

Chart 1.5.15 : Treasury's net financing



Source: Ministry of Economy and Finance (DTEF).

Chart 1.5.16 : Treasury's external financing



1.5.4 Public debt

At end-December 2015, the outstanding direct public debt stood at 629.2 billion dirhams, up 7.3 percent, mainly reflecting an increase of 9.6 percent in its domestic component to 488.4 billion. Particularly, as the Treasury focused on medium-term maturities in terms of gross subscriptions, whose share reached 29.1 percent from 19.1 percent in 2014, the average maturity of domestic debt increased further in 2015 from 5.8 to 6.3 years. Under these conditions, the average cost[1] rose by 20 basis points to 5.2 percent, despite a decline of 17 basis points to 4.1 percent in the weighted average rate of new Treasury issues.

Meanwhile, the outstanding direct foreign debt fell by 0.2 percent to 140.8 billion dirhams, thus representing 22.5 percent of overall direct debt. Its currency structure is still dominated by the euro, albeit with a decline in its share from 78.8 percent to 75.9 percent. The average cost decreased by 5 basis points to 2.82 percent.

The ratio of direct public debt to GDP increased slightly from 63.5 percent to 64.1 percent, covering an increase in domestic debt from 48.2 percent to 49.7 percent and a decrease of one percentage point in external debt to 14.3 percent.

The external debt of State-owned companies and institutions rose by 16.8 percent to 160 billion, thus representing 16.3 percent of GDP, as against 14.8 percent in 2014. In total, the stock of overall public debt[2] moved up by 9.1 percent to 789.2 billion[3], accounting for 80.4 percent of GDP from 78.3 percent in 2014.

Chart 1.5.17 : Change in Treasury debt

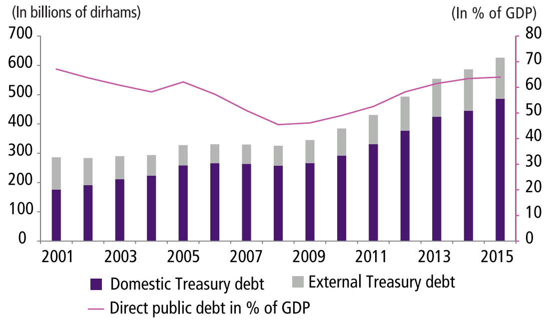
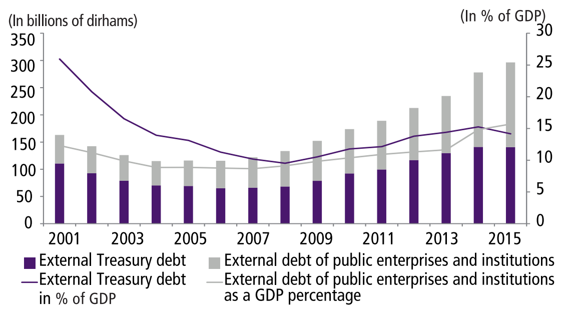


Chart 1.5.18 : Change in public debt



Source: Ministry of Economy and Finance (DTEF).

1 It is calculated as the ratio of debt interest paid in the current year to the stock of debt in the previous year.

2 The Treasury and State-owned companies and institutions

3 These data do not include secured domestic debt.

Table 1.5.3 : Public debt position (in billions of dirhams)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
I- Domestic Treasury debt (1+2)	**263.8**	**257.5**	**266.4**	**292.3**	**331.3**	**376.8**	**424.5**	**445.5**	**488.4**
In % of GDP	40.7	35.9	35.6	37.2	40.4	44.4	47.3	48.2	49.7
1- Treasury bond auctions	**259.6**	**252.7**	**257.9**	**277.8**	**314.2**	**356.7**	**413.0**	**426.1**	**470.1**
In % of GDP	40.1	35.2	34.5	35.4	38.3	42.1	46.0	46.1	47.9
2- Other domestic debt instruments	**4.2**	**4.9**	**8.5**	**14.4**	**17.1**	**20.1**	**11.5**	**19.4**	**18.3**
In % of GDP	0.6	0.7	1.1	1.8	2.1	2.4	1.3	2.1	1.9
II- External Treasury debt	**65.9**	**68.3**	**78.7**	**92.4**	**99.6**	**116.9**	**129.8**	**141.1**	**140.8**
In % of GDP	10.2	9.5	10.5	11.8	12.1	13.8	14.5	15.3	14.3
III- Stock of direct debt (I+II)	**329.8**	**325.8**	**345.2**	**384.6**	**430.9**	**493.7**	**554.3**	**586.6**	**629.2**
In % of GDP	50.9	45.4	46.1	49.0	52.5	58.2	61.7	63.5	64.1
IV- Secured external debt of state-owned companies and institutions	**56.1**	**65.3**	**73.5**	**81.5**	**89.5**	**95.8**	**104.9**	**137.0**	**160.0**
In % of GDP	8.7	9.1	9.8	10.4	10.9	11.3	11.7	14.8	16.3
External public debt (II+IV)	**122.0**	**133.6**	**152.3**	**173.8**	**189.1**	**212.7**	**234.7**	**278.1**	**300.8**
In % of GDP	18.8	18.6	20.3	22.2	23.1	25.1	26.1	30.1	30.6
Stock of public debt (III+IV)	**385.9**	**391.1**	**418.7**	**466.1**	**520.5**	**589.5**	**659.2**	**723.6**	**789.2**
In % of GDP	59.6	54.6	55.9	59.4	63.5	69.5	73.4	78.3	80.4
GDP at current prices	**647.5**	**717.0**	**748.5**	**784.6**	**820.1**	**847.9**	**897.9**	**923.7**	**982.2**

Source: Ministry of Economy and Finance (DTEF) and HCP.

Box 1.5.3 : Debt sustainability analysis

Debt sustainability threshold in Morocco

The question of the public debt sustainability level has been addressed in several economic studies. Indeed, recent studies by the OECD[1] concluded that debt sustainability depends on the country's development level, but a high public debt ratio is generally associated with lower growth. Meanwhile, the IMF[2] does not propose adopting specific public debt thresholds, but recommends a more stringent analysis of vulnerabilities when the debt ratio exceeds a certain level. The work of Reinhart and Rogoff (2010)[3], Reinhart et al. (2012)[4] and Pescaroti et al. (2014)[5] showed that in advanced countries, growth is clearly deteriorating, when debt exceeds 90 percent of GDP. However, other studies including those by Herndon et al. (2013)[6] suggest that there is no particular inflection point or threshold effect.

1 OECD (2015), "Achieving prudent debt targets using fiscal rules", OECD Economics Department Policy Note.

2 FMI (2011), « Modernizing the Framework for Fiscal Policy and Public Debt Sustainability Analysis », the Fiscal Affairs Department and the Strategy, Policy, and Review Department.

3 Carmen M. Reinhart and Kenneth S. Rogoff (2010), « Growth in a Time of Debt », American Economic Review.

4 Carmen M. Reinhart and Vincent R. Reinhart (2012), « Debt overhangs: past and present », National Bureau of Economic Research.

5 Pescaroti, Sandri and Simon (2014), "No Magic Threshold", Finance and Development.

6 Herndon, Ash and Pollin (2013), « Does High Public Debt Consistently Stifle Economic Growth? A critique of Reinhart and Rogoff », Political Economy Research Institute.

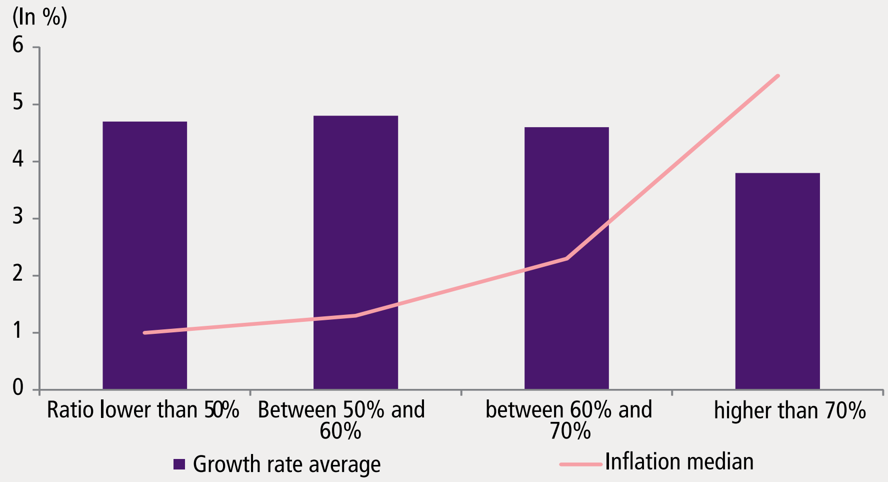
The method of Reinhart and Rogoff in particular, consists in analyzing the link between growth and inflation on the one hand, and the debt level on the other. It has the advantage of being applicable to an individual country. Its application to the case of Morocco, on the basis of data from the period 1982-2015, indicates that Treasury debt ratio exceeding 70 percent of GDP is associated with a decline in growth rate and a significant increase in inflation.

Table B1.5.3.1 : Summary of results

	Public debt ratio as a % of GDP			
	Lower than 50%	between 50% and 60%	between 60% and 70%	higher than 70%
Average growth	4.7%	4.8%	4.6%	3.8%
Spread*	-	0.1%	-0.2%	-0.8%
Median inflation	1%	1.3%	2.3%	5.5%
Number of years	3	7	14	10

* Difference between average (or median) growth of the higher interval compared to the lower one.

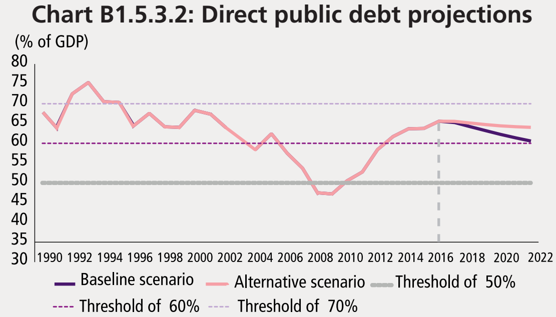
Chart B 1.5.3.1: Public debt, growth and inflation 1983-2015



Public debt sustainability

The simulation exercise of changes in Treasury debt over the period 2016-2022 is based on the budget forecasts of the Finance Act 2016 and Bank Al-Maghrib's 2017 macroeconomic outlook. For the remainder of the period, a primary balance is assumed, making it possible to converge towards a budget deficit of around 3 percent of GDP and growth is considered endogenous dependent on fiscal stimulus.

Chart B1.5.3.2: Direct public debt projections



Sources: Ministry of Economy and Finance, and BAM forecasts;

Simulations show that debt should start declining as of 2017. It should increase from 64.1 percent in 2015 to 65.9 percent in 2016, before falling to less than 65.5 percent in 2017. However, a negative shock of growth of 1 percentage point starting from 2017 would result in an average increase of 2 points in debt compared to the baseline scenario.

1.6 Balance of payments

External accounts improved further in 2015. The trade deficit eased by 19.2 percent, primarily reflecting a marked reduction in the energy bill, a continued export momentum in the automotive sector and higher sales of phosphates. Meanwhile, remittances from Moroccan expatriates moved up 2.9 percent, while travel receipts fell 1.2 percent. Overall, despite a sharp decline in inflows of grants from GCC countries to 3.7 billion dirhams, the current account deficit eased significantly to 1.9 percent of GDP from 5.6 percent in 2014 and 7.9 percent in 2013.

In terms of financial transactions, foreign direct investments (FDI) remained high with an inflow of 39 billion dirhams, while the balance of loans recorded a decrease, mainly reflecting lower drawings of the Treasury and public businesses and institutions.

Against this backdrop, the stock of net international reserves strengthened by 23.5 percent to 224.6 billion dirhams. Thus, it represented the equivalent of 6 months and 24 days of imports of goods and services from 5 months and 9 days at the end of 2014.

Table 1.6.1: Balalnce payment main components (in % of GDP)

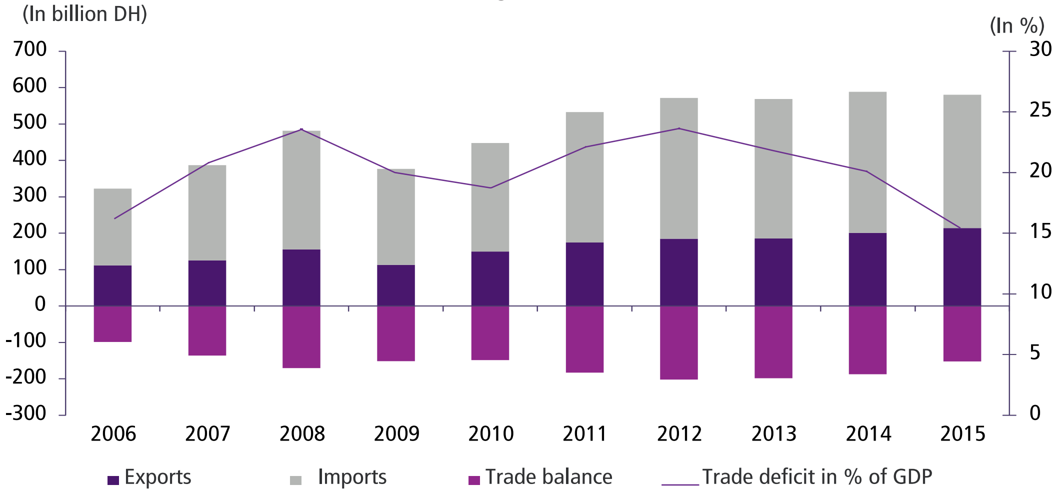
	Average 2001-2007	2008	2009	2010	2011	2012	2013	2014	2015
Current account	**2.3**	**-5.0**	**-5.3**	**-4.4**	**-7.9**	**-9.5**	**-7.9**	**-5.7**	**-1.9**
Trade deficit	13.7	23.8	20.2	18.9	22.3	23.8	22.1	20.3	15.4
Travel receipts (Δ %)	15.8	-5.3	-4.9	6.8	4.4	-1.8	-0.4	3.0	-1.2
Transfers from Moroccan expatriates (Δ %)	15	-3.5	-5.4	8.3	7.4	0.6	-1.5	3.7	2.9
Donations	0.4	1.3	0.5	0.4	0.4	0.3	0.8	1.8	0.5
Financial account (net flow)	**-2.0**	**5.5**	**5.9**	**4.7**	**8.2**	**9.8**	**7.0**	**5.0**	**1.3**
Foreign direct investments	3.6	2.7	2.1	1.7	2.5	2.8	3.1	3.2	3.1
Loans	-1.9	1.6	3.0	3.0	1.7	2.7	3.6	4.2	2.5
Net international reserves in months of imports	**8.9**	**6.1**	**7.3**	**6.9**	**5.2**	**4.1**	**4.4**	**5.3**	**6.8**

Source: Foreign Exchange Office and BAM.

1.6.1 Trade balance

Continuing its downtrend that started in 2013, the trade deficit eased by 36 billion in 2015 to 151.3 billion dirhams or 15.4 percent of GDP, as against 20.3 percent in 2014 and 22.1 percent in 2013. This change reflects a 5.6 percent decrease in imports to 366.4 billion and a 7.1 percent increase in exports to 215.1 billion. Thus, the import-export coverage rate improved by 7 percentage points to 58.7 percent.

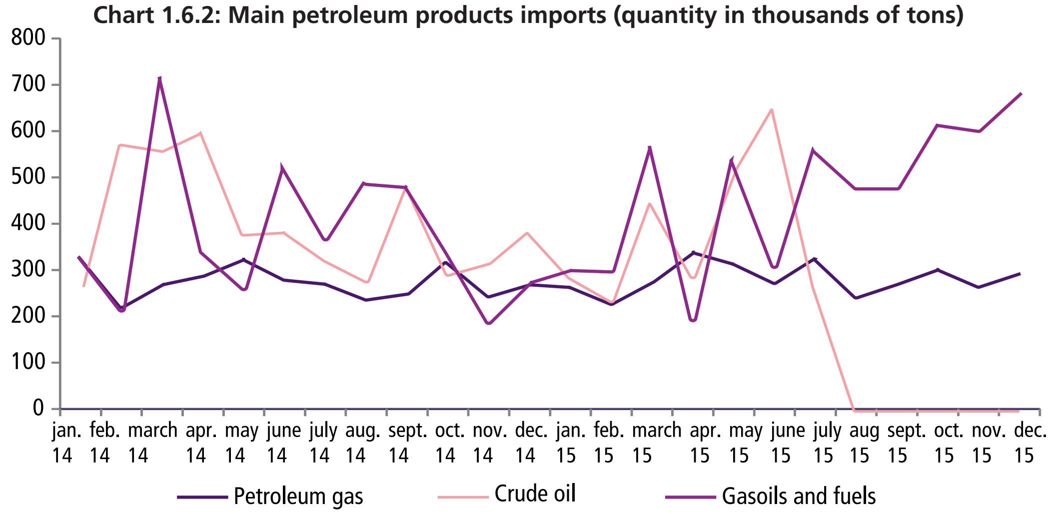
Chart 1.6.1: Change in the trade balance



Source: Foreign Exchange Office.

The decline in imports reflects mainly a 28.6 percent decrease in energy purchases to 66.3 billion, in connection with the sharp fall in prices[1] on the international market . The volume of imported quantities shrank by 44.4 percent for crude oil, as SAMIR stopped purchases as of August, while it rose 25.7 percent for gas oils and fuel oils.

Chart 1.6.2: Main petroleum products imports (quantity in thousands of tons)



Source: Foreign exchange office

Food purchases were also down 14.5 percent to 35.7 billion dirhams, with a sharp decline of 32.6 percent in wheat imports, due to the strong increase in domestic cereal production.

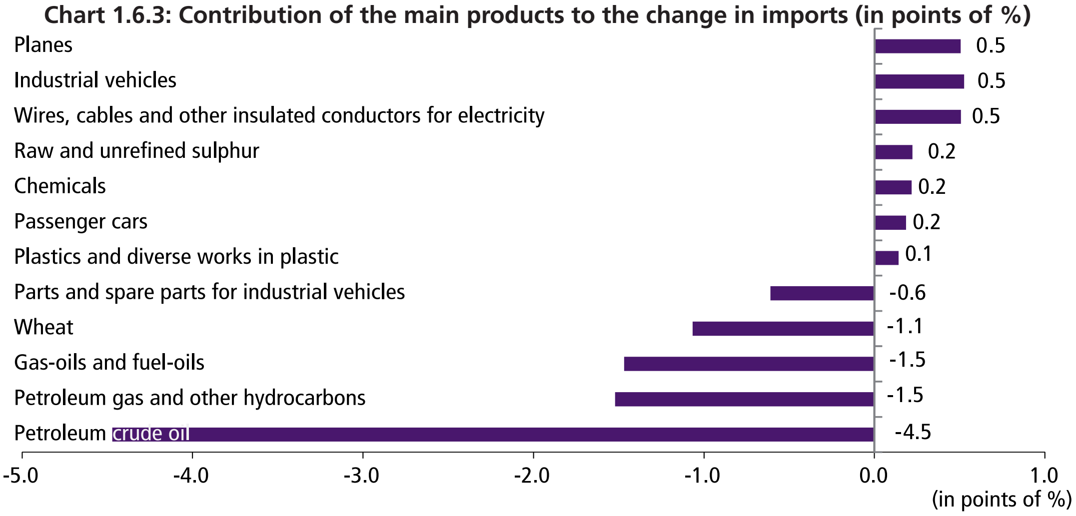
Imports of consumer goods were slightly up to 70.3 billion, mainly covering a 10.1 percent increase in passenger car purchases and related parts, as well as decreases of 43 percent for finished paper and 12.7 percent for receivers.

1 Crude oil dropped, on average, from \$96.2 per barrel in 2014 to \$50.8 in 2015.

However, purchases of capital goods strengthened by 6.2 percent to 87.1 billion dirhams, including 3.7 billion of aircraft acquisitions. Excluding the latter, the increase stood at 3.9 percent, mainly reflecting rises of 29.6 percent in industrial car imports and 30.2 percent in purchases of wires and cables.

Meanwhile, semi-finished imports progressed by 4.9 percent to 86.3 billion, with increases of 34.4 percent for semi-finished products of iron or steel, 10.3 percent for chemicals and 4.9 percent for plastics. Similarly, purchases of raw materials moved up 3.2 percent, mainly reflecting higher quantities and prices of crude sulfur.

Chart 1.6.3: Contribution of the main products to the change in imports (in points of %)



Source: Foreign Exchange Office.

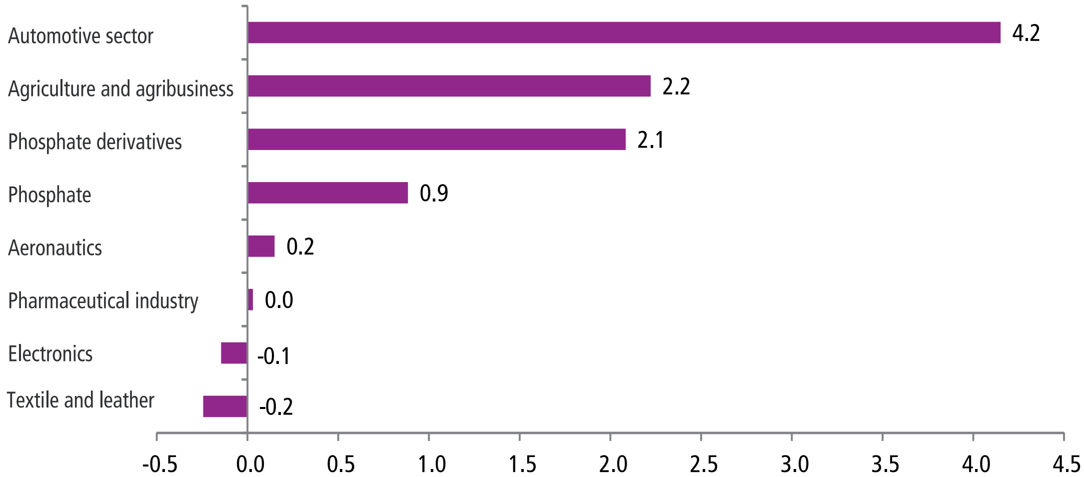
Table 1.6.2 : Main import products

	In millions of dirhams			Change in %	
	2013	2014	2015	2014-2013	2015-2014
Imports of goods	**383 720**	**388 080**	**366 365**	**1.1**	**-5.6**
Food products	35 887	41 749	35 685	16.3	-14.5
Wheat	8 221	12 696	8 551	54.4	-32.6
Consumer goods	65 059	69 037	70 266	6.1	1.8
Passenger cars	9 255	10 077	10 800	8.9	7.2
Raw products	17 847	20 038	20 673	12.3	3.2
Unrefined sulphur	4 152	5 701	6 564	37.3	15.1
semi-finished products	80 584	82 219	86 270	2.0	4.9
Plastics	11 309	11 606	12 174	2.6	4.9
Chemicals	7 964	8 245	9 097	3.5	10.3
Energy and lubricants	102 266	92 777	66 255	-9.3	-28.6
Petroleum oils	36 459	28 288	10 937	-22.4	-61.3
Gas-oils and fuel-oils	35 630	31 577	25 884	-11.4	-18.0
Petroleum gas	19 125	19 215	13 169	0.5	-31.5
Capital goods	82 050	82 001	87 125	-0.1	6.2
Planes	1 089	1 774	3 735	62.9	-
Industrial vehicules	7 927	6 907	8 950	-12.9	29.6

Source: Foreign Exchange Office.

Meanwhile, exports posted an increase of 7.1 percent to 215.1 billion, reflecting in particular a further uptrend in the automotive sector. After rising 27.2 percent in 2014, shipments of this sector grew by 20.7 percent to 48.6 billion dirhams, bringing its share in total exports from 20 percent to 22.7 percent. This trend is attributed to an increase of 24.8 percent in automotive industry to 24.6 billion and 15.4 percent in automotive wiring to 20.1 billion.

Chart 1.6.4: Contributions of the main sectors to the development of exports in 2015 (in points of %)



Source: Foreign Exchange Office.

Similarly, exports of phosphates and derivatives grew by 15.7 percent to 44.3 billion dirhams, mainly owing to the appreciation of the dollar, while shipped quantities declined by 4.6 percent. By product, exports increased 25.8 percent for phosphoric acid, 5.5 percent for natural and chemical fertilizers and 21.7 percent for crude phosphates.

Chart 1.6.5: Exports of phosphates and derivatives in volume (in million tonnes)

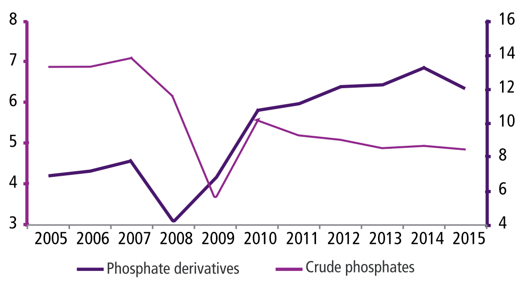
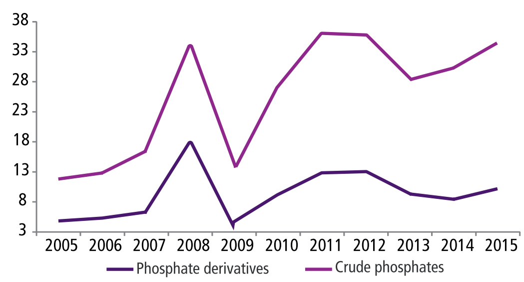


Chart 1.6.6: Exports of phosphates and derivatives (in billion DH)



Source: Foreign Exchange Office.

Agricultural and agrifood shipments[1] also moved up 11.4 percent to 43.5 billion dirhams, mainly reflecting a 13.9 percent increase in food sales.

1 Including fisheries.

However, after an improvement of 4.7 percent in 2014, sales of the textile and leather sector fell by 1.5 percent to 33 billion dirhams, due to a 5.6 percent decline in hosiery sales and a virtual stagnation in shipments of ready-made garments, which represent two thirds of the sector's exports.

Regarding other sectors, sales of the aeronautics and pharmaceutical industries registered respective increases of 4.3 percent and 6.3 percent, while electronics shipments dropped 3.7 percent. The overall value of shipments of these three sectors stood at 16 billion, or less than 8 percent of total exports.

Table 1.6.3: Main export products

	Value in millions of dirhams			Change in %	
	2013	2014	2015	2014-2013	2015-2014
Exports of goods	**185 387**	**200 808**	**215 111**	**8.3**	**7.1**
Automotive	31 660	40 262	48 596	27.2	20.7
Wiring	15 705	17 384	20 061	10.7	15.4
Car manufacturing	12 798	19 681	24 559	53.8	24.8
Phosphates and derivatives	37 330	38 277	44 239	2.5	15.7
Agriculture and agribusiness	36 243	39 029	43 492	7.7	11.4
Food industry	20 090	21 951	24 992	9.3	13.9
Textile and leather	32 011	33 512	33 023	4.7	-1.5
Ready-made clothing	19 046	20 151	20 258	5.8	0.5
Hosiery items	7 269	7379	7 005	1.5	-5.1
Shoes	2 806	2897	2 931	3.2	1.2
Electronics	6 938	7966	7 675	14.8	-3.7
Electronic components	4 176	4255	3 991	1.9	-6.2
Aeronautics	7 211	6979	7 281	-3.2	4.3
Pharmaceutical industry	1 026	986	1 048	-3.9	6.3

Source: Foreign Exchange Office.

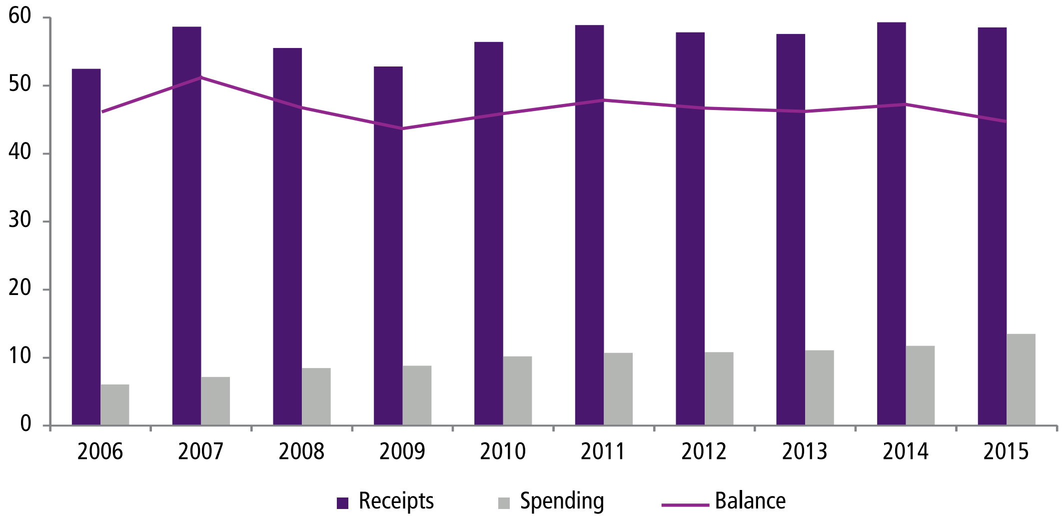
Chart 1.6.7: Structure of exports by main sectors (in %)

Source: Foreign Exchange Office.

1.6.2 Services balance

The travel balance fell by 5.5 percent in 2015, resulting from a 1.2 percent decline in revenue to 58.6 billion dirhams, and a 16.3 percent increase in expenditure to 13.7 billion. Conversely, the transport deficit balance eased by almost half to 2.6 billion and the balance of other services to businesses was down from 2.9 billion to 277 million. 58.3 percent of the revenue from this segment come from offshoring, whose receipts stood at 7.5 billion, up 1 percent. In total, the services surplus stood at 62.1 billion, which is an improvement of 4.9 percent.

Chart 1.6.8: Change in travel receipts and spending (in billion DH)



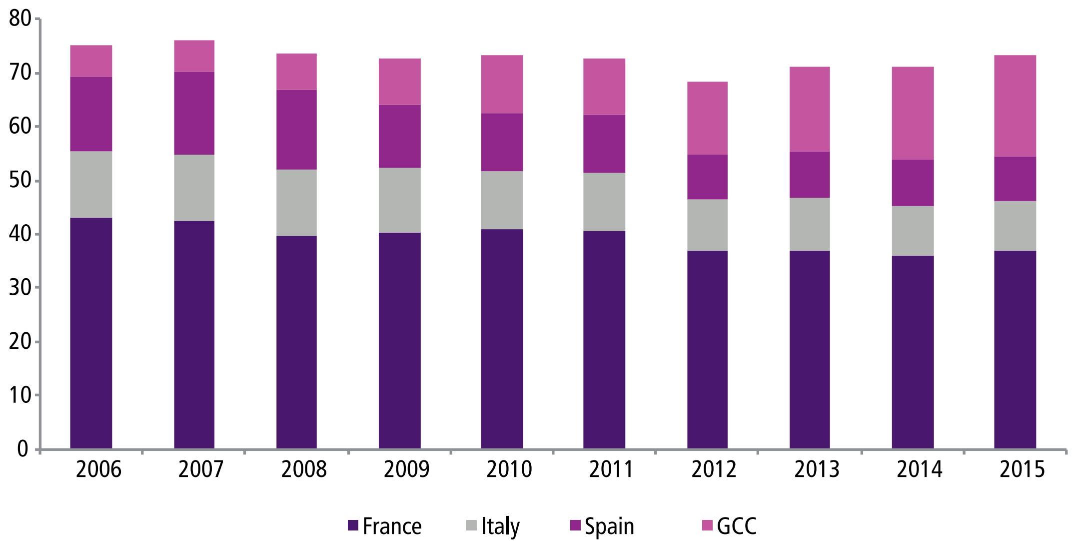
Source: Foreign Exchange Office.

1.6.3 Income and current transfers

The income negative balance eased by 4 billion to 18.4 billion dirhams, following the decline in outflows of direct investment dividends from 16.1 to 10.9 billion dirhams.

Public transfers, consisting mainly of donations received from Gulf countries, decreased substantially from 16.7 billion to 5.3 billion dirhams in 2015. Transfers from Moroccan expatriates rose further by 2.9 percent to 61.7 billion, mainly from the euro area. The structure of these transfers by country changed significantly over the past decade. Particularly, the share of GCC countries increased from 5.6 percent in 2006 to 18.6 percent in 2015 and that of traditional countries, especially France, decreased from 43.1 percent to 35.9 percent, Spain from 14 percent to 8.4 percent and Italy from 12.2 percent to 9.3 percent.

Chart 1.6.9: Structure of remittances of MLA by main issuing countries (in %)



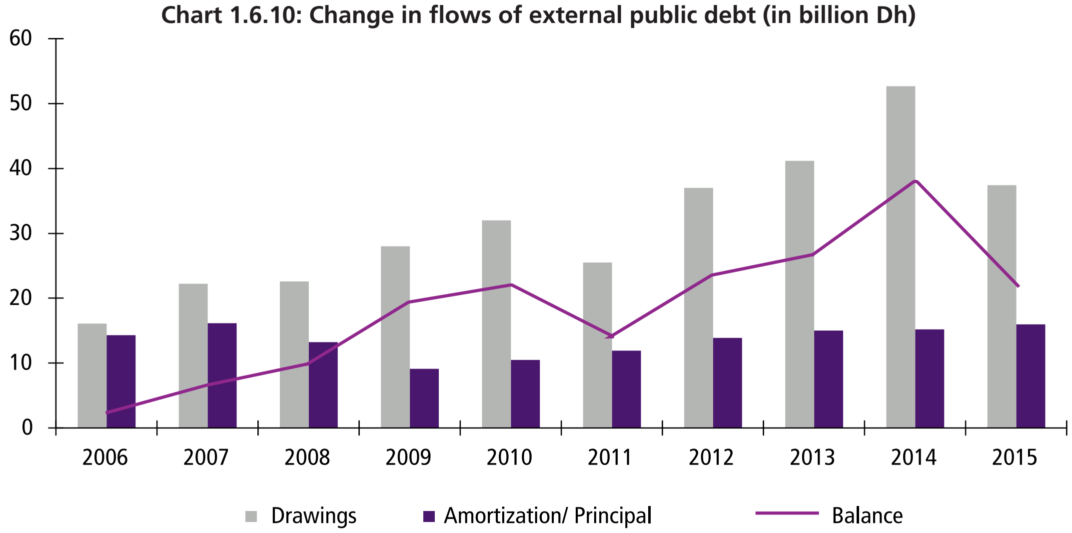
Source: Foreign Exchange Office.

1.6.4 Financial account

In 2015, the financial account surplus excluding reserves fell from 73.2 to 55.1 billion dirhams, mainly due to a drop in loans and a slight increase in FDI.

Indeed, the public loan balance dropped from 37.3 billion to 20.5 billion dirhams, covering decreases of 8.5 billion in net flows for the Treasury and 8.2 billion for public businesses and institutions. However, the balance of private loans rose from 1.3 billion to 4.2 billion dirhams, owing to decreases of 5.8 billion in repayments and 2.9 billion in withdrawals.

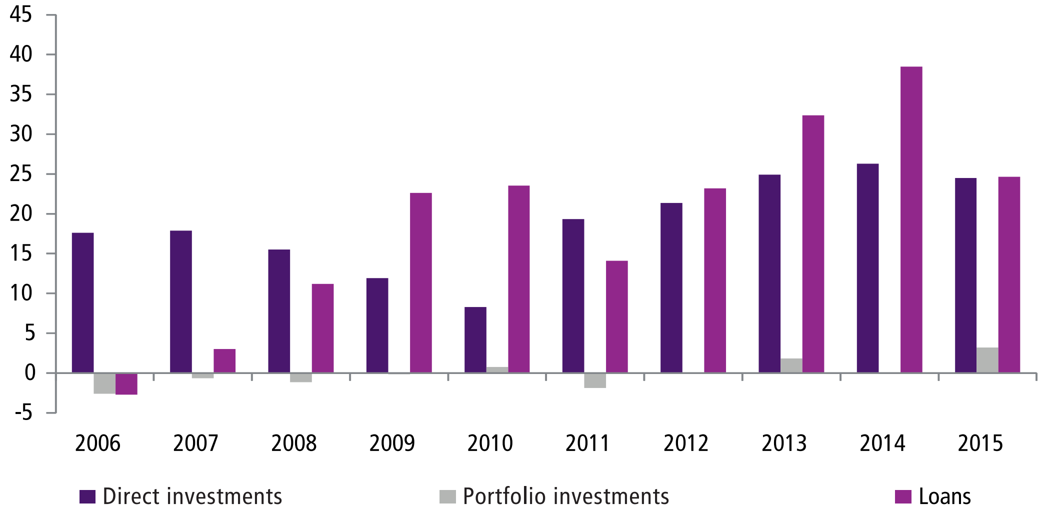
Chart 1.6.10: Change in flows of external public debt (in billion Dh)



Source: Ministry of Economy and Finance.

Inflows of FDI in Morocco grew by 2.5 billion in 2015 to 39 billion dirhams. The "associates' current advances" and "loans between related enterprises" increased overall by 6.2 billion to 13.7 billion, while equity investments decreased by 16.2 percent to 21.5 billion. Given investment sales of 8.2 billion, net FDI flows stood at 30.9 billion dirhams, up 941 million.

Chart 1.6.11: Change in balances of financial account (billion DH)

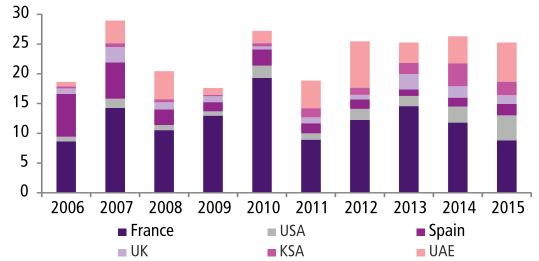


Source: Foreign Exchange Office.

By country, FDI inflows come mainly from France with a share of 22.6 percent, the United Arab Emirates with 16.8 percent and the United States with 10.7 percent. By sector, investments benefited primarily real estate activities with a share of 27 percent, manufacturing industry with 21.9 percent, financial and insurance activities with 10.2 percent.

Chart 1.6.12: FDI receipts by sector (billion DH)

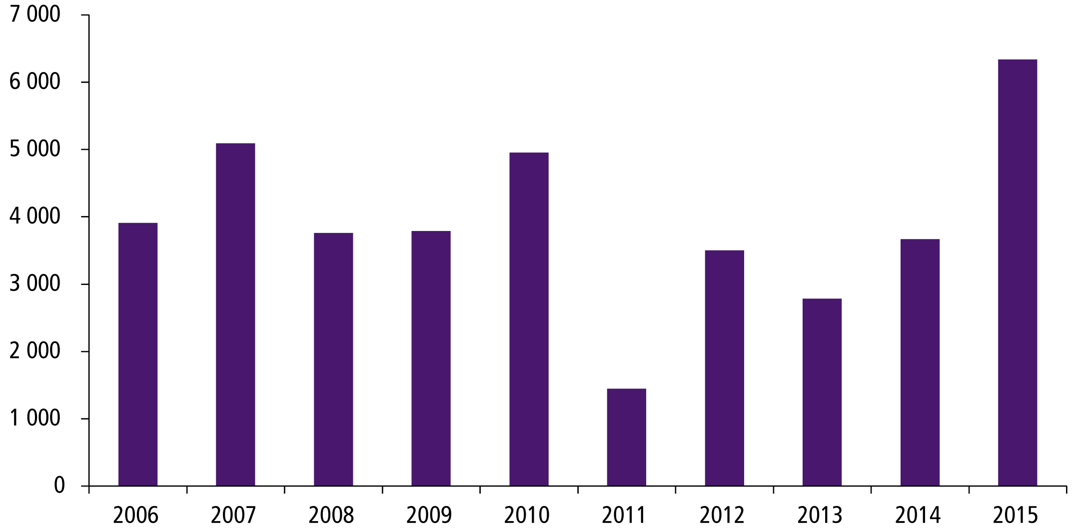
Chart 1.6.13: FDI receipts by country of origin (billion DH)



Sources: Foreign Exchange Office.

Direct investments abroad rose from 3.4 billion dirhams to 7.3 billion of which nearly a third went to sub-Saharan Africa and 22.7 percent to France. Banking activities accounted for 42.4 percent of these investments, while telecommunications, manufacturing industry and real estate activities represented respective shares of 21.2 percent, 12 percent and 10.5 percent.

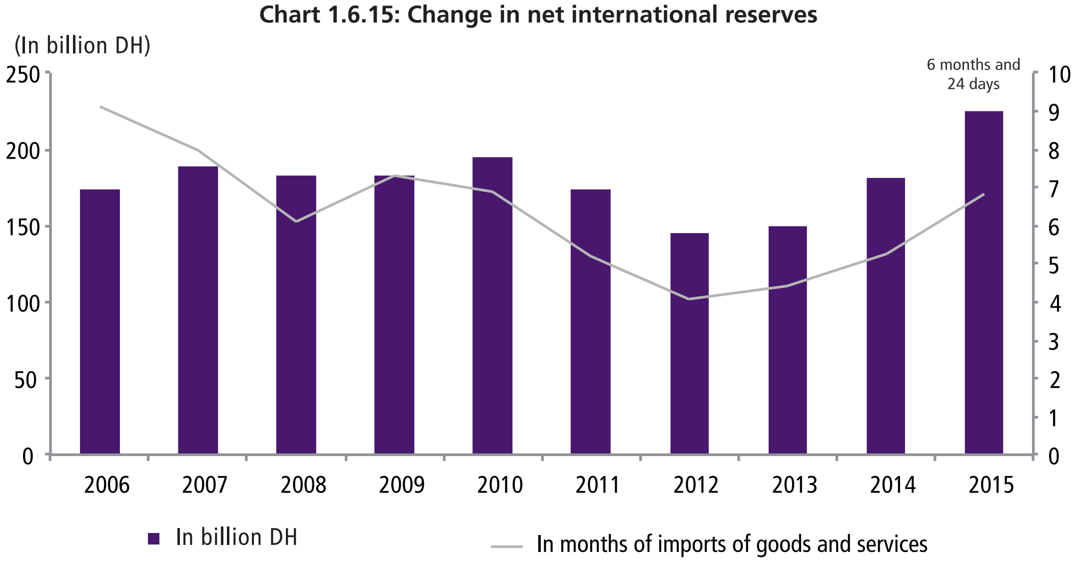
Chart 1.6.14: Foreign direct investments (million DH)



Source: Foreign Exchange Office

Thus, the stock of net international reserves recorded a significant increase of 42.7 billion dirhams, up 224.6 billion and thus equaling 6 months and 24 days of imports of goods and services, from 5 months and 9 days in 2014.

Chart 1.6.15: Change in net international reserves



Source: Foreign Exchange Office and BAM calculations.

1.6.5 International financial position[1]

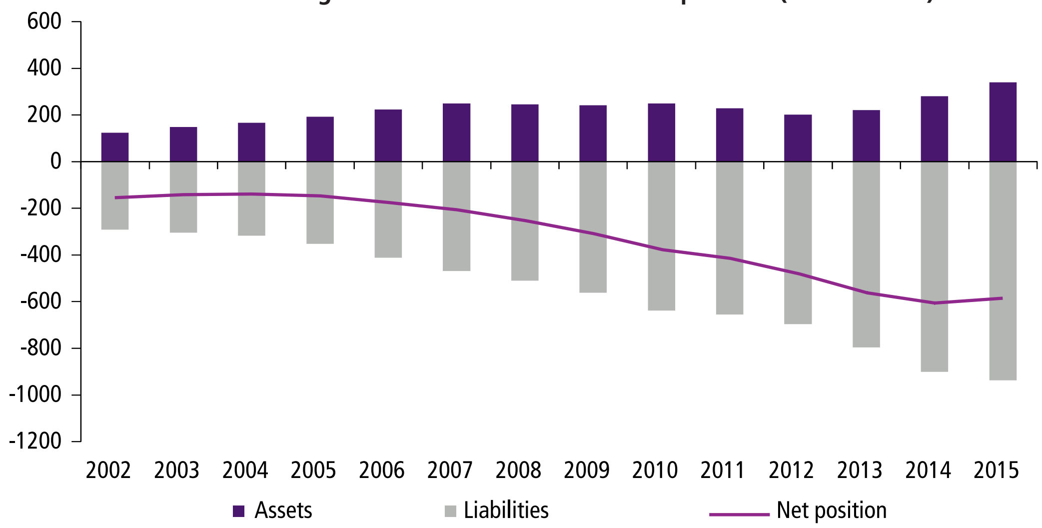
In 2015, the net external liability position showed an easing of 13.4 billion to 598 billion dirhams, the first since 2004. This change covers an improvement of 55.2 billion in assets to 339.7 billion dirhams, which was more significant than that of liabilities, standing at 41.8 billion dirhams to 937.6 billion dirhams.

Table 1.6.4: Change in international financial position

In billions of dirhams	2014			2015		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance
Direct Investments	37.9	462.9	-425.0	45.1	482.4	-437.2
Portfolio investments	10.9	31.0	-20.1	9.6	28.7	-19.1
Financial derivatives	0.9	1.2	-0.3	1.1	0.5	0.6
Other investments	50.4	400.7	-350.3	56.0	426.1	-370.1
Currency and deposits	24.2	47.5	-23.3	32.3	44.2	-11.8
Loans	0.3	293.8	-293.5	0.4	322.2	-321.8
Commercial loans and advances	24.9	52.0	-27.1	22.0	52.0	-30.0
Foreign reserve assets	184.5	-	184.5	227.9	-	227.9
Total assets / liabilities	**284.5**	**895.8**	**-611.2**	**339.7**	**937.6**	**-597.9**

Source: Foreign Exchange Office.

Chart 1.6.16: Change in the international financial position (in billion DH)



Source: Foreign Exchange Office.

The rise in total outstanding financial assets of residents is mainly attributed to increases of 43.4 billion dirhams in reserve assets, 7.3 billion in direct investment of residents abroad and 5.6 billion in "other investments" excluding those of the portfolio. However, the outstanding portfolio investment decreased by 1.4 billion dirhams, resulting from a significant decline in equities of

1 The international financial position traces the stock of financial assets and liabilities vis-à-vis the rest of the world at a given date.

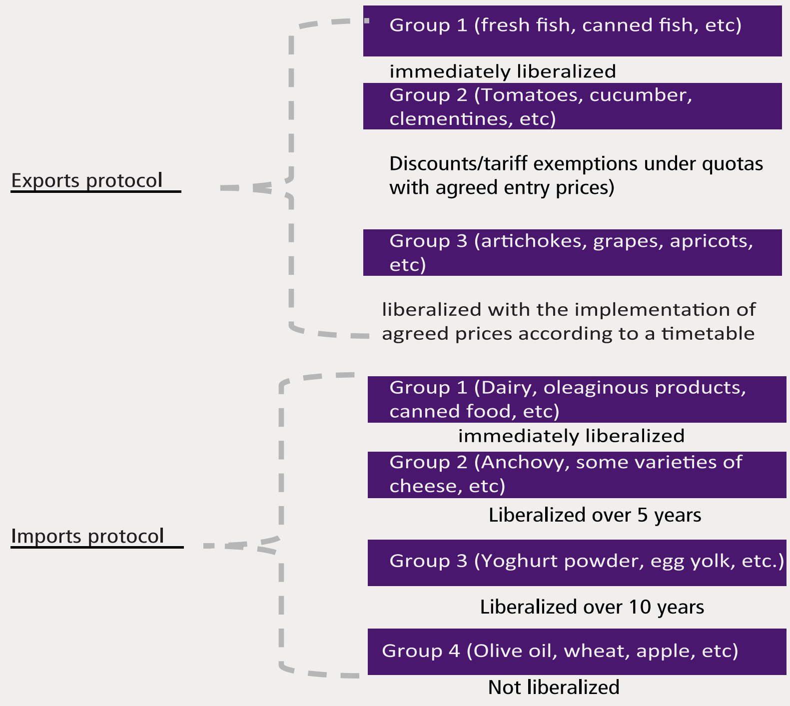
resident nonfinancial corporations from 7.5 billion to 160 million and an increase of 4.8 billion in those of depository institutions.

Morocco's liabilities vis-à-vis the rest of the world mainly reflect increases of 28.4 billion in outstanding foreign loans and 19.5 billion in outstanding direct investment. The outstanding amount of liabilities for portfolio investment decreased by 2.3 billion to 28.7 billion dirhams.

Box 1.6.1 : Review of the agricultural agreement with the European Union

Agricultural Agreement between Morocco and the European Union (EU), which was signed on December 13, 2010, in Brussels, and entered into force on October 1, 2012, provides for liberalizing trade in agricultural commodities, agrifood and fisheries. The provisions relating to agriculture and fisheries of the Association Agreement, concluded in 2000, were replaced by two protocols, the first on exports and the second on imports.

The Agreement provides for progressive liberalization of Moroccan imports in order to protect the national agricultural and agrifood fabric. Meanwhile, it establishes a system of quotas to protect certain European agricultural sectors from competition of Moroccan ones.



The analysis of change in agricultural trade indicates that after an increase of 5.3 percent on average between 2006 and 2011, exports to the EU showed a growth averaging almost zero in 2012, but with significant fluctuations, year on year. By product, citrus sales posted an average decrease of 11.3 percent, as against an increase of 8.5 percent, while exports of fresh tomatoes stagnated, after a rise of 22 percent and shipments of crustaceans molluscs and shellfish grew by only 0.8 percent, as opposed to 8 percent.

Growth of imports decelerated from 20.5 percent to 9.5 percent. However, soybean oils purchases increased significantly after the implementation of the Agreement and their share moved up from 7.4 percent to 48 percent. By contrast, the share of wheat purchases, which are dependent on climatic conditions and excluded from the Agreement dismantling schemes, stood at 52.3 percent from 54.7 percent.

Under these conditions, the agricultural trade surplus vis-à-vis the European Union fell from 1.1 percent of GDP on average between 2005 and 2011 to 0.7 percent in the years of the Agreement.

Table B1.6.1.1: Development of exchanges as part of the agricultural agreement with the EU

In millions of dirhams	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Exports	15 724.6	16 337.8	17 723.7	18 686.2	18 451.5	19 143.3	21 336.7	20 912.3	22 325.0	24 722.3	21 049.6
Imports	7 236.3	6 037.5	10 661.4	15 439.5	9 963.2	12 210.9	15 988.6	14 156.1	14 776.2	20 038.2	13 078.1
Trade balance	8 488.2	10 300.3	7 062.3	3 246.7	8 488.2	6 932.4	5 348.1	6 756.2	7 548.8	4 684.1	7 971.5
Balance in % of GDP	1.6	1.8	1.1	0.5	1.1	0.9	0.7	0.8	0.8	0.5	0.8

1.7 Monetary conditions

In 2015, monetary conditions eased overall. Rates continued to decline in the different markets and the nominal effective exchange rate depreciated slightly.

Moreover, the bank liquidity situation improved significantly, as foreign exchange reserves continued to increase, in conjunction with the easing of trade deficit and the large inflows of foreign direct investment.

Despite these positive developments, bank lending continued to grow at a low pace, with a sharp slowdown in loans to the nonfinancial sector. This latter change would be due to a fall in demand from businesses in a context marked by sluggishness in nonagricultural activities and a decline in cash requirements of oil-importing companies.

Growth of demand deposits accelerated considerably during the year, while that of household interest-bearing investments and foreign currency deposits slowed significantly. Overall, M3 growth fell back from 6.2 to 5.7 percent, while the liquidity rate of the economy[1] rose from 169.5 to 172.4 percent, reflecting a marked increase in liquid investments.

Table 1.7.1: Main monetary indicators

	2013	2014	2015	Level in 2015
Monetary aggregates (in billion dh, end-of-year)	**Change (%)**			
M3	3.1	6.2	5.7	1 148.0
Net international reserves	3.5	22.4	23.5	224.6
Net claims on central government	19.0	-3.7	3.0	148.0
Bank loans	3.9	2.2	2.8	785.0
Loans to the nonfinancial sector	1.7	4.4	0.5	673.7
Interest rate (in %, annual average)	**Change (bp)**			
Interbank rate	-0.13	-0.11	-0.44	2.51
Lending rates	0.07	0.23	-0.27	5.73
Index (100 = 2000)	**Change (bp)**			
Real effective exchange rate	1.7	0.7	-0.1	101.6

1.7.1 Loans to nonfinancial sector

In 2015, the bank credit growth remained limited to 2.8 percent, due to an increase of 19.8 percent in loans to financial corporations and a slight rise of 0.5 percent in lending to the nonfinancial sector. Following a 4.4 percent increase in 2014, the growth of this latter type of credit slowed down owing to the contraction of corporate loans, while personal loans maintained a relatively high pace. According to Bank Al-Maghrib survey on lending conditions, this trend would be attributed to a decline in corporate demand whereas banks would have broadly relaxed supply criteria, a change which was corroborated by Bank Al-Maghrib survey on lending rates which dropped by 28 basis points in 2015.

1 Evaluated through the ratio of M3 and liquid aggregates to GDP.

Chart 1.7.1: Bank credit trend (y-on-y, %)

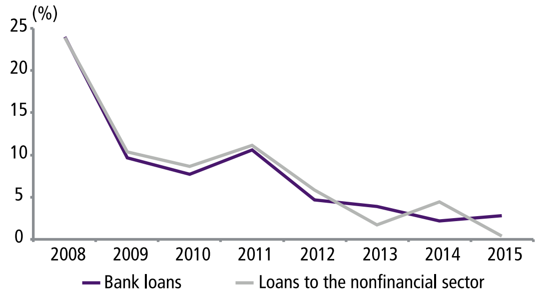
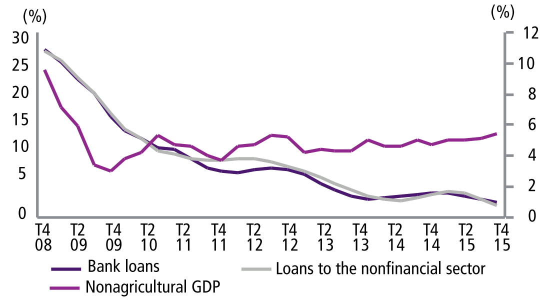


Chart 1.7.2: Annual changes in loans and nonagricultural GDP (4-quarter moving average)



After a growth of 4.1 percent in 2014, corporate loans showed a decrease of 2.3 percent, which affected all loan categories. Indeed, cash advances fell by 5.4 percent, after an increase of 5 percent a year earlier. Similarly, equipment loans decreased 2 percent after a 4.7 percent rise, covering a steeper decline from 1.6 percent to 3.2 percent for private companies and a slower growth from 36.4 to 2.5 percent for government companies. Loans to real estate development fell further, from 2.7 to 9.2 percent.

Table 1.7.2 : Bank credit trend

	2013	2014	2015	Outstanding amount in 2015
		Change (%)		
Bank loans	**3,9**	**2,2**	**2,8**	**785,0**
Loans to the nonfinancial sector	**1,7**	**4,4**	**0,5**	**673,7**
Loans to businesses	**-2,5**	**4,1**	**-2,3**	**372,4**
Cash facilities	-10,0	5,0	-5,4	149,5
Equipment loans	-0,5	4,7	-2,0	117,3
Real-estate loans	7,8	0,2	-2,2	62,5
Including loans to property developers	2,7	-2,7	-9,2	40,2
Loans to households	**8,7**	**4,8**	**3,9**	**286,3**
Consumer loans	1,9	9,2	4,9	46,3
Real-estate loans	3,7	3,7	3,1	178,2
Housing loans	5,1	6	5,4	159,7
Loans to property developers	-3,2	-11,2	-12,2	17,9
Nonperforming loans (NPL)	**23,8**	**20,2**	**9,3**	**57,4**
NPL ratio	5,9	6,9	7,3	-

By branch of activity, the decline in corporate loans reflects in particular contractions of 5.8 percent in loans to the manufacturing sector, 5.2 percent in credit to the construction branch and 6 percent in loans to the trade sector. However, after a decrease of 1.5 percent in 2013 and a virtual stagnation in 2014, loans allocated to transport and communication activities recorded a significant increase of 15.4 percent. Similarly, loans to the electricity, gas and water sector moved up 5.2 percent, as against 31.4 percent in 2014. Equipment loans to companies of this sector saw a significant momentum in recent years, as their outstanding amount was up from 14.7 billion dirhams in 2010 to 33.5 billion in 2015, representing an average annual increase of 23.5 percent.

Loans granted by financial corporations other than banks to private businesses dropped in 2015 by 1.7 percent, reflecting in particular a decline of 11.5 percent in cash advances granted by offshore banks. In contrast, loans accorded by finance companies posted an increase of 1.2 percent, with particularly an increase of 2.2 percent for leasing.

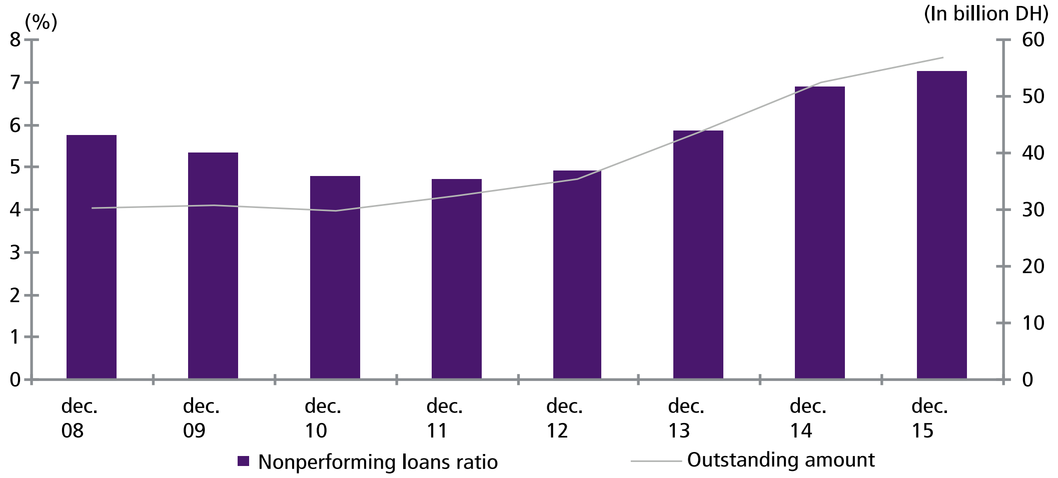
Table 1.7.3 : Evolution du crédit accordé par les autres sociétés financières

	Annual change (%)			Outstanding amount in 2015 (in billion DH)
	2013	2014	2015	
Finance companies	**0.3**	**-1**	**1.9**	**98.0**
Private firms	0.3	4.3	1.2	51.1
Households	0.4	-6.4	2.7	46.9
Offshore banks	**-2.4**	**-6.5**	**-13.6**	**10.7**
Mircro-credit associations	**6.0**	**11.1**	**8.6**	**5.9**

Regarding households[1], bank housing and consumer loans to individuals maintained a consistent pace with respective increases of 5.4 percent and 4.9 percent, while real estate loans to individual entrepreneurs shrank again by 12.2 percent. Meanwhile, loans granted by finance companies progressed by 2.7 percent to 46.9 billion and those provided by microcredit associations grew 8.6 percent to 5.9 billion.

The persistence of difficulties in certain economic activities resulted in a 14.6 percent increase in nonperforming loans (NPL) of private companies, while those of households rose by only 2.8 percent. Overall, NPLs grew by 9.3 percent and their ratio to bank loans went up from 6.9 percent to 7.3 percent.

Chart 1.7.3: Change in nonperforming loans (NPL)

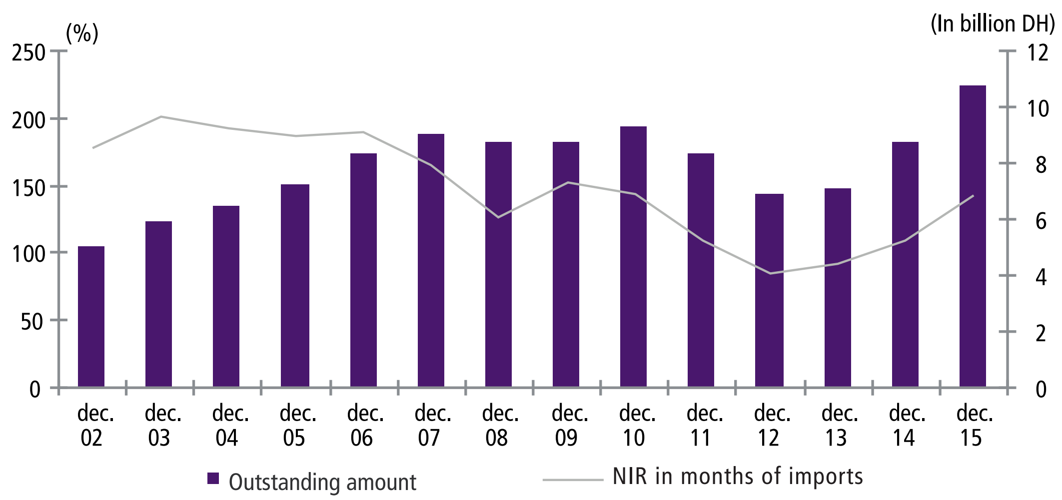


1 Private individuals, Moroccans living abroad and individual entrepreneurs

1.7.2. Other sources of money creation

In 2015, net international reserves (NIR) further strengthened to 224.6 billion dirhams, equaling 6 months and 24 days of goods and services' imports from 5 months and 9 days a year earlier. This change was mainly due to the continued easing in the trade deficit and the large inflows of foreign direct investment.

Chart 1.7.4: Annual change in net international reserves (YoY)



Box 1.7.1: Refinement of the calculation methodology for NIR

Bank Al-Maghrib refined in 2015 the calculation methodology for NIR to bring it more into line with international standards. These reserves, defined by the Balance of Payments Manual as all external assets readily available to and controlled by the monetary authorities, were adjusted, in particular:

- The revaluation at market price was generalized to all securities held by the Bank;
- Nonconvertible foreign currency assets were excluded; and
- Securities not classified by rating agencies[1] in the investment category were excluded.

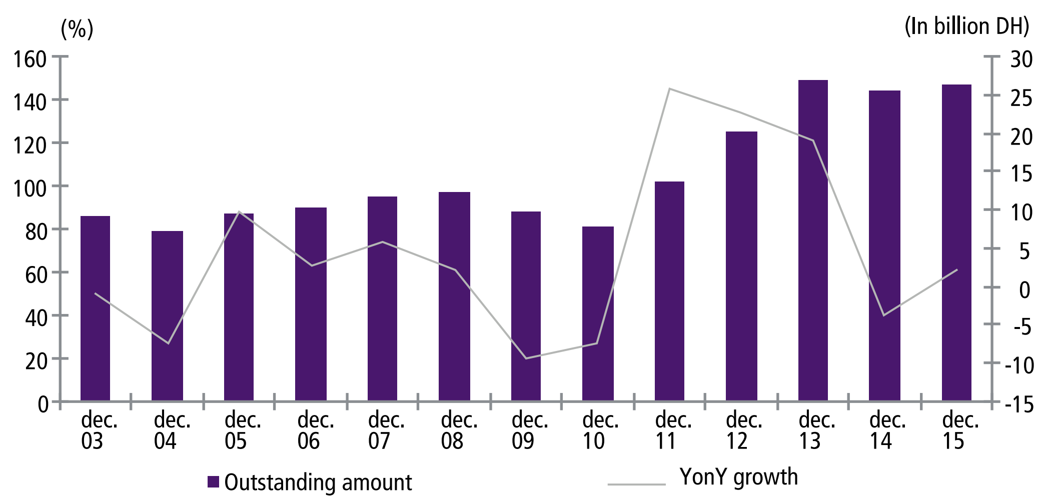
1 Below Baa / Moody's or BBB-/Standard & Poors and Fitch.

The impact of these adjustments on outstanding NIR was weak, not exceeding 1.3 billion dirhams or 0.8 percent on a monthly average in 2014 and 0.8 billion or 0.4 percent in 2015. The effect of excluding nonconvertible foreign currency assets and securities not classified in the investment category was more than offset by the increase caused by the revaluation of foreign assets at market price.

Chart B.1.7.1.1: Impact of the change in NIR calculation methodology

After declining 3.7 percent in 2014, net claims on the central government rose by 3 percent. Holdings of money market mutual funds in Treasury bills reached 21.3 billion dirhams from 12.3 billion and those of banks edged up 0.7 percent to 116.3 billion. Liabilities rose to 16.2 billion from 13.1 billion, mainly reflecting an increase in Treasury investments on the money market.

Chart 1.7.5: Annual change in net claims on the central government



1.7.3 M3 components

The change analysis of M3 components reveals faster growth from 4.4 percent to 7 percent in demand deposits and from 4.7 percent to 7.4 percent in currency in circulation. Similarly, the growth of time deposits accelerated from 4.4 percent to 7.4 percent and holdings of money market mutual funds grew from 0.4 percent to 1.5 percent.

Meanwhile, after rising 51.5 percent in 2014 in connection with the amnesty operation on assets and cash held abroad, foreign currency deposits moved up 12.3 percent to 39.3 billion dirhams. Demand deposits grew by 6.4 percent, as against 8.1 percent, in a context of significant decline in their interest rates.

Table 1.7.4: Change in M3 components

	Currency in circulation	Bank money	Demand deposits	Other monetary assets	M3
Outstanding amount as at end-December (in billion DH)					
2012	163.6	448.5	111.4	268.7	992.2
2013	171.4	457.6	120.3	273.6	1 022.8
2014	179.4	481.2	130.0	295.6	1 086.2
2015	192.6	514.3	138.4	302.7	1 148.0
Share in M3 (%)					
2012	16.5	45.2	11.2	27.1	100.0
2013	16.8	44.7	11.8	26.7	100.0
2014	16.5	44.3	12.0	27.2	100.0
2015	16.8	44.8	12.1	26.4	100.0
YoY change (%)					
2012	3.4	4.7	8.2	3.5	4.5
2013	4.7	2.0	8.1	1.8	3.1
2014	4.7	5.2	8.1	8.1	6.2
2015	7.4	6.9	6.4	2.4	5.7

By institutional sector, the growth of household monetary assets almost stabilized at 5.9 percent, covering a faster growth to 6.7 percent in demand deposits and a slowdown to 4.5 percent for time deposits and to 6.4 percent for passbook accounts. Assets of private companies grew considerably by 8.4 percent, covering increases of 18.7 percent in time deposits and 4.7 percent in demand deposits.

1.7.4 Liquid investment aggregates

Liquid[1] investment aggregates maintained a high pace in 2015, albeit slightly slower, as their outstanding amount moved up 13.7 percent to 545.2 billion. Treasury bills, which represent 61.4 percent of them, progressed by 13 percent and securities of bond mutual funds rose 17.8 percent, while equity and diversified mutual funds recorded an increase of only 1.3 percent.

1 Liquid investment aggregates include financial assets held by institutional sectors other than depository corporations. These assets represent a purchasing power reserve, but are not liquid enough to be included in M3.

Table 1.7.5: Liquid investment aggregates

Outstanding amount in billion DH	End 2014		End 2015	
	Outstanding amount*	Change in %	Outstanding amount*	Change in %
LI1 aggregate	**305.0**	**12.3**	**344.6**	**13.0**
Negotiable Treasury bonds	296.1	11.0	334.6	13.0
Bonds of finance companies	5.2	111.5	7.0	35.6
Commercial paper	2.8	66.8	1.2	-58.3
Securities issued by contractual mutual funds	1.0	28.7	1.8	82.6
LI2 aggregate	**144.5**	**31.2**	**170.3**	**17.8**
Securities issued by bond mutual funds	144.5	31.2	170.3	17.8
LI3 aggregate	**30.0**	**13.1**	**30.3**	**1.3**
Securities issued by equity and diversified mutual funds	30.0	13.1	30.3	1.3
Total LI	**479.4**	**17.5**	**545.2**	**13.7**

* In billion DH.

1.7.5 Interest rates

Due to key rate cuts in September and December 2014, interest rates continued to ease in 2015 in the various markets, prompted by the fiscal policy stance and improved liquidity of the economy.

On the interbank market, the weighted average rate decreased from 2.95 percent on average to 2.51 percent, while remaining in line with the key rate. This drop was accompanied by an increase in the trade volume, which amounted to 4.7 billion dirhams on daily average, as opposed to 3.5 billion a year earlier. In addition, the Treasury concluded several repurchase agreements in the money market, as the average outstanding amount of its investments totaled 5.1 billion dirhams from 13 billion a year earlier.

Chart 1.7.6: Change in the weighted average rate on the interbank market (%)

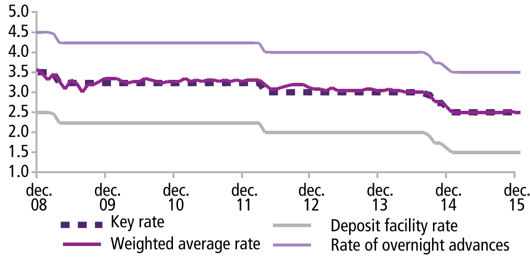
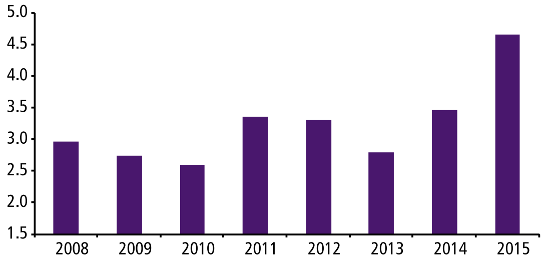


Chart 1.7.7: Change in the volume of interbank exchange market (in billion DHs)



On the sovereign debt market, the Treasury bond yields fell again in 2015, with declines ranging from 50 basis points for the 13-week maturity to 115 points for the 20-year one. Thus, the weighted average cost of issues on the primary market dropped from 4.4 percent to 3.2 percent, a trend attributed to a decrease in the medium-term maturity, from 9 years and 8 months to 6 years and 6 months. The same trend was observed in the secondary market, with particularly declines of 105 basis points for 10-year bonds, 80 points for 5-year bills and 62 points for 52-week issues.

Chart 1.7.8: Change in the weighted average rate on the primary market (%)

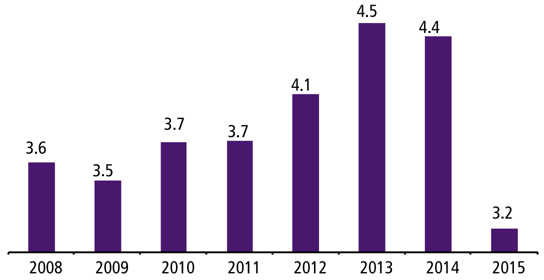
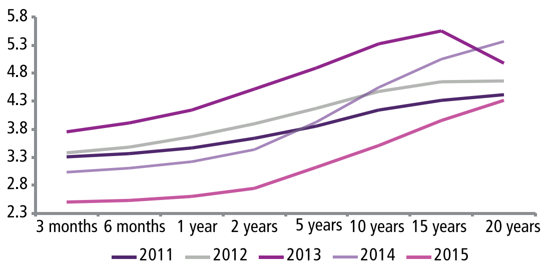


Chart 1.7.9: Change in the yield curve on the secondary market



The easing of sovereign rates contributed to lower rates on the private debt market. In particular, the average rates of commercial paper were down 102 basis points for maturities of less than one month and 46 points for those between 1 and 3 months. Similarly, the average rates for certificates of deposit posted decreases of 61 basis points for maturities between 1 and 3 months and 79 points for those between 3 and 6 months.

As regards interest rates on deposits, the minimum interest rate paid on passbook accounts, pegged to the rates on 52-week Treasury bonds, decreased by 104 basis points to 2.28 percent. For time deposits, the decline was less marked, as rates fell 9 basis points to 3.70 percent on average.

Table 1.7.6: Interest rates on time deposits and passbook accounts* (in %)

	2012	2013	2014	2015
6-month deposits	3.49	3.56	3.65	3.57
12-month deposits	3.83	3.91	3.89	3.80
6-month and 12-month deposits	3.70	3.79	3.79	3.70
Passbook accounts with banks	3.00	3.51	3.32	2.28

In 2015, lending rates continued their downward trend that began in 2011, with a steeper decline of 28 basis points to 5.73 percent on average. This further decline particularly benefited companies, as rates dropped by 68 points for equipment loans and 27 points for cash advances. For private individuals, rates fell by 14 basis points to 6.17 percent, reflecting declines of 17 points for housing loans and 16 points for consumer ones.

Table 1.7.7: Change in lending rates

	2012	2013	2014	Q1	Q2	Q3	Q4	2015*
Debtor accounts and cash advances	6.30	6.20	5.97	5.77	5.95	5.65	5.48	5.71
Equipment loans	6.00	5.93	5.74	5.11	5.04	5.35	4.76	5.07
Real estate loans	6.11	6.12	5.99	5.98	5.92	5.68	5.76	5.84
Consumer loans	7.34	7.38	7.33	7.27	7.18	7.08	7.12	7.16
Overall credit rate	**6.30**	**6.23**	**6.00**	**5.81**	**5.93**	**5.67**	**5.49**	**5.73**

*Arithmetic means

Source: BAM quarterly survey among banks.

1.7.6 Foreign exchange rate

The dirham appreciated 3 percent against the euro and depreciated 13.9 percent versus the dollar, reflecting the depreciation of the euro against the dollar and the effect of the trading basket adjustment made in April 2015. Against the currencies of other major trading partners and competitors, the national currency, in particular, depreciated by 7.3 percent vis-à-vis the British pound, 1.3 percent against the Chinese yuan and 24.3 percent versus the Turkish lira.

Under these conditions, the dirham's effective exchange rate depreciated slightly by 0.1 percent in nominal terms, while in real terms it appreciated by 0.5 percent, reflecting that inflation in Morocco is broadly higher than that of main partner countries and competitors.

Chart 1.7.10: Transfer exchange rate (monthly average)

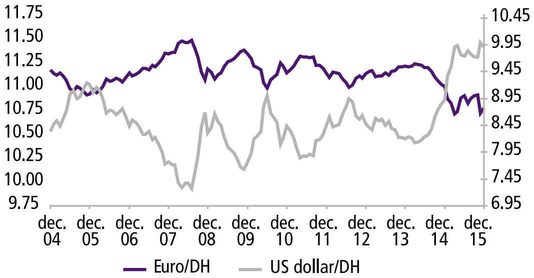
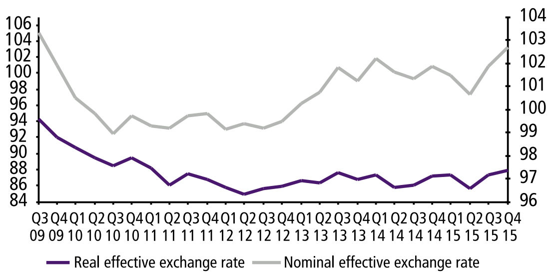


Chart 1.7.11: Nominal and real effective exchange rates of the dirham (2000=100)



In terms of transactions, the average monthly volume of forward transactions made by banks with their customers almost stabilized at 8.4 billion dirhams, with a slight decline of 1.3 percent in purchases to 5.7 billion and a 1.9 percent increase in sales to 2.7 billion.

Chart 1.7.12: Change in forward sales of foreign currency

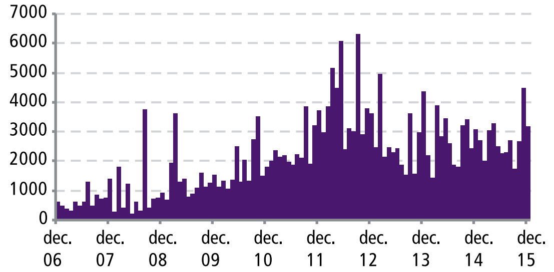
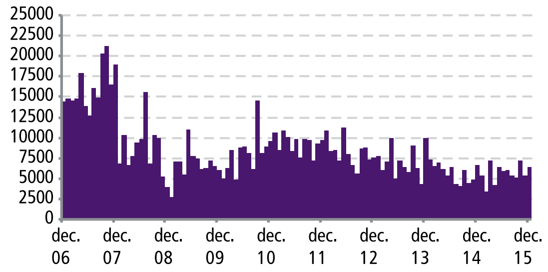
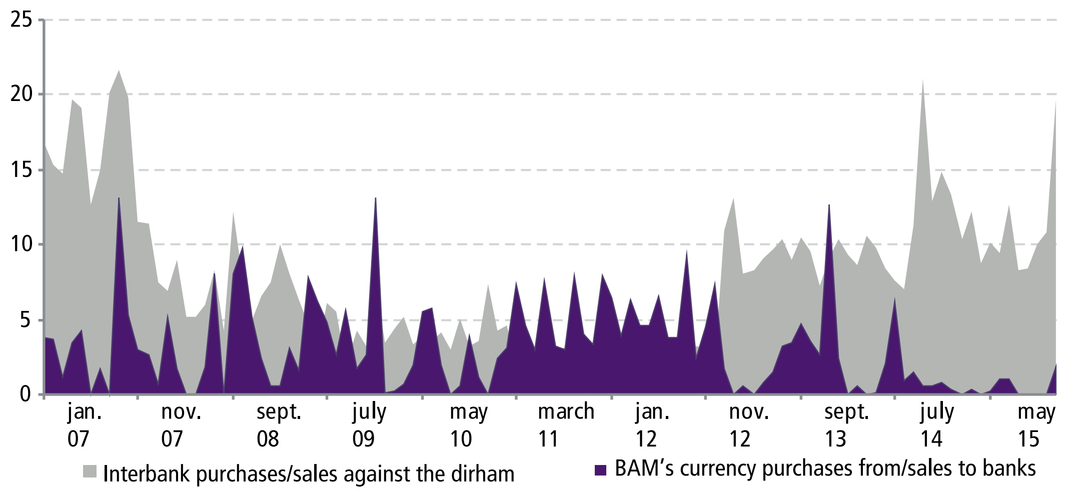


Chart 1.7.13: Change in forward purchases of foreign currency



Meanwhile, the amount of transactions with foreign correspondents moved up significantly from a monthly average of 38.4 billion dirhams to 104.7 billion. Similarly, banks' foreign currency deposits abroad grew by 27.3 percent to 8.9 billion dirhams.

Chart 1.7.14 : Spot transactions on the exchange market



Regarding the interbank compartment, the amount of foreign currency exchanges against the dirham totaled 11.2 billion on monthly average, slightly up 1.7 percent and the lending and borrowing in foreign currencies moved up 6 percent to 37.4 billion on average. Regarding transactions with Bank Al-Maghrib, banks' net sales of foreign currencies against the dirham totaled a monthly average of 2.1 billion dirhams, compared to 1.5 billion in 2014 and currency versus currency sales stood at 750 million dirhams from 2.1 billion.

Table 1.7.8: Main transactions on the Forex market

	2012	2013	2014	2015	Change in % 2015/2014
Interbank foreign currency/DH purchases/sales	2.2	9.6	11.0	11.2	1.7
Foreign currency/DH purchases/sales with foreign correspondents	58.3	77.2	38.2	104.7	172.8

Box 1.7.2: Change in Morocco's exchange rate regime

Since 1959, when the "Banque du Maroc" was established and the dirham was issued, the external value of the national currency was pegged to the French Franc because of the predominance of trade with France. As of 1973, and in a context marked by significant changes in the international monetary system[1], Morocco opted for a peg to a basket of currencies of its main trading partners.

During the 1980s, as the structural adjustment program were introduced, the dirham was devalued several times to correct the appreciation it had recorded in the previous decade, due to the soaring commodity prices, especially phosphate prices, and the expansionary stance of the fiscal policy.

Subsequently, the monetary authorities decided to review the dirham-rating basket several times with a view to adapting it to the structure of external regulations. Thus, in 1990, they expanded the share of European currencies in the reference basket, while performing a devaluation of 9.25 percent. In 2001, the basket was modified again, limiting its composition to the euro and the US dollar, which caused the value of the dirham to decline by 5 percent. More recently, on April 13, 2015, the basket weights were revised from 80 percent to 60 percent for the euro and from 20 percent to 40 percent for the dollar.

It is undeniable that the current exchange rate regime has helped to ensure stability of the national economy. However, the fact remains true that the effects of the latest international financial crisis highlighted some limitations of this regime. Indeed, the current account deficit widened gradually to 9.5 percent of GDP in 2012 and the level of foreign reserves fell back to the equivalent of 4 months of goods and services' imports.

Chart B1.7.2.1: Change in current balance (% of GDP)

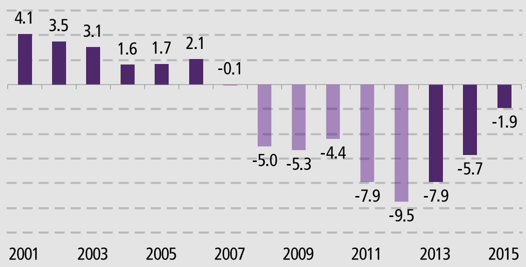
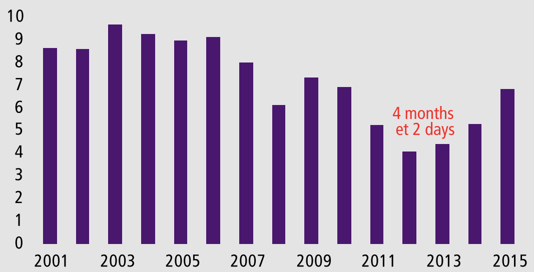


Chart B1.7.2.2 : Change in NIR (in months of goods and services imports)



1 Abandonment of the Bretton Woods agreements, end of the dollar's convertibility into gold in 1971, establishment in 1973 of the floating exchange rate system by the following group: EEC (European Economic Community), Sweden, USA, Canada and Japan.

These developments are arguments in favor of a transition to a more flexible exchange rate regime, particularly in the current context of gradual improvement in macroeconomic balances. This transition, which would be part of the country's open policy, would strengthen the capacity to absorb external shocks and the competitiveness of the national economy.

1.8 Asset markets

In a context of an improvement in budgetary position and liquidity of the economy, the debt market was marked in 2015 by a further decline in rates, due to key rate cuts in 2014. The Treasury issues increased significantly, implying a low reliance on external financing. In contrast, private debt market issuances dropped sharply, mainly reflecting the contraction of issues of banks, owing to an improvement in their liquidity.

Despite low rates, activity on the stock market was still sluggish. The liquidity level remained weak and the benchmark index, MASI, recorded an underperformance of 7.2 percent, impacted by lower results of listed companies.

On the real estate market, prices rose slightly by 0.6 percent, after falling 0.4 percent and transactions declined by 2.7 percent, after a rebound of 15.9 percent in 2014. The change by city highlights significantly low prices in Marrakech and a transaction decline in most major cities.

Table 1.8.1 : Change in the main indicators of asset markets

	2012	2013	2014	2015
Stock market				
MASI (change in %)	-15.1	-2.6	5.6	-7.2
Liquidity ratio (central market, in %)	6.7	5.9	5.7	6.7
Capitalization in % of GDP	53	50	52	46
Debt market (change in %)				
Outstanding amount of Treasury bills	13.5	15.8	3.2	10.3
Outstanding amount of private debt	11.8	-2.0	1.8	-5.7
Mutual funds market (change in %)				
Net assets of mutual funds	5.4	1.5	22.4	9.9
Real estate market (change in %)				
Real Estate Price Index	2.2	1.7	-0.4	0.6
Number of transactions	-11.3	-6.2	15.9	-2.7

1.8.1 Debt securities

Treasury bills

Despite a relatively small increase in its financing requirements, Treasury issuances moved up significantly by 34.8 percent in the domestic market to 148.6 billion, albeit coupled with less use of external resources. Issues focused on medium-term maturities, which represented 51 percent of total emissions, as against 33 percent in 2014, while the share of long-term bonds fell back from 55 percent to 25 percent and that of short-term securities rose from 13 percent to 25 percent. They were issued in favorable conditions, with mainly drops in rates of 63 basis points in for 52-week bonds, 73 points for 2-year bills and 78 points for 5-year bonds. Taking into account repayments totaling 104.6 billion dirhams, the outstanding amount of Treasury bills rose by 10.3 percent to 470.1 billion.

Chart 1.8.1: Change in T-bond repayments and subscriptions (in billion DH)

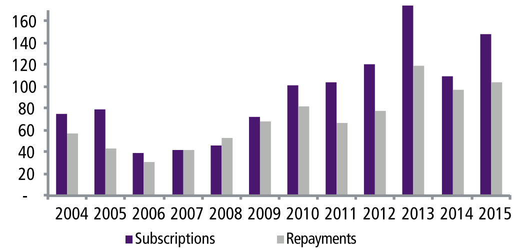
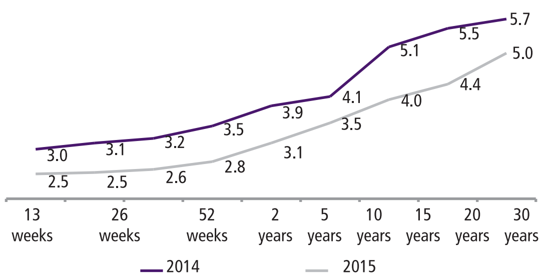


Chart 1.8.2: Change in the average rates of T-bonds in the primary market, by maturity (%)



Furthermore, with a view to improving the domestic debt profile and smoothing repayments, the Treasury resorted to exchange of securities amounting to 22.7 billion dirhams, in a context characterized overall by a continued easing of yields due to key rate cuts in 2014.

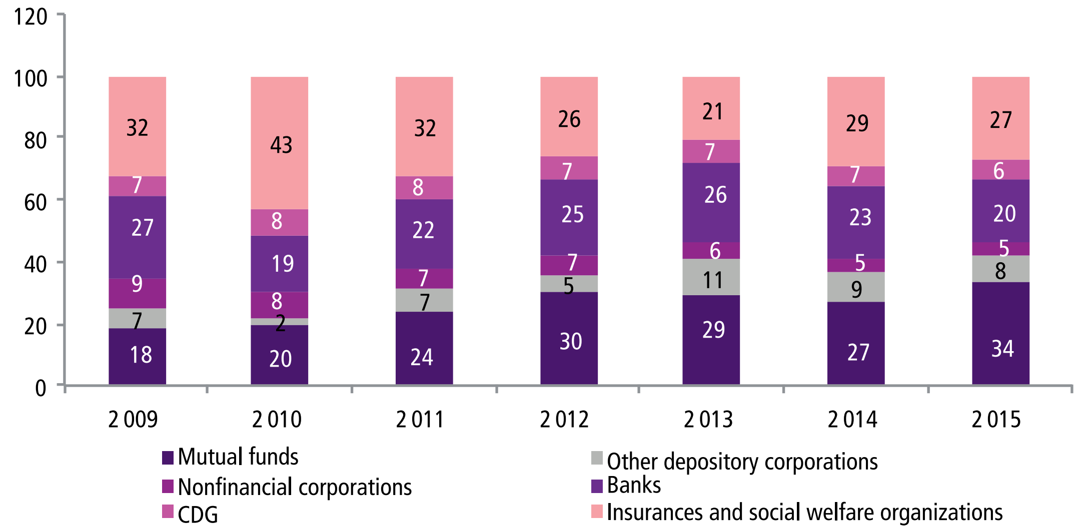
Against this backdrop, the share of long-term maturities in the outstanding amount of Treasury bills moved down from 58 percent in 2014 to 55 percent in 2015, while that of medium-term maturities stabilized at 39 percent. The share of short-term securities increased from 3 percent to 6 percent.

Table 1.8.2: Outstanding amount and structure of T- bonds (in billion dirhams)

	2009	2010	2011	2012	2013	2014		2015	
						Amount	Structure in %	Amount	Structure in %
Outstanding amount	**257.9**	**277.4**	**314.2**	**356.7**	**412.97**	**426.1**	**100**	**470.1**	**100**
Short term	59.0	33.8	16.4	15.7	33.9	14.9	3.5	27.5	5.8
Medium term	43.8	81.9	122.4	156.8	177.6	165.0	38.7	182.7	38.9
Long term	155.1	161.6	175.5	184.3	201.6	246.2	57.8	259.9	55.3
Subscriptions	**72.9**	**101.1**	**103.5**	**120.3**	**175.2**	**110.2**	**100**	**148.6**	**100**
Short term	49.9	42.3	25.4	42.1	83.9	14.0	12.7	36.6	24.6
Medium term	23.0	47.2	60.3	57.0	66.7	36.1	32.8	75.1	50.5
Long term	0.0	11.7	17.8	21.2	24.7	60.1	54.5	36.9	24.8
Repayments	**67.7**	**81.6**	**67.1**	**77.8**	**118.9**	**97.1**	**100**	**104.6**	**100**
Short term	25.9	67.4	43.3	42.7	65.7	32.9	33.9	23.9	22.9
Medium term	29.8	6.6	19.8	22.6	45.9	48.6	50.1	57.4	55.0
Long term	12.0	7.6	3.9	12.4	7.4	15.5	16.0	23.1	22.1

The breakdown of outstanding Treasury bills by holder revealed a significant increase in the share of mutual fund shares/units, which rose from 27 percent to 34 percent. However, holdings of insurances and social welfare organizations accounted for 27 percent, as against 29 percent, and those of banks represented 20 percent, from 23 percent a year earlier.

Chart 1.8.3: Structure of T-bonds outstanding amount by holder



Private debt securities

After reaching a peak of 83 billion in 2014, issues of private securities were down 31.5 percent to 56.8 billion. This trend was mainly due to the contraction of certificates of deposit issued by banks, in conjunction with an improvement in their liquidity.

Table 1.8.3: Change in private debt issuance (in million dirhams)

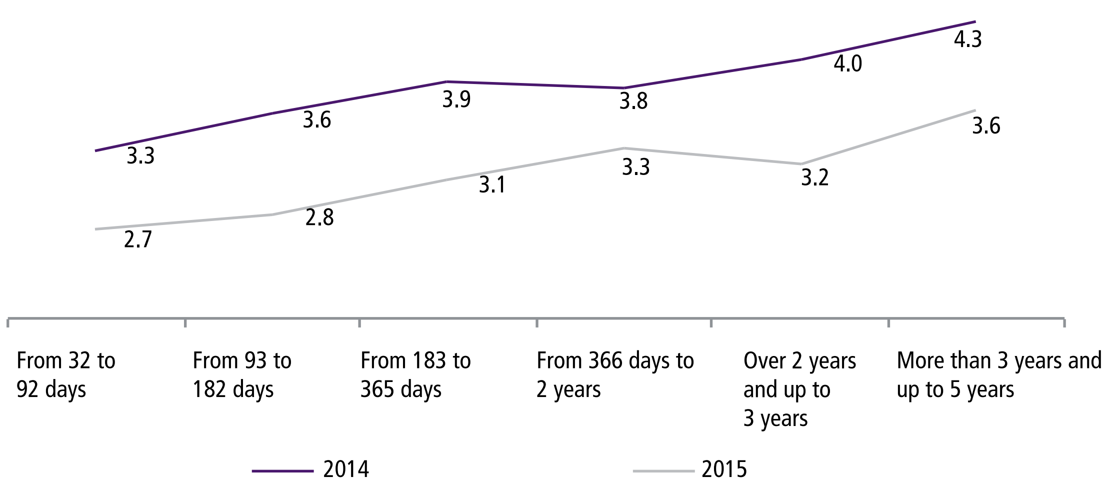
	Issues					Change 2015/2014	
	2011	2012	2013	2014	2015	In millions	In %
Bonds	**69 973**	**78 763**	**65 092**	**83 006**	**56 830**	**-26 176**	**-31.5**
Other financial companies	**53 172**	**57 486**	**53 143**	**59 660**	**34 054**	**-25 606**	**-42.9**
Banks	**45 463**	**47 776**	**53 103**	**51 698**	**28 245**	**-23 453**	**-45.4**
Certificates of deposit	43 963	44 526	50 853	47 498	21 245	-26 253	-55.3
Bonds	1 500	3 250	2 250	4 200	7 000	2 800	66.7
Other financial companies	**7 709**	**9 711**	**40**	**7 962**	**5 809**	**-2 153**	**-27.0**
Finance companies bills	7 649	5 585	40	7 502	4 979	-2 523	-33.6
Bonds	60	4 126		460	830	370	80.4
Nonfinancial corporations	**16 802**	**21 277**	**11 950**	**23 346**	**22 776**	**-570**	**-2.4**
Treasury bills	5 952	9 027	9 700	11 322	15 464	4 142	36.6
Bonds	10 850	12 250	2 250	12 024	7 312	-4 712	-39.2

Sources: Maroclear et calculs BAM.

Indeed, issues of certificates of deposit fell from 47.5 billion dirhams to 21.2 billion and remained dominated by maturities of less than 1 year, with a share of 67 percent. They were remunerated at rates much lower than those recorded in 2014, with decreases of 61 basis points for maturities between 32 to 92 days and 79 points for those between 93 to 182 days. In contrast, bonds issued by banks rose to 7 billion dirhams from 4.2 billion and focused on 10-year securities.

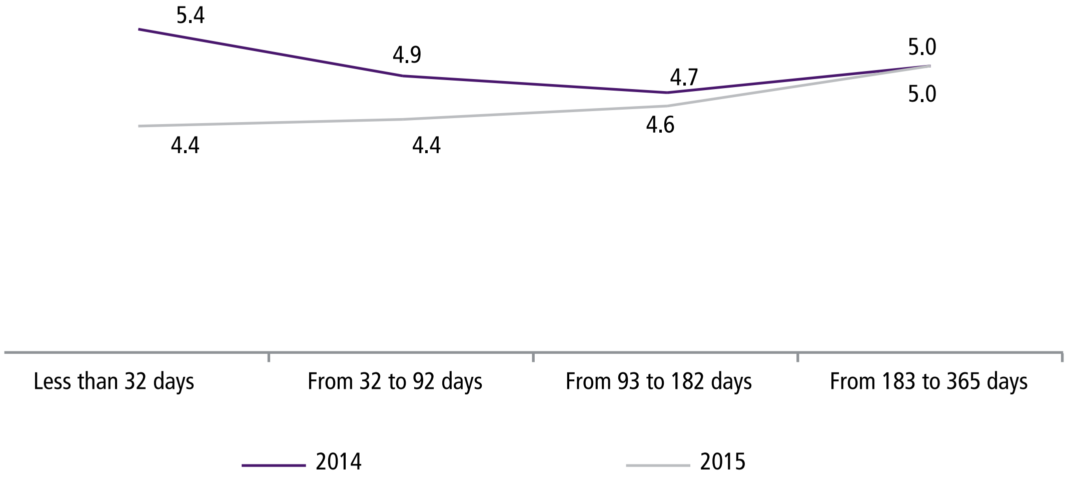
Issues of finance companies fell by 34 percent to 5 billion dirhams, including 94 percent as bonds. For the latter, maturities between 3 to 5 years accounted for 57 percent of issues, as against 22 percent in 2014 and were remunerated at an average rate of 3.9 percent, as against 4.2 percent. The share of maturities of less than 3 years fell back from 81 percent to 43 percent and their average rate decreased by 71 basis points to 3.4 percent. Bond issues amounted to 830 million dirhams from 460 million a year earlier.

Chart 1.8.4: Change in certificates of deposit rates by maturity (In %)



Regarding nonfinancial corporations, commercial paper issues continued their upward trend since 2009 to 15.5 billion dirhams in 2015. However, reliance on this market remains weak, as only 19 companies were financed there over the past six years. Issues focused on maturities of less than 32 days, with a share of 58 percent, as against 29 percent in 2014. They were remunerated at an average rate of 4.4 percent, as opposed to 5.4 percent. However, the amount of issued bonds dropped to 7.3 billion from 12 billion in 2014 and 10.8 billion on average between 2009 and 2013. 5- and 10-year maturities accounted for more than half of emissions and were remunerated at rates lower than those registered in 2014.

Chart 1.8.5: Change in the rates of commercial paper by maturity (in %)



Taking into account repayments, outstanding private debt securities stood at 159.6 billion dirhams, down 5.7 percent from the previous year. This change reflects declines of 5.9 percent in outstanding securities of financial companies to 91.6 billion and 5.3 percent in those of nonfinancial corporations to 68 billion dirhams.

Table 1.8.4: Change in the outstanding amount on the private debt market (in million dirhams)

	Emissions					Change 2015/2014	
	2011	2012	2013	2014	2015	In millions	In %
Global	**151 738**	**169 718**	**166 254**	**169 173**	**159 606**	**-9 567**	**-5.7**
Financial corporations	**95 477**	**104 025**	**97 816**	**97 373**	**91 604**	**-5 769**	**-5.9**
Banks	**76 788**	**81 140**	**81 218**	**80 391**	**73 413**	**-6 978**	**-8.7**
Certificates of deposit	57 798	59 068	58 574	55 088	41 184	-13 904	-25.2
Bonds	18 990	22 072	22 644	25 303	32 229	6 926	27.4
Other financial companies	**18 689**	**22 886**	**16 598**	**16 982**	**18 191**	**1 209**	**7.1**
Finance companies bills	16 889	18 763	13 168	13 486	14 460	974	7.2
Bonds	1 800	4 123	3 430	3 496	3 731	235	6.7
Nonfinancial corporations	**56 261**	**65 693**	**68 439**	**71 800**	**68 002**	**-3 798**	**-5.3**
Treasury bills	2 897	3 467	3 422	4 836	2 271	-2 565	-53.0
Bonds	53 364	62 226	65 017	66 964	65 731	-1 233	-1.8

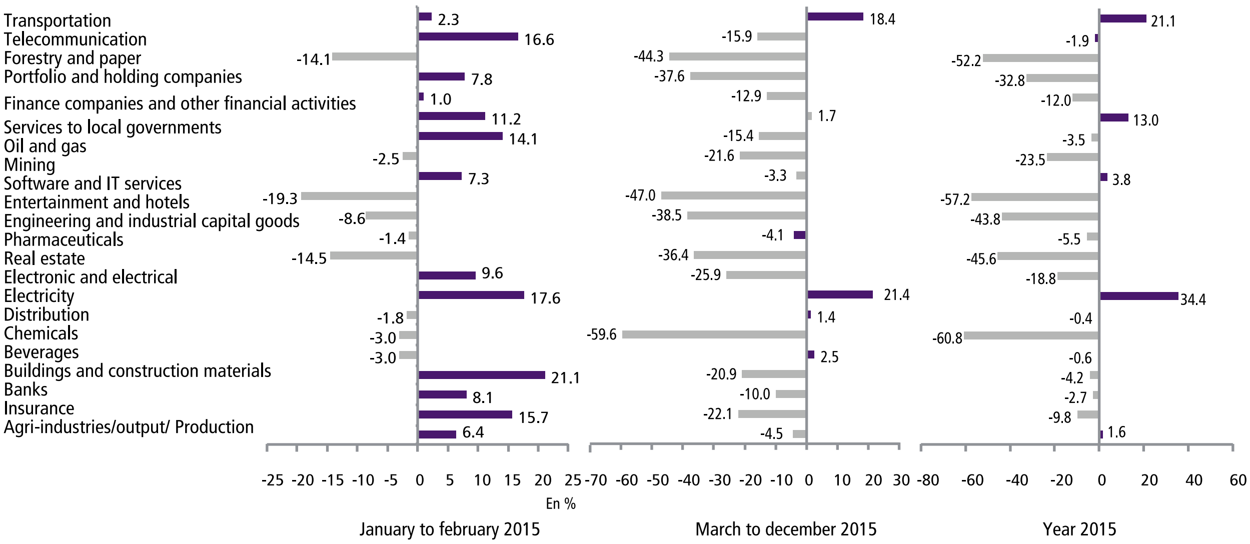
Sources: Maroclear et calculs BAM.

1.8.2 Stock market

During the first two months of 2015, the MASI trended upwards, with a performance of 8.7 percent at end-February. This increase was primarily attributed to increases of 21.1 percent in the index of "construction and building materials", 16.6 percent in "telecommunications" and

8.1 percent in "the banking sector". In contrast, the "real estate" index continued its downward trend, showing a further contraction of 14.5 percent.

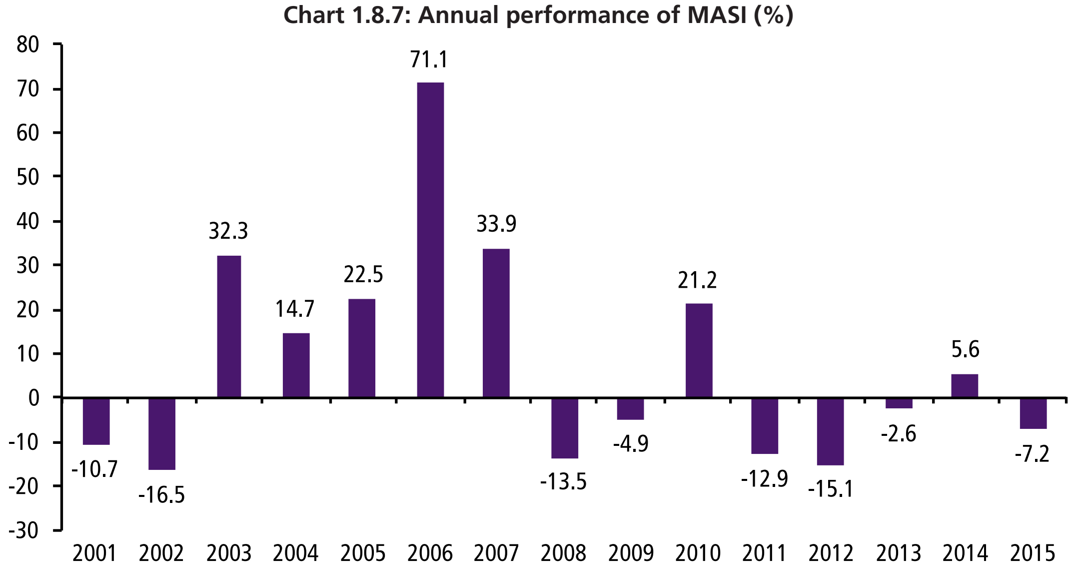
Chart 1.8.6: Annual change of sectoral indexes



Source: Casablanca Stock Exchange.

As of March, with the multiplication of profit warnings and publication of annual results showing a further decrease in the overall profit mass, almost all prices were tilted to the downside, with particular underperformances of 36.4 percent for the "real estate" sector, 15.9 percent for "telecommunications" and 10 percent for "banks" between March and December. At the end of the year, the MASI underperformance stood at 7.2 percent, after rising 5.6 percent in 2014.

Chart 1.8.7: Annual performance of MASI (%)



Source: Casablanca Stock Exchange.

Falling prices affected the valuation indicators, as the PER dropped from 18.5 to 17, a level that remains, however, well above the average observed in the most represented countries in the "frontier markets" category of MSCI. However, the Casablanca Stock Exchange has one of the most attractive remunerations of the category in terms of dividend yield with a rate of 4.52 percent.

Table 1.8.5: PER and dividend yield of most represented countries in the MSCI "frontier market" category

	weight in %	PER			Dividend Yield		
		2013	2014	2015	2013	2014	2015
Kuwait	20,3	18,3	17,0	14,7	2,89	3,33	3,93
Nigeria	14,4	4,2	11,6	13,9	1,16	1,29	0,95
Argentina	11,8	13,6	12,0	8,7	2,73	4,34	3,72
Pakistan	8,6	12,1	11,8	9,7	4,15	4,32	5,53
Morocco	**7,6**	**15,7**	**18,5**	**17,0**	**4,24**	**4,47**	**4,52**

Source : Thomson Reuters Eikon.

Albeit slightly up compared to 2014, the volume of transactions remained low at 52.1 billion, as against an average of 79.3 billion dirhams between 2010 and 2014. It stood on the central market at 31.4 billion from 30.9 billion dirhams a year earlier and almost stagnated at 13.5 billion on the OTC market.

Issues for capital increases, which provide information on the contribution of the stock exchange to the financing of the economy, remained insignificant at 2 billion dirhams, made almost entirely by financial companies. The year also saw the listing of two companies, TOTAL MOROCCO and AFMA, by sale of securities, for respective amounts of 716.2 million and 177.2 million dirhams and the delisting of CGI and MEDIACO companies, with public offerings of withdrawals amounting to 2 billion and 2.6 million, respectively.

These developments, coupled with lower prices, resulted in a decline of 6.4 percent in market capitalization to 453.3 billion dirhams and its ratio to GDP was down from 52 percent in 2014 to 46 percent. Similarly, the free float market capitalization was down 9.9 percent, with a slight decline from 24.3 percent to 24.1 percent in the free float factor.

Chart 1.8.8 : Capitalization and float factor of key sectors

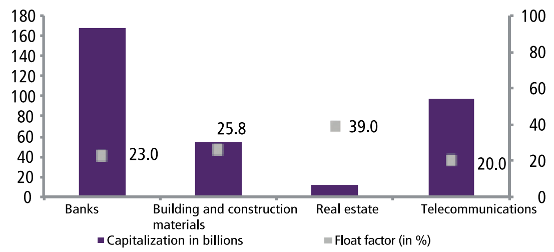
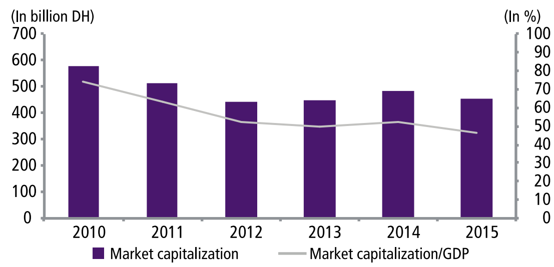


Chart 1.8.9: Change in market capitalization



Source: Casablanca Stock Exchange.

Under these conditions, the liquidity ratio[1] decreased slightly to 7.7 percent, covering a decline from 2.4 percent to 1 percent in the OTC market and an increase from 5.7 percent to 6.7 percent in the central market.

Chart 1.8.10 : Annual change in the liquidity ratio (%)

Source: Casablanca Stock Exchange, and BAM calculations.

Table 1.8.6: Change in the trading volume (in million DH)

	2012	2013	2014	2015
I- Shares	**52 552**	**54 557**	**44 334**	**46 884**
1-Central market	29 729	26 449	27 595	28 758
2-OTC market	12 470	22 101	11 816	11 751
Total of the secondary market (1+2)	**42 199**	**48 550**	**39 411**	**40 509**
3- New listings	27	1 000	1 127	893
4- Securities contribution	2 063	644	2 493	923
5- Public offerings*	177	45	672	2 408
6- Transfers	617	1 116	206	106
7- Capital increases	7 469	3 202	425	2 045
Total of other markets (3+4+5+6+7)	**10 353**	**6 007**	**4 923**	**6 375**
II- Bonds	**8 483**	**7 584**	**5 475**	**5 207**
8- Central market	3 205	2 171	3 355	2 690
9- OTC market	4 368	4 713	1 936	1 706
Total of secondary market (8+9)	**7 573**	**6 884**	**5 291**	**4 396**
10- New listings	910	700	184	810
11- Securities contributions	-	-	-	1
12- Transfers	-	-	-	-
Total of other markets (10+11+12)	**910**	**700**	**184**	**811**
Total (I+II)	**61 035**	**62 141**	**49 809**	**52 091**

* The $ 2.6 million dirhams public buyout offer of MEDIACO MOROCCO was accounted in December 2014 and the effective deregistration of the security took place in February 2015.

1 Liquidity ratio is the ratio of the volume of transactions to market capitalization.

Box 1.8.1 : Positioning of the Casablanca Stock Exchange

As of 2001, the Moroccan stock market has been integrated in the calculation of the main global indexes. Given the investment opportunities it offered and its liquidity level, it was classified as an emerging market, which included only Egypt and South Africa from African and MENA region. However, the downward trend of the liquidity level since 2008 led the MSCI provider in 2013 as well as FTSE and S&P in 2014 to downgrade the Casablanca Stock Exchange to the frontier market category[1].

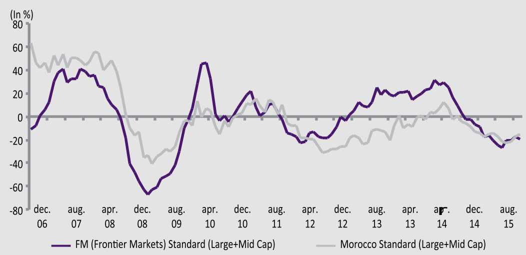
Morocco is the fifth largest market in the "MSCI FM" which includes 24 countries. According to the latest assessment of MSCI, its share in the overall capitalization is 8.1 percent[2], as against 20.3 percent for Kuwait, 14.4 percent for Argentina, 11.8 percent for Nigeria and 8.6 percent for Pakistan. The Casablanca Stock Exchange is represented by 9 companies , including shares of 47 percent for the financial sector and 34 percent for telecommunications.

Table B 1.8.1.1 : Positions of the main countries included in the MSCI Frontier Markets

	Number of the corporations listed	Capitalization (in billion dollars)	Position in the MSCI FM	
			weight in %	Number of the values selected
Kuwait	200	82.7	20.3	8
Argentina	93	56.1	14.4	9
Nigeria	183	50.0	11.8	16
Pakistan	557	-	8.6	16
Morocco	**75**	**45.9**	**7.6**	**9**
Other markets	-	-	37.3	63

Source : MSCI, World Bank (WDI).

Chart B1.8.1.1 : Change in MSCI indexes of frontier markets and Morocco



1 This group was created in 2007 by MSCI to distinguish between countries whose financial market characteristics are closer to those of developed countries and those with a financial ecosystem below the criteria used by the major providers of stock indexes.

2 April 2016 data

In terms of performance, MSCI Morocco Index showed over the past two years an average annual decline of 6.6 percent, as opposed to 23.3 percent for Nigeria, 10.1 percent for Kuwait, 5.3 percent for Pakistan and 3.4 percent for the MSCI FM World Index.

Regarding the valuation indicators, the Casablanca Stock Exchange displays a PER which remains generally higher than that of the main frontier countries. However, it provides a higher dividend yield, with an average rate of 4.1 percent between 2010 and 2015, as against 2.7 percent in Argentina, 3.6 percent in Nigeria and 3.8 percent in Kuwait.

Chart B 1.8.1.2 : Change in the performance of MSCI indexes (in %)

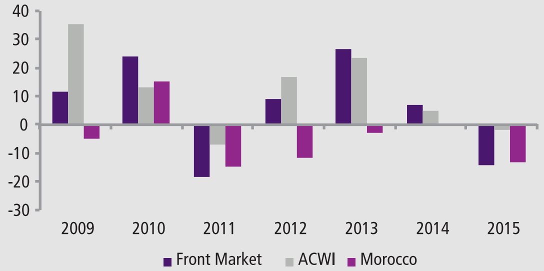
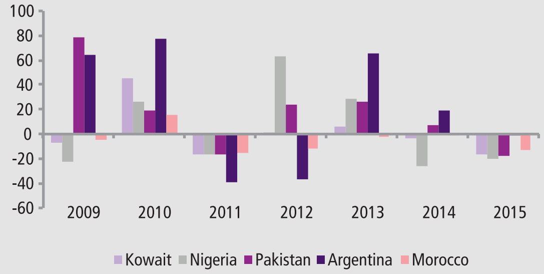


Chart B 1.8.1.3 : Change in MSCI indexes performance of the main frontier markets (in %)



Source : MSCI.

(*) ACWI : All Country World Index

Table B 1.8.1.2 : Change in valuation and performance indicators

	2010	2011	2012	2013	2014	2015	Average
PER							
Kuwait	24.0	14.3	16.7	18.3	17.0	14.7	17.5
Nigeria	21.2	8.8	12.8	13.6	12.0	8.7	12.9
Argentina	13.3	8.9	8.2	4.2	11.6	13.9	10.0
Pakistan	11.5	8.4	8.7	12.1	11.8	9.7	10.4
Morocco	**21.6**	**16.9**	**15.1**	**15.7**	**18.5**	**17.0**	**17.5**
Dividend yield (in %)							
Kuwait	4.0	5.6	3.3	2.9	3.3	3.9	3.8
Nigeria	2.7	4.9	3.4	2.7	4.3	3.7	3.6
Argentina	3.8	7.1	1.9	1.2	1.3	1.0	2.7
Pakistan	4.8	6.7	5.6	4.2	4.3	5.5	5.2
Morocco	**3.3**	**3.7**	**4.4**	**4.2**	**4.5**	**4.5**	**4.1**

Source : Thomson Reuters Eikon.

Regarding liquidity, the Casablanca Stock Exchange showed a relatively low level, as its ratio stood at 7 percent on average between 2010 and 2015, as against 25 percent for Kuwait, 15 percent for Jordan and 10 percent for Nigeria. These levels remained well below those recorded by the main countries of the emerging and developed markets categories.

Table B 1.8.1.3 : Liquidity of the most represented markets in the MSCI indexes (in %)

				Liquidity				
	weight	2010	2011	2012	2013	2014	2015	Average 2010-2015
Frontier markets								
Kuwait	20	35	20	25	37	20	15	25
Argentina	14	4	6	4	4	6	5	5
Nigeria	12	10	10	13	11	8	8	10
Morocco	**8**	**8,8**	**6,8**	**6,7**	**6,0**	**5,8**	**6,4**	**7**
Jordan	-	28	14	10	13	12	14	15
Emerging markets								
China	24	205	196	136	195	199	480	235
Republic of Corea	16	149	194	134	108	106	150	140
India	8	66	64	49	47	47	51	54
South Africa	7	30	29	25	25	26	32	28
Developed markets								
Canada	3	65	77	65	63	64	69	67
USA	59	208	262	173	138	148	165	183
Japan	8	112	130	96	134	111	114	116

Sources : World Bank (WDI) and official sites of stock markets.

1.8.3 Mutual fund shares/units

Against a background of further decline in the yield curve and after a robust rise in 2014, subscriptions to mutual fund shares/units increased by 14.3 billion to 635.8 billion dirhams. This change reflects in particular a growth of 27.4 billion in acquisitions of bond funds to 209.4 billion, while money market mutual fund shares/units were down 19.6 billion to 408.9 billion dirhams. Regarding other categories, subscriptions increased from 4.3 billion to 6 billion for equity funds, from 4.9 billion to 5.5 billion for diversified ones and from 1.7 billion to 6 billion dirhams for contractual funds.

Taking into account a 4 percent increase in redemptions to 610.2 billion, net inflows stood at 25.6 billion dirhams, including 19.1 billion for bond funds on the medium and long term.

In terms of yields, the UCITS performance index rose by 2.4 percent, as against 8.4 percent in 2014, with mainly increases of 3.8 percent for bond funds, as opposed to 9.9 percent, and 2.6 percent for money market funds, as against 4.4 percent.

Under these conditions, net assets of bond funds amounted to 223.5 billion dirhams, up 15.5 percent, while those of money market funds fell back to 71.6 billion from 73.7 billion a year earlier. Overall, taking into account an increase of 1.6 billion for other categories of funds, net assets of UCITS funds progressed by 9.8 percent to 330.1 billion dirhams.

Table 1.8.7: Change in transaction volume (In million dirhams)

		2011	2012	2013	2014	2015
Net asset	Money market funds	60.6	71.4	68.0	73.7	71.6
	Bond funds	135.8	140.7	147.8	193.4	223.5
	Equity funds	22.2	20.7	20.0	21.1	20.4
	Composite mutual funds	9.4	7.7	8.8	11.3	12.9
	Contractuel funds	1.5	1.2	0.9	1.0	1.8
	Total	**229.5**	**241.9**	**245.5**	**300.5**	**330.1**
Souscriptions	Money market funds	388.1	405.3	373.8	428.6	408.9
	Bond funds	117.8	143.2	137.6	181.9	209.4
	Equity funds	4.5	3.9	2.3	4.3	6.0
	Composite mutual funds	4.1	2.6	2.2	4.9	5.5
	Contractuel funds	1.7	2.9	2.2	1.7	6.0
	Total	**516.2**	**558.0**	**518.1**	**621.4**	**635.8**
Repurchases	Money market funds	389.0	396.5	379.6	425.6	407.9
	Bond funds	113.5	140.8	134.4	152.2	187.0
	Equity funds	5.1	2.7	2.2	4.0	5.7
	Composite mutual funds	3.8	3.9	2.2	3.5	4.4
	Contractuel funds	2.6	3.2	2.5	1.7	5.3
	Total	**513.9**	**547.1**	**520.9**	**586.9**	**610.2**

Source: Transferable Securities Board.

By holder, the share of social security funds increased from 25.8 percent to 29.1 percent and that of nonfinancial corporations rose from 18.9 percent to 20.5 percent. However, holdings of financial companies accounted for 42 percent from 45.6 percent of net assets, while the share of households represented 8.2 percent from 9.3 percent. They hold in particular 19 percent of outstanding diversified mutual fund shares/units and 15 percent of equity funds.

Chart 1.8.11: Change in the structure of mutual funds' net assets by holder

Source : Transferable Securities Board.

Box 1.8.2 : Financial development in Morocco

A developed financial system promotes savings mobilization, improves resource allocation and risk management and ultimately contributes to economic growth. To understand the financial development degree, several measures have been proposed, the most recent of which was published in 2015 in an IMF working paper[1]. It is about a composite index combining two sub-indexes measuring the level of development of financial institutions[2] and markets across three dimensions: depth, access and efficiency.

The results for a sample of 183 countries over the period 1980-2013 indicate that Morocco ranks 52nd with a score of 0.39 on a scale of 0 to 1, ahead of several countries such as Egypt (77th) and Argentina (65th), but behind certain economies like Jordan (47th) and Turkey (37th). They point out also that the Moroccan financial system components have developed unevenly, as financial institutions have been more developed than financial markets. Their scores stood at 0.53 and 0.24, respectively.

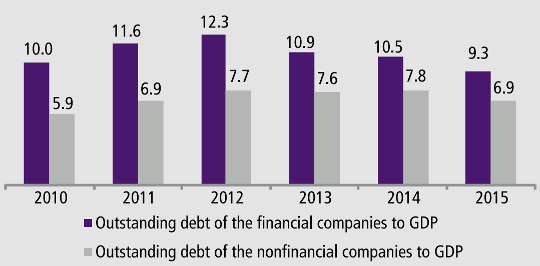
1 "Rethinking Financial Deepening: Stability and Growth in Emerging Markets", Mai 2015.

2 Banks, insurances and pension funds.

Financial markets in Morocco are still penalized by the lack of depth and low efficiency, with scores of 0.17 and 0.06, ranking Morocco 70th and 64th, respectively, based on these two dimensions. Indeed, the depth of the stock market deteriorated gradually since 2007, as the market capitalization as a percentage of GDP fell back from 91 percent to 46 percent in 2015 and the volume of transactions to GDP stood at 5 percent from 28 percent. Similarly, the private debt market remains poorly developed with ratios of the outstanding amount to GDP limited to 9.3 percent in 2015 for financial companies and 6.9 percent for nonfinancial corporations. Regarding efficiency, the liquidity ratio of the equity market stood at 5.9 percent in 2015 from 18.1 percent in 2007.

Chart B 1.8.2.1 : Change in the market capitalization (In % of GDP)

Chart B 1.8.2.2 : Change in the outstanding private debt (in % of GDP)



1.8.4 Real estate assets

After a 0.4 percent decline in 2014, real estate prices were up 0.6 percent, reflecting a price increase of 0.8 percent for apartments and to a lesser extent a rise of 0.7 percent for urban land. Conversely, prices of commercial properties posted their first decline since 2009, with a rate of 2.1 percent.

Table 1.8.8: Change in REPI by category of assets (in %)

	2008	2009	2010	2011	2012	2013	2014	2015
Overall	**3.1**	**2.5**	**-0.8**	**2.0**	**2.2**	**1.7**	**-0.4**	**0.6**
Residential	**2.6**	**3.6**	**-2.1**	**1.1**	**1.6**	**0.9**	**-0.4**	**0.9**
Apartment	1.9	4.5	-3.3	0.3	1.5	0.6	-0.4	0.8
Villa	4.8	1.5	2.4	3.6	2.1	2.0	0.2	1.1
House	6.3	1.6	1.8	6.2	1.4	-0.9	-1.5	1.0
Urban land	**3.8**	**1.3**	**1.8**	**3.8**	**4.5**	**4.3**	**-0.8**	**0.7**
Business properties	**7.0**	**-0.4**	**1.7**	**3.3**	**1.2**	**0.3**	**1.9**	**-2.1**
Commercial premises	7.6	-0.1	2.1	3.3	1.1	0.4	1.6	-2.1
Offices	5.0	-2.2	-0.3	2.8	1.6	-0.9	5.0	-3.2

Sources: National Land Registry Office and BAM calculations.

After a significant increase of 15.9 percent, sales dropped by 2.7 percent to 126,217 transactions. The decline affected mainly residential assets with decreases of 3.2 percent for apartments, 5.7 percent for houses and 10.1 percent for villas. Business property purchases were slightly down 0.9 percent, reflecting a decrease of 1.4 percent in sales of commercial premises, while sales of offices rose 3.1 percent. Regarding urban land, the number of transactions almost stabilized from one year to another. The structure of transactions remains dominated by sales of apartments, with a rate of 68 percent for urban land as against 19 percent, and 7 percent for commercial premises.

Table 1.8.9: Change in the number of transactions by asset type (in %)

	2008	2009	2010	2011	2012	2013	2014	2015
Overall	**-3.2**	**2.7**	**4.3**	**11.5**	**11.3**	**-6.2**	**15.9**	**-2.7**
Residential	**-5.6**	**2.7**	**1.1**	**11.5**	**11.4**	**-4.0**	**18.6**	**-3.5**
Apartment	-4.2	5.8	1.0	13.3	12.2	-3.0	20.8	-3.2
Villa	-12.8	-16.5	0.8	-2.7	1.2	-15.5	-5.9	-5.7
House	-12.8	-2.6	10.2	7.2	21.7	-2.6	12.1	-10.1
Urban land	**4.7**	**7.1**	**16.4**	**12.6**	**10.4**	**-14.4**	**6.6**	**-0.3**
Business properties	**2.1**	**-8.1**	**3.4**	**8.5**	**13.7**	**-2.0**	**14.6**	**-0.9**
Commercial premises	3.4	-5.2	2.1	7.1	14.3	-2.9	14.5	-1.4
Offices	-6.4	-30.0	17.5	20.8	8.7	5.2	15.3	3.1

Sources: National Land Registry Office and BAM calculations.

Analysis of the REPI change by city shows that with the exception of Marrakech and El Jadida where prices declined, prices in other major cities posted increases ranging from 0.3 percent in Oujda to 2.7 percent in Kenitra. Concerning transactions, the decline recorded nationally primarily reflects low sales of apartments in Tangier and Marrakech.

Table 1.8.8: Change in REPI and in the number of transactions in major cities (in %)

	REPI				Transactions			
	2012	2013	2014	2015	2012	2013	2014	2015
Agadir	1.4	1.4	2.4	1.6	63.1	-2.6	-10.3	-20.7
Kenitra	2.3	0.8	-0.2	2.7	20.8	-3.1	15.5	4.0
Marrakech	0.0	3.2	1.5	-4.3	0.6	-21.2	21.2	-9.3
Oujda	3.7	8.8	-1.6	0.3	10.0	-6.6	15.7	0.3
Casablanca	0.1	1.5	0.4	1.0	7.4	1.1	33.6	-5.5
Rabat	2.7	0.0	1.3	2.2	-6.0	-10.5	4.1	-10.9
El Jadida	-0.5	-0.3	-4.2	-1.8	15.7	2.6	-1.5	35.0
Meknes	3.8	-1.3	1.5	0.7	16.1	-31.8	30.7	9.9
Fes	3.2	0.2	0.7	0.6	14.1	-7.4	12.8	-6.8
Tangier	2.4	2.6	0.0	0.8	22.5	16.2	6.8	-11.9
Global	**2,2**	**1,7**	**-0,4**	0,6	**11,3**	**-6,2**	**15,9**	**-2,7**

Sources: National Land Registry Office and BAM calculations.

In Casablanca, prices continued to rise at a moderate pace, as the REPI moved up 1 percent from 0.4 percent in 2014. This trend affected mainly apartments and urban land with respective rates of 1.2 percent and 2.8 percent. However, after an average increase of 2.6 percent between 2011 and 2014, prices of business properties were down 3.6 percent. After the exceptional increase in 2014, transactions were down 5.5 percent, covering a decline of 6.8 percent for apartments and increases of 3.9 percent for urban land and 1.1 percent for commercial properties.

In Rabat, prices rose 2.2 percent, reflecting increases of 2.3 percent for apartments and 9.3 percent for business properties, while urban land prices decreased by 1.8 percent. The number of transactions registered significant declines of 24.9 percent for commercial property, 14.5 percent for apartments and 4 percent for urban land.

In Marrakech, prices fell by 4.3 percent, mainly reflecting a 7.9 percent drop in urban land prices, the first since 2009. Prices of commercial premises showed a decrease of 3.3 percent, while prices of apartments did not change significantly. Transactions were down 9.3 percent, reflecting declines of 11.9 percent for apartments and 18.9 percent for commercial premises, while urban land sales remained virtually stable.

In Tangier, the price index rose 0.8 percent, covering a 2.5 percent increase for urban land, a decline of 0.6 percent for apartments and stagnation for commercial premises. Sales decreased for all asset categories, with a rate of 11.9 percent overall.

Chart 1.8.12 : Change in the real estate price index by city (in %)

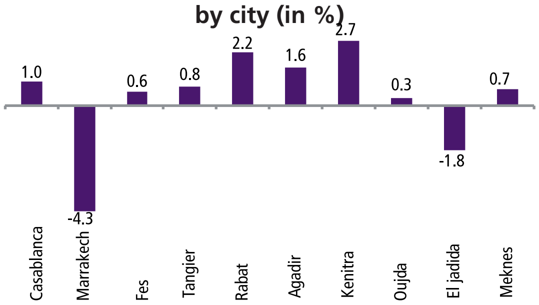
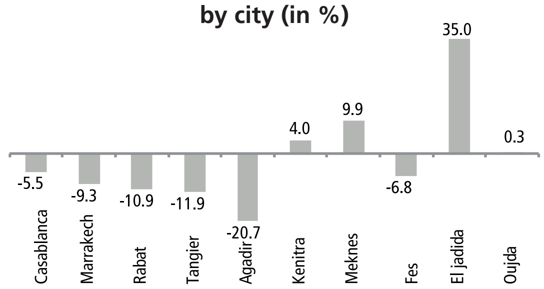


Chart 1.8.13: Change in the transactions volume by city (in %)

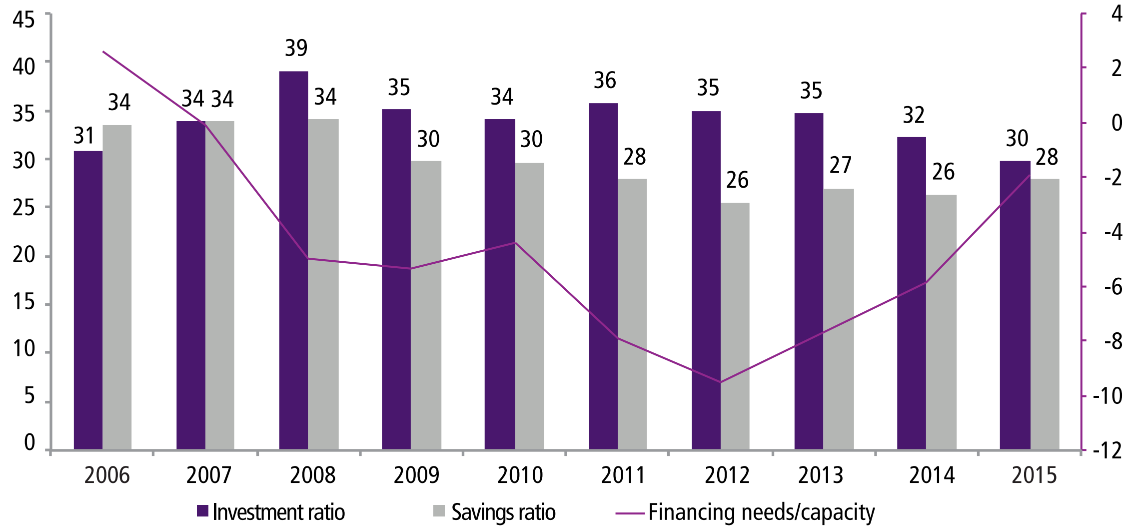


Source: ANCFCC and BAM.

1.9 Financing of the economy

At current prices, gross national disposable income (GNDI) rose in 2015 by 6 percent to 1,044.5 billion dirhams. The national final consumption grew by 3.8 percent to 769.4 billion dirhams. As a result, national saving moved up significantly by 12.8 percent to 275.1 billion dirhams, or 28 percent of GDP. Taking into account a further decline of 1.2 percent in investment to 294 billion, the borrowing requirement was significantly reduced to 18.9 billion and its ratio to GDP continued its downward trend from 9.5 percent in 2012 to 1.9 percent in 2015.

Chart 1.9.1: Borrowing requirement, in % of GDP



Sources: HCP, BAM calculations.

By institutional sector, the borrowing requirement of general government[1] would have decreased, reflecting an easing of the Treasury's borrowing requirement. The latter was funded in the domestic market, mainly as issues of bills, whose net flow reached 43.8 billion.

Nonfinancial corporations' borrowing requirement would have reduced compared to the previous year. The net flow of funds mobilized from external resources totaled 64.9 billion, while that under liabilities[2] on the domestic market was negative at 10.2 billion from 20.3 billion in 2014.

The financing capacity of households would have improved. Regarding their investments, the net flow of deposits increased by 3.7 billion dirhams, while outstanding securities showed a decrease of 3.4 billion compared to the previous year.

1 General government includes the central government, local communities and mandatory-scheme social welfare organizations.

2 Excluding shares and trade credits.

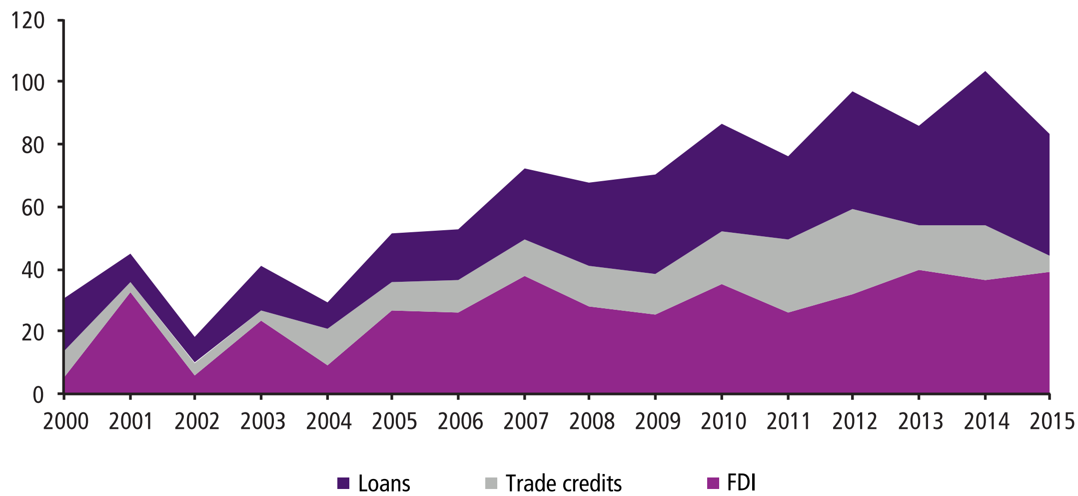
1.9.1 Financial flows with the rest of the world

In 2015, net flows of external financing remained dominated by equity participations in resident corporations, which totaled 32.6 billion dirhams, as against 30 billion a year earlier. However, the net flow of securities issue on the international market declined significantly from 25.5 billion in 2014 to 9.6 billion dirhams.

By institutional sector, net flows of nonfinancial corporations' liabilities fell by 7.8 billion to 64.9 billion dirhams. This change reflected decreases of 12 billion for trade credits and 4.2 billion for securities other than shares. In contrast, borrowing increased by 5.5 billion to 16 billion dirhams.

The funding net flows of the general government declined sharply by 8.6 billion, owing to the absence of international issuances in 2015.

Chart 1.9.2: Structure of the external financing of nonfinancial corporations, in billion DH



Sources: Foreign Exchange Office.

Net flows of financial assets held by residents abroad fell from 48.8 billion in 2014 to 47.6 billion, mainly reflecting a decline in trade credits. However, net flows of Bank Al-Maghrib's holdings of sovereign securities reached 40.1 billion from 34.3 billion a year earlier and those of direct investments of residents abroad rose to 5.2 billion from 3.8 billion in 2014. The share of investment intended for France stood at 24 percent, as against 11 percent for both the Netherlands and the United Arab Emirates.

Table 1.9.1: Main financial flows of the national economy* with the rest of the world, in billion DH

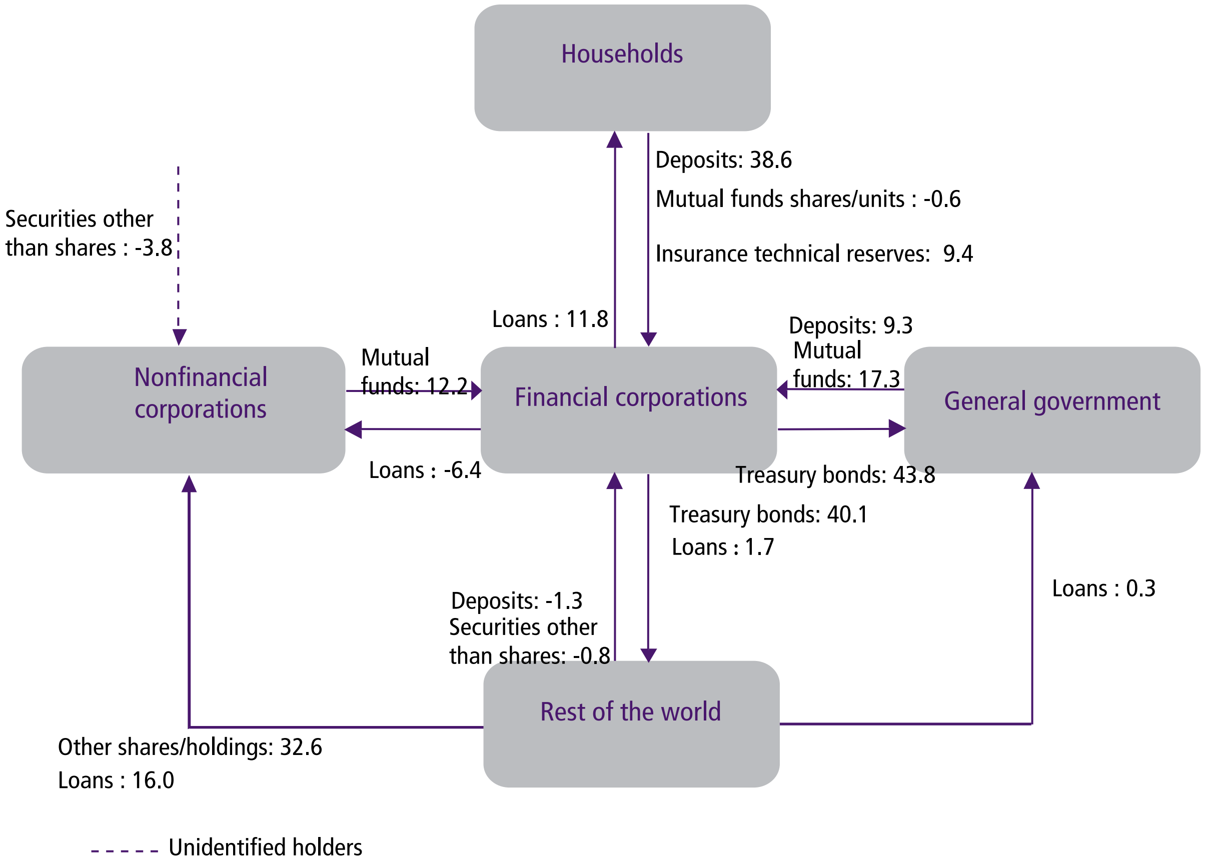
	2014				2015			
	Total	GG	NFC	FC	Total	GG	NFC	FC
Balance	**-33.9**	**-8.9**	**-56.2**	**31.2**	**-13.6**	**-0.3**	**-67.2**	**53.9**
Residents' assets on rest of the world	**48.8**	**0.0**	**16.6**	**32.2**	**47.6**	**0.0**	**-2.2**	**49.8**
Gold and SDR	4.2			4.2	0.2	-	-	0.2
Cash and deposits	-3.6		4.5	-8.2	5.2	-	-1.6	6.8
Securities other than shares	**34.1**			**34.1**	**39.2**	**-**	**-**	**39.2**
Shares and other equity	3.8		2.5	1.3	5.2	-	3.0	2.2
Loans	3.3			3.3	1.7	-	-	1.7
Trade credits	9.5		9.5		-3.6	-	-3.6	-
Other accounts payable	-2.8			-2.8	-0.5	-	-	-0.5
Reserves for premium and reserves for claims	0.2			0.2	0.2	-	-	0.2
Residents' liabilities to the rest of the world	**82.7**	**8.9**	**72.7**	**1.0**	**61.2**	**0.3**	**64.9**	**-4.1**
Cash and deposits	-3.1			-3.1	-1.3	-	-	-1.3
Securities other than shares	**25.5**	**10.6**	**14.7**	**0.1**	**9.6**	**-**	**10.5**	**-0.8**
Shares and other equity	30.0		30.0	-0.4	32.6	-	32.6	-
Loans	13.0	-1.7	10.5	4.2	14.9	0.3	16.0	-1.5
Trade credits	17.4		17.4	-	5.4	-	5.4	-

* GG: General government; NFC: Nonfinancial corporations; FC: Financial corporations

1.9.2 Financial flows between resident sectors

Financial flows between resident sectors in 2015 were marked by a sharp contraction in outstanding loans to nonfinancial corporations. However, net flows of household deposits posted an increase compared to 2014.

Chart 1.9.3: Main financial flows between institutional sectors in 2015, in billion DH



1.9.3 Capital flows of the general government

Net flows of the general government's liabilities rose significantly by 22.4 billion to 39.4 billion. This change is largely due to the increase of 43.8 billion in Treasury's net issues, as against 14.1 billion in 2014, while net flows of deposits with the Treasury fell to 2.6 billion from 7.3 billion in 2014.

Table 1.9.2: Main financial flows of the general government, in billion DH

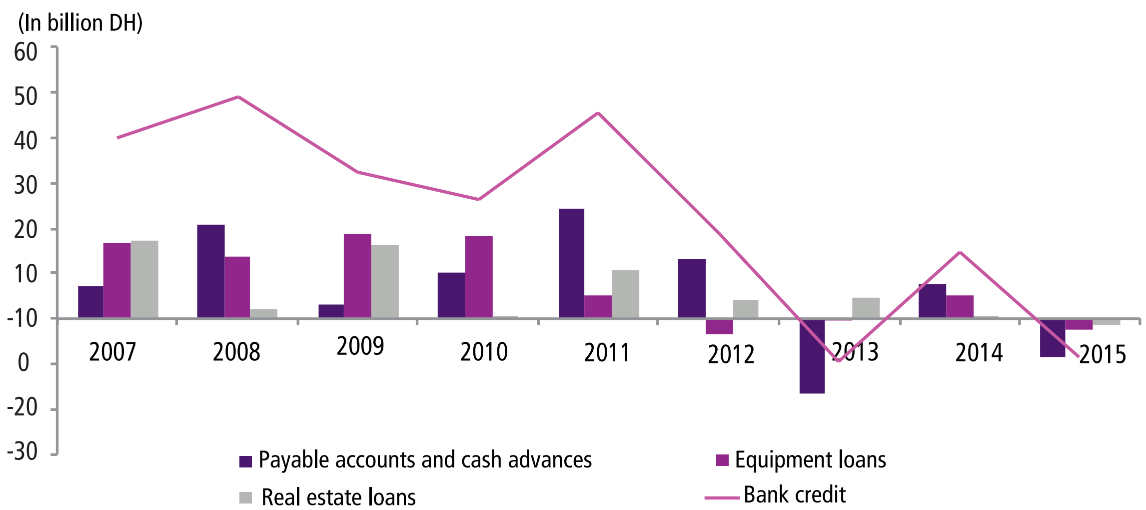
	2014	2015
Balance	**6.3**	**-14.7**
Net flows of financial assets acquisition	**23.2**	**24.7**
Deposits	-2.2	9.3
Securities other than shares and mutual funds	8.5	-1.7
Mutual funds shares/units	17.1	17.3
Net flows of liabilities	**17.0**	**39.4**
Deposits with the Treasury	7.3	2.6
Treasury bonds	14.1	43.8
Loans	-2.3	-0.2
Other accounts payable/receivable	-2.1	-6.9

Meanwhile, net flows of the acquisition of financial assets of this sector, consisting mainly of investments of mandatory-scheme social welfare organizations, moved up from 23.2 to 24.7 billion, reflecting an increase of 9.3 billion in outstanding deposits, after declining 2.2 billion in the previous year. However, net flow of holdings of securities other than shares and mutual fund shares/units was negative, after an increase of 8.5 billion in 2014, while that of mutual fund shares/units did not change significantly, amounting to 17.3 billion.

1.9.4 Financial flows of nonfinancial corporations (excluding trade credits and shares)

Analysis of the financial position of nonfinancial corporations, excluding trade credits and shares, shows a deleveraging of resident corporations, in a context marked by sluggish nonagricultural activities and lower cash requirements of oil-importing companies. Thus, outstanding bank loans dropped by 8.6 billion dirhams, while loans granted by other financial corporations posted an increase of 2.2 billion. Concerning direct financing, outstanding securities issued by nonfinancial corporations were down 3.8 billion, after an increase of 3.4 billion in 2014.

Chart 1.9.4: Net flows of bank loans to nonfinancial corporations



Net flows of investments of nonfinancial corporations, excluding trade credits and shares, almost stabilized at 45 billion, covering a decrease of 5.9 billion in holdings of securities[1] and an increase of 5.1 billion in holdings of mutual fund shares/units. Similarly, net flow of deposits grew by 1.1 billion to 16.9 billion.

1 Excluding shares and mutual fund shares/units

Table 1.9.3: Main financial flows of nonfinancial corporations, in billion DH

	2014	2015
Balance	**24.1**	**55.2**
Net flows of financial assets acquisition (excluding trade credits and actions)	**44.4**	**45.0**
Cash and deposits	15.8	16.9
Securities other than shares and mutual funds	21.2	15.3
Mutual funds shares/units	7.2	12.2
Insurance technical reserves	0.2	0.5
Net flows of liabilities (excluding trade credits and actions)	**20.3**	**-10.2**
Securities other than shares	3.4	-3.8
Loans of financial institutions	16.9	-6.4

1.9.5 Household financial flows (excluding trade credits and shares)

In 2015, net flows of household investments fell 1.3 billion to 58.1 billion dirhams. This change reflects a decrease of 3.4 billion in outstanding securities other than shares. However, the net flow of deposits progressed to 38.6 billion from 34.9 billion in 2014. The flow of households' subscription to insurance products totaled 9.4 billion dirhams, as against 11.4 billion in 2014.

Net flows of liabilities, consisting solely of credits, increased from 10.3 billion in 2014 to 11.8 billion. Indeed, outstanding bank loans to private individuals rose by 12.1 billion dirhams, reflecting increases of 8.1 billion in housing loans and 2.2 billion in consumer loans. In contrast, bank lending to sole proprietors dropped 1.2 billion, reflecting a decrease of 2.6 billion in real estate loans, while equipment loans increased by 1.7 billion.

Table 1.9.4: Main financial flows of households, in billion DH

	2014	2015
Balance	**49.1**	**46.3**
Net flows of financial assets acquisition (excluding trade credits and shares)	**59.4**	**58.1**
Cash	8.6	13.6
Deposits	34.9*	38.6
Securities other than shares and mutual funds	-0.7	-2.8
Mutual fund shares/units	5.1	-0.6
Insurance technical reserves	11.4	9.4
Net flows of liabilities (excluding trade credits and shares)	**10.3**	**11.8**
Loans	10.3	11.8

* Excluding foreign currency deposits received during the contribution in full discharge.

PART 2

ACHIEVEMENT OF BANK MISSIONS

HIGHLIGHTS OF THE YEAR

Besides being the year of finalizing the three-year strategic plan 2013-2015 and preparing for the new plan 2016-2018, the year 2015 saw significant progress towards the implementation of the Bank's missions and activities.

The Bank's governance framework was strengthened with the adoption of a governance charter aiming primarily to consolidate basic principles and formalize good practices and ensure their sustainability.

The Bank maintained its accommodative monetary policy aimed at securing adequate funding and stimulating growth under difficult economic conditions. Meanwhile, the Bank continued to consolidate and enhance its analytical framework, mainly by developing integrated macroeconomic forecasting and simulation arrangements.

Concerning banking supervision, special focus was placed on the monitoring of credit, concentration and cross-border risks. On the regulatory level, the texts defining the procedures to implement the 2014 Banking Law, including those relating to participatory finance, were finalized. Concurrently, the Bank carried on its efforts towards financial inclusion to improve access to banking services and their use, particularly by implementing the financial education strategy and the new approach to develop electronic payment means.

With regard to macroprudential regulation of the financial system, efforts focused on the development of the macroprudential instruments recommended by the Basel Committee to regulate some potentially systemic risks. On the supervision of means and systems of payment, actions involved in particular the opening of payment markets, development of electronic means of payment, as well as their regulations.

The financial Sector Assessment Program (FSAP) mission for Morocco, which was jointly conducted by the IMF and World Bank, recognized the progress made and confirmed, in particular, the resilience of the banking system.

As for cash management in 2015, an important volume of banknotes were produced for export and new regulations for currency processing and recycling by Managing Companies of the Private Processing Centres (SGCPT) was deployed.

All this progress could not have been achieved without the assistance and mobilization of support entities. The management of human resources remained a central priority for the Bank, which sought to promote good management practices, enhance cross-business collaboration and develop competence. The Bank also adopted a set of measures aimed at continuous improvement of working conditions and enhanced security at the Bank's sites. Concerning information systems, several large-scale projects were implemented during the year, with a view to modernizing and optimizing the Bank's business operating framework.

Concerning risk management, efforts focused on expanding the scope of risk mapping to cover new activities. The issue of ethics drew special attention, as reflected in the revised ethics code, which has introduced additional provisions dealing particularly with situations of conflict of interest and prevention of corruption and influence peddling risks. As for procurement, the focus of actions was to further strengthen governance bodies and implement the Procurement policy directions.

On numismatic and cultural activity, the Bank's Museum pursued its open-door policy for the general public, while offering expanded services and actively engaging in partnerships, which resulted in greater international and regional visibility of the Museum. Internal and external communication actions have been multiplied, mainly by increased presence in the media and in social networks in particular.

The Bank enhanced its international outreach by taking part in a number of regional and international events, and expanding the scope of its international cooperation.

Under its three-year certification cycle, the Bank conducted the second follow-up audit of its QSE integrated management system to verity its continuous compliance and efficiency and the achievement of the objectives set under the Bank's QSE policy and guidelines.

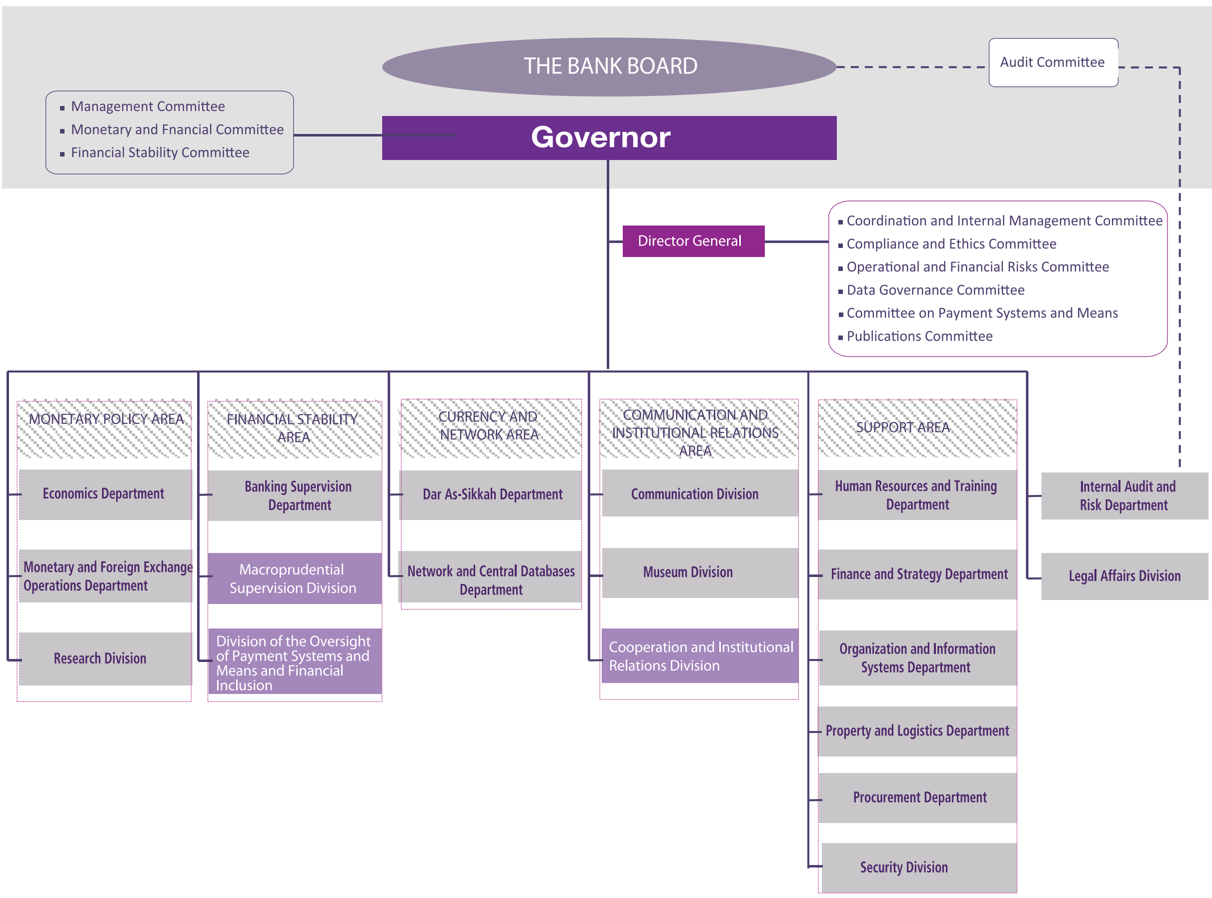
The new vision outlined for the three coming years under the 2016-2018 strategic plan is for the Bank to become "a central bank with an outstanding performance, and a driving force for the emergence of the country". For this vision to materialize, the Bank's structure has been overhauled to reflect the new strategic directions and support the evolution of its missions and its internal and external environment.

2.1 Governance and strategy

2.1.1 Organizational structure

As part of the preparations for the strategic plan 2016-2018, the Bank's structure and governance have undergone a major overhaul. This resulted in a new structure with three new entities, new organizational charts for the central entities and optimized Governance Committees.

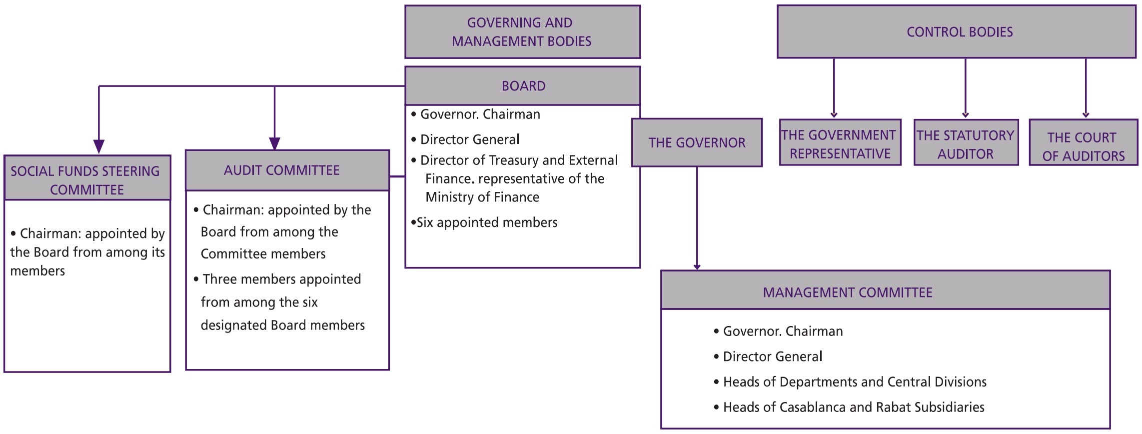
Bank Al-Maghrib organization chart, as at January 1, 2016



2-1-2 Governance structure

The governing and management bodies of Bank Al-Maghrib consist of the Board, the Governor and the Management Committee. The Bank is supervised by three bodies: the Government Representative, the statutory auditor and the Court of Auditors.

Bank Al-Maghrib governance bodies



2.1.2.1 The Governing and management bodies

The Bank Board is composed of the Governor as chairman, the Director General and six members appointed for their monetary, financial or economic expertise for a six-year renewable term. Three of these members are proposed by the Governor and the other three by the Head of Government. The Finance Ministry's Treasury and External Finance Director sits in the Board as an ex-officio member but does not vote on monetary policy decisions.

The Board, which meets quarterly following a predefined timetable made public at the beginning of the year, sets the quantitative objectives for monetary policy. It is also responsible for defining the characteristics of banknotes and coins issued by the Bank and taking decisions about their circulation or withdrawal. It is in charge of the Bank's management, particularly with regard to internal policies, financial management and accounting, as well as the Bank's organization and general policy. An Audit Committee, established by the Board, is entrusted with reviewing and advising on matters relating to accounting information, internal and external audit, internal control and risk management.

The Governor manages and runs the Bank. He is particularly responsible for ensuring compliance with the statutory provisions and regulations, and for implementing the Board's decisions.

The Management Committee assists the Governor in managing the Bank's business. It is composed of the Governor, the Director General, the heads of central departments and divisions and the heads of Rabat and Casablanca subsidiaries. This Committee meets on a monthly basis according to a pre-established schedule. Since December 2014, it invites Directors of agencies, on a rotational basis.

2.1.2.2 Control bodies

The Government Representative, on behalf of the government and in the name of the Minister of Finance, supervises the Bank's activities, except those relating to monetary policy. He ascertains compliance with the legal provisions governing these activities, particularly the statutory provisions.

The Bank's accounts are audited annually by an external statutory auditor, who certifies the Bank's financial statements, assesses its internal control system and submits his report to the Board. The current statutory auditor is Mazars cabinet, which was so appointed in 2015 for a 6-year non-renewable term, in line with the highest international standards.

The Bank annually submits its own accounting records as well as those of staff social security funds to the Court of Auditors, in accordance with the laws in force.

2.1.2.3 The Audit committee

In 2015, the Audit Committee examined for compliance the process undertaken for the selection of a new statutory auditor, appointed for the period 2016-2020. It verified his independence, according to the regulations in force.

It also examined the annual accounts of the Bank as at 31 December 2012 and recommended their approval by the Bank's Board. Finally, the Committee reviewed the statutory auditor's assignment planning for the financial year 2015.

Furthermore, the Committee took note of the main conclusions of the 2014 report on the Bank's internal control system, mainly those relating to the assessment of its level of maturity and its different components.

Moreover, the Committee reviewed the results of operational, strategic and financial risk control arrangements for 2015 and issued an opinion on the internal audit program for 2016, prior to its approval by the Bank Board.

2.1.2.4 The Governance charter

In 2015, the Board of the Bank adopted a new "Governance Charter" designed to consolidate governance basic principles with a view to ensuring their sustainability. The Charter covers the following key aspects: the Bank's objectives and missions, the Bank's independence and financial autonomy, decision-making process at the Bank, accountability and transparency, risk management, control, ethics and sustainable development. The Charter was developed in accordance with the best international standards and the Moroccan Code of Good Corporate Governance Practices. In line with the Bank's transparency policy, the Charter was made available to the public on the

Bank's internet portal.

As part of the third review of the arrangement on the Precautionary and Liquidity Line granted to Morocco in July 2014, the IMF conducted in January 2015 a follow-up review of the implementation of the recommendations put forth during the Safeguards Assessment mission to Bank Al-Maghrib. The IMF is of the view that the Bank's safeguards arrangements remain solid and the governance framework is supported by robust internal audit and risk management processes.

2-1-3 Strategy

Under each of its four previous three-year plans, Bank Al-Maghrib identified strategic priorities broken down into operational objectives. In keeping with that approach, the strategic plan 2016-2018 outlines new prospects and indicates the direction to take, while placing more focus on the core values of transparency, efficiency and consistency in the implementation of the plan.

The new plan marks the culmination of months of extensive, forward-looking reflection, dialogue and collaboration across all levels of staff representation in the Bank.

The fifth plan is meant to be inclusive, ambitious and realistic. Inclusive by the wide participation it involved throughout its development stages. Ambitious by offering a tangible, proactive response to the challenges arising from the major changes in its internal and external environments. Realistic by building on the assets of the Bank and appreciating its constraints.

2.1.3.1 The participatory planning approach

In January 2015, Bank Al- Maghrib embarked on the drafting of its 2016-2018 plan, in accordance with the same approach and participatory spirit that guided its previous planning cycles, while introducing new improvements.

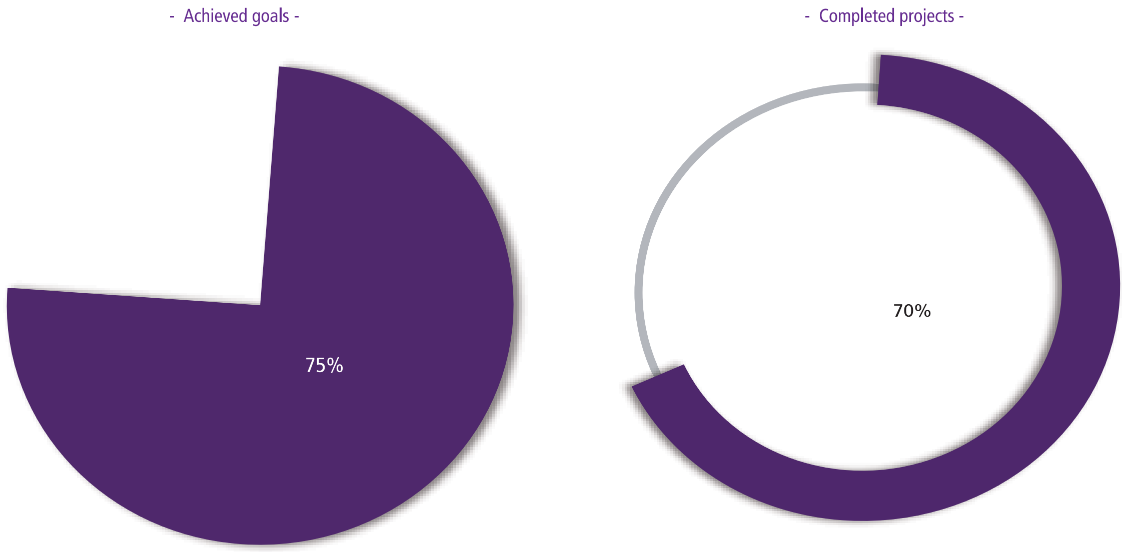
As well as reviewing its previous strategic plan, the Bank reconsidered the procedures for conducting the planning process to embed its participatory approach. To that end, the Bank:

- sought feedback from stakeholders to identify their expectations and gather proposals on areas for improvement, then conducted a more extensive survey;
- organized training courses to impart participants with knowledge about the tools to be deployed to improve quality of diagnosis.
- introduced "search conferences" to better organize diagnosis.

Review of the 2013-2015 strategic plan

By the end of the strategic plan 2013-2015, a noted progress was reported in all strategic domains of the Bank.

Chart 2.1.3.1 : Implementation rate of the strategic plan 2013-2015



Most of its objectives were fully achieved, while some were partially achieved either because they depend on the finalization of some legal reforms or on external partners. On the other hand, the multi-year objectives have been reproduced in the new plan 2016-2018. These particularly cover gradual migration to a more flexible exchange rate regime, transition to an inflation targeting regime, financial stability and financial inclusion.

Table 2.1.3.1 : Main achievements during the period 2013-2015

Core missions area	
Monetary policy	**Financial stability**
• Strengthening macroeconomic forecasting mechanism • Enlarging the coverage of the statistical apparatus • Studies on public policies • Reshaping the trading room solution (being finalized)	• Issuing, as of 2014, the annual report on financial stability • Positive financial crisis simulation exercise • Strengthening central information registries: Second Credit Bureau, Registry on unpaid standardized bills of exchange and Bank Accounts Registry • Adjusting the legal and regulatory framework governing banking activity (new banking law)
Banking supervision	**Systems and means of payment**

- Adapting the supervision mechanism to the new Basel Committee requirements
- Strengthening transparency: publishing the banking service price index, commissions recap statement, etc.
- Developing banking mediation
- Implementing financial education programs through the Moroccan Foundation for Financial Education
- Significant improvement in the financial inclusion of under-served populations based on the new indicators in place:
  - Access dimension: 99 percent of urban residents have access to at least 1 banking point of sale as against 70 percent for rural population; access to 1 point of sale for 2500 adults
  - Usage dimension: Penetration rate: 64 percent; 73 percent of adults holding a deposit account
- Aligning payment systems with the new principles of the International Settlement Bank
- First operations of banknotes production and export:
  - In 2014: 325 million banknote
  - In 2015: 391 million banknote
- Implementing the "Clean Note Policy":
  - Greater contribution of the managing companies of SPC to currency processing and recycling
  - Improving the security and life cycle of banknotes

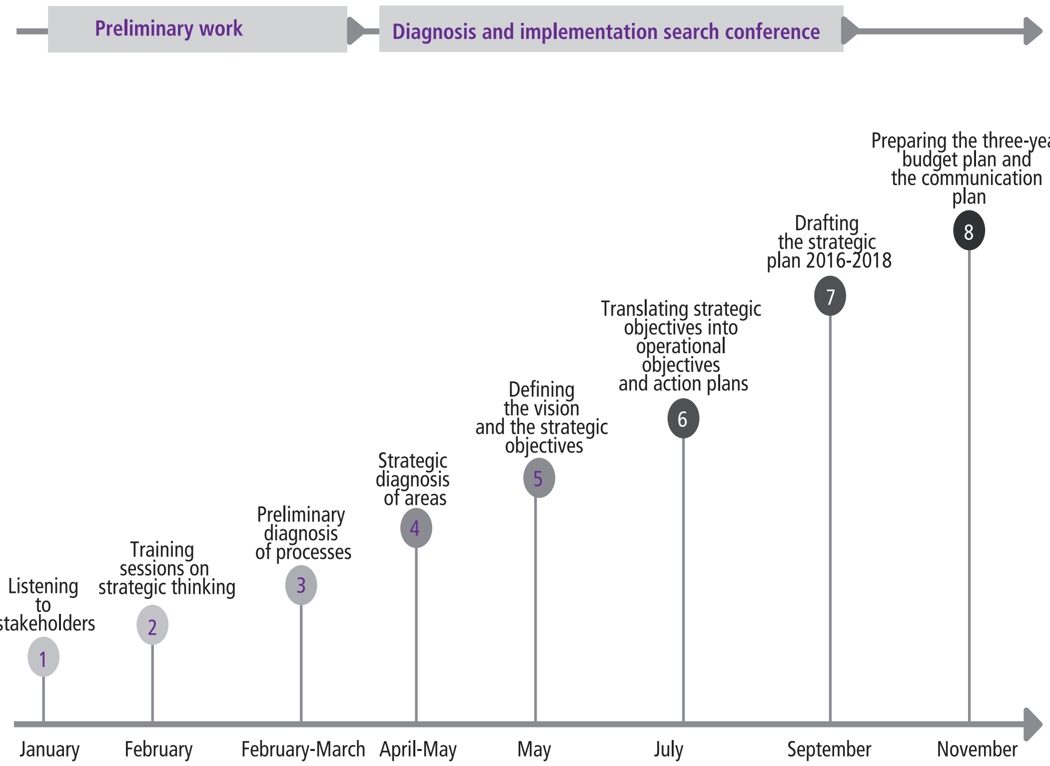
Governance and Resources Areas

- Consolidating the governance framework in accordance with the best standards : Governance charter, Board's operation self-assessment, increased role of the Audit Committee, strengthening the maturity level of the internal control system, Strengthening ethics, social funds charter.
- Improving financial communication in line with international practices : Revamping the financial report and accounting reporting statements
- Developing Bank communication on social networks
- Promoting the image of the Bank at regional and international levels, particularly through the organization of ten seminars attended by about 200 participants, as well as conducting several technical assistance missions in favor of African central banks on topics relating in particular to monetary policy, financial stability and reserves management
- Improving management practices: 87 percent of managers have generally embraced good managerial practices in 2015 as against 57 percent in 2012
- Establishing a new organization of the procurement process
- Consolidating the outsourcing policy: building maintenance, security, transport…
- Opening of the Agadir holiday center

Development of the 2016-2018 New Plan

The development of the 2016-2018 plan started early in 2015 and involved the following stages:

Stages in the development of the 2016-2018 Plan



- **Active listening accross the Bank**

Prior to the launch of diagnosis, a survey had been conducted to seek feedback about the previous planning cycle and identity expectations and areas for improvement to be considered in the new plan.

- **Training courses on strategic planning**

To ensure a wide dissemination of good practices in strategy development, training courses have been organized for those involved in the process.

During these training courses, presentations were made on key diagnosis tools, which were debated and tested on practical situations, before their application to the context of Bank Al-Maghrib. In addition to the SWOT matrix, participants were introduced to new complementary tools such as "Value Chain" and "PESTEL".

Box 2.1.1 : New Diagnosis Tools

The "Value Chain" is a method of internal diagnosis which examines the contribution of various activities to the value added of an organization. It involves a thorough analysis of core activities which directly contribute to the creation of such a value as well as the contribution of support activities. The method has been adapted to the internal diagnosis of the Bank's processes and their constituent macro-activities, which helped identify the main strengths and discrepancies with the best practices.

On the other hand, the PESTEL tool is used to identify the expectations of the external environment and their potential impact on the Bank. This forward-looking method is based on the analysis of the influence of six external factors, which are the political, economic, social, technological, environmental and legal factors.

• Sharing experiences with central banks

In the same spirit, Bank Al-Maghrib jointly with the Banque de France organized an international meeting on strategic planning in central banks. The event brought together 14 central banks from Europe, Asia and Africa[1], to share their experiences about themes covering all dimensions of strategic planning, which range from the design of strategies, their implementation and evaluation, to the ways of their communication. It also provided them with an opportunity to gain a better appreciation of the key future challenges to the central banks in light of the recent financial crisis.

• Strategic diagnosis

The aim of diagnosis activities is to identify the main challenges and their impact on the Bank's activities, resources and governance. Accordingly, the first stage of diagnosis covered the processes while strategic sectors were diagnosed in later stage. These activities were organized in accordance with the "Search Conference" method, which provides for participation of 20-25 persons mostly concerned with implementation in each sector:

1 These namely are: Banque de France, the European Central Bank, the Deutsche Bundesbank, the National Bank of Belgium, the Central Bank of Ireland, the Central Bank of Luxembourg, the Central Bank of the Netherlands, the Bank of Greece, the Oesterreichische Nationalbank, the Central Bank of Malta, the Bank of Lithuania, the Bank of Korea, the Central Bank of West African States and the Bank of the Republic of Burundi.

1 Description of the external future environment	• Identifying thematic discussion areas based on processes pre-appraisal works • Anticipations and impact of the future environment on the area • Identifying opportunities and threats
2 Description of the "Ideal central bank"	• What "Ideal bank" to face this environment for the long term (in terms of its roles and responsibilities, organization, processes and tools…)?
3 Description of the current domestic situation	• Identifying strengths and weaknesses (based on processes pre-diagnosis)
4 Presentation of areas strategic objectives	• The strategic goals of the area can be defined through analysis of the gap between the "ideal central bank" and the "current domestic situation" • Assessment of the needed tools for achieving the identified objectives

To ensure a better evaluation of the means needed for the implementation of the proposed objectives, the "Search Conferences" for core business areas brought together representatives of the following functions (information systems, human resources, finance, legal affairs, security, procurement and organization).

2.1.3.2 The Bank's vision and strategic objectives

Following the strategic diagnosis, the adopted vision is for the Bank to become "a central bank with an outstanding performance, and a driving force for the emergence of the country". The vision is broken down into two strategic priorities, namely "to strengthen our capacities in order to support mutations in domestic economy and increase resilience of the financial system" and "to optimize the use of our resources as part of a modern business framework stimulating collective performance".

Strategy map 2016-2018

Vision: "A performing central bank and a force for change supporting the country's emergence"

Strategic priority 1

Strengthen our capabilities in order to adapt to changes in the national economy and enhance financial system resilience

- Develop an analytical and operational monetary policy framework consistent with a more flexible exchange rate regime and inflation targeting
- Strengthen the governance and instruments of macro-prudential policy and the resilience of financial market infrastructures
- Build up the capacities necessary for ensuring the supervision of new subjected institutions, services and risks and establish the banking resolution function
- Work towards a comprehensive financial inclusion strategy, while reinforcing the protection of banking services' consumers
- Reposition the Network's role in light of the new advanced regionalization policy

Strategic priority 2

Rationalize the use of our resources in a modern working environment enabling collective performance

- Adapt to the changes imposed by the digital revolution in the Bank and the banking sector
- Improve accessibility and use of the Bank's data within a best practice governance framework
- Strengthen physical security and cyber security arrangements to cope with new risks and challenges
- Establish Dar As-Sikkah as a profit center with enhanced security, quality and performance
- Entrench the culture of cooperation inside the Bank and good management practices as a performance improvement factor
- Maintain control of the Bank's expenditure at around 4 percent over the next three years and develop new sources of revenue

In conjunction with these priorities, the Bank will endeavor to achieve a monetary policy analytical and operational framework which is compatible with a more flexible exchange rate regime and inflation targeting. Priority will be given to the introduction of new forecasting and simulation models, and development of thorough studies and research on the impact of the flexible exchange rate regime on the economy and on the monetary policy transmission mechanisms. These changes would require the bank to adapt its interventions both in the monetary market and in the exchange market.

At the same time, the Bank will strengthen its actions to achieve a more resilient and inclusive financial system which is regulated according to international standards, while ensuring that macro-prudential surveillance and bank resolution arrangements rest on sound foundations, and maintaining its commitment to protect customers. Similarly, given the strong presence of Moroccan banks abroad, the Bank will step up coordination with regulators in host countries.

The coming into force of the law on regionalization would require the Bank to adapt the positioning of its network to better respond to the needs of regional stakeholders. The Bank will cooperate with regional public and private partners in expanding its position to effectively contribute to the achievement of the new missions assigned to regions.

Internally, the Bank will continue to promote cooperation culture within and between entities to further improve collective performance. It will also seek to enhance the management skills of its employees and carry on its actions aimed to consolidate its social model. At the same time, the Bank will take advantage of digital revolution opportunities to upgrade its information systems and promote team work and optimal use of data in its activities.

At the same time, the Bank will take the necessary actions to achieve better resilience to external risks by adopting global strategies on cyber security and physical security to better meet the prevention and response requirements.

The Bank also reaffirms its commitment to the achievement of a more controlled and efficient financial management. To that end, the Bank will step up its efforts to rationalize expenditure and will explore new revenue sources to optimize its financial performance. Similarly, the Bank will continue to improve its management and monitoring procedures. In this respect, it intends particularly to transform Dar As-Sikkah into a profit centre with an outstanding performance and capable to rise to the challenges of export business and the expansion of its secured product portfolio nationwide.

All of these major projects provide Bank Al-Maghrib's with a road-map for its actions in the three coming years. They will reflect its ambitions and channel its resources and energy into the fulfillment of its vision.

2.1.4 Internal control, audit, risk management and ethics

2.1.4.1 Internal control system

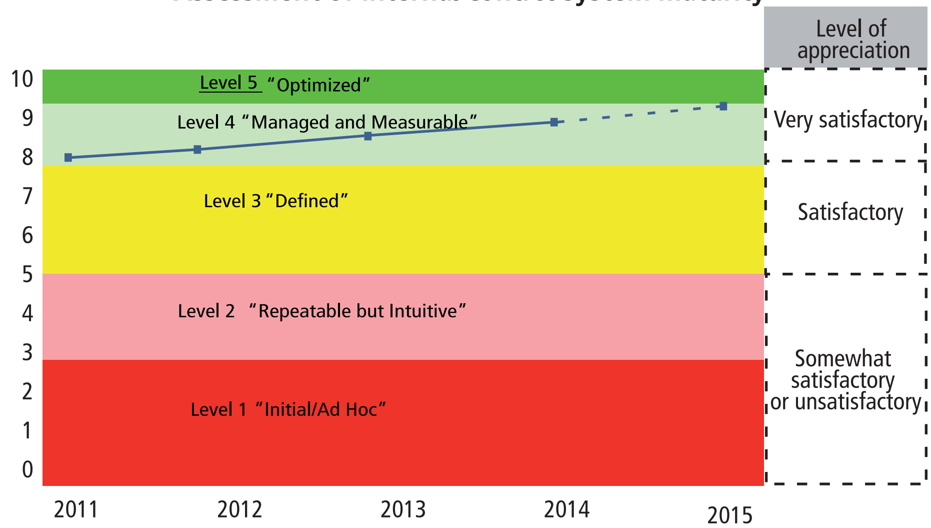
The Bank's internal control system is based on the COSO[1] reference framework and is subject to an annual review for all of its components (control environment, risk assessment, control activities, information and management). This review, whose main findings are presented to the Board, is developed based on the results of a self-assessment by the entities of their control arrangements, the overall operational risk map and the findings of internal and external audits.

In 2015, this evaluation particularly focused on arrangements for management of fraud risk within the Bank. The new version of the COSO reference framework, adopted in 2013, attaches particular attention to this type of risks.

1 Committee of Sponsoring Organizations of the Treadway Commission

The maturity of the internal control system, assessed on the basis of a five-level rating scale inspired from the COBIT[1] reference framework, remained in the middle of level 4 "Managed and Measurable", given the various advances made by the Bank, particularly in strengthening risk management and steering arrangements.

Assessment of internal control system maturity



2.1.4.2 Internal audit

The internal audit of Bank Al-Maghrib is an independent and neutral function that aims to provide the main stockholders (the Board, the Audit Committee and the Bank's Governorate) with assurances about the control of risks to which the Bank is exposed. It aims to assist the Bank to achieve its objectives by using a systemic and methodical approach to evaluate tits processes relating to risk control, internal control and corporate governance.

In this regard, it plans and carries out its tasks according to a risk-based approach, involving an audit universe that includes all entities, processes and activities of the Bank. The annual mission planning takes into account risk analysis, strategic challenges, complementarity of work with the external statutory auditor, the cyclicality criteria and the expectations of the different stakeholders. Audit missions aim in particular to assess compliance of the Bank's activities with the laws, regulations and procedures in force, their efficacy and efficiency in terms of their assigned objectives, as well as the reliability and security of information.

1 The Control Objectives for Information and related Technology (COBIT) define the five levels of internal control system maturity as follows:
- Level 1: Initial/Ad Hoc (No control available / Management aware of the need to design and implement internal control frameworks);
- Level 2: Repeatable but Intuitive (Non-standardized controls / Informal execution of controls, strongly dependent on persons / Lack of training);
- Level 3: Defined Process (Standardized controls / Existing traceability / Need to increase control automation and efficiency);
- Level 4: Managed and Measurable (standardized, documented, traceable and highly automated controls / Regularly checked and constantly improved efficiency);
- Level 5: Optimized (permanent state-of-the-art controls).

Internal audit has been subject since 2009 to an insurance and quality improvement program based on three-year external assessments in line with the Bank's strategic cycle. These are carried out by specialized firms, selected through international tenders. The external evaluations carried out in 2009 and 2013 confirmed the compliance of internal audit with international standards for the professional practice defined by the Institute of Internal Auditors (IIA)

Table 2.1.4.2 : Main processes covered by the audit missions in 2015

"Management" Process	"Main missions" Process	"Support" Process
• **Governance / Organization:** Operation of standing governance committees	• **Studies and publications:** Elaboration and publication of Bank's surveys • **Currency in circulation:** "Export" activities/ destruction of banknotes and coins/ monitoring the existences/ Review process of deteriorated, mutilated currency in circulation or of doubtful authenticity. • **Museum of the Bank:** Asset inventory process	• **Information systems:** Management of IT services and VoIP systems • **Security:** Access controls • **Procurement:** Public market conformity • **Infrastructures and work material:** Archive management • **Legal support:** Power delegation

2.1.4.3 Risk management

Risk management in the Bank is organized according to the nature of risks posed.

Operational risks

Operational risks are managed according to a methodological approach covering risks of a human, organizational and operational nature as well as those related to information systems or external factors.

To entrench the risk culture among its various entities, the Bank has appointed in each department a Risk Manager to assess the risks surrounding the entity's processes and ensure the implementation of actions to control them. A central risk management structure keeps a methodological watch and provides assistance, support and consolidated risk reporting. Finally, an Operational Risk Committee, chaired by the Director General and composed of all directors, validates the relevant guidelines before being approved by the Governor and submitted to the Board.

Operational risks' governance organization

In 2015, the Bank developed its 11th operational risk mapping exercise, which included new processes such as "the financial stability" and "export activity" pertaining to the production of coins and banknotes. Existing risks have been re-assessed following, in particular, the finalization and stabilization of action plans designed to control them, the alignment with audit recommendations and the internal or external developments.

Furthermore, the exploitation of the incident database across the Bank helped to refine risk analysis and preventive actions to be implemented.

At the same time, a project to strengthen the effectiveness and efficiency of internal control arrangements was launched in 2015 to better control operational risks identified in the entire procedures of the Bank.

Financial Risks

The financial risks inherent in the management of foreign exchange reserves (notably those of liquidity, credit, foreign exchange and interest rate risks), are managed by the monetary and exchange operations department. The Bank has established an appropriate governance framework to ensure compliance of investments with its relevant main objectives, namely security and liquidity. To this end, at the beginning of each year, the Monetary and Financial Committee (CMF) sets the investment guidelines and strategic allocation of assets, for submission to the Board. A Risk Committee monitors compliance with these guidelines and produces a monthly update on the evolution of risk and performance for submission to the CMF.

Strategic Risks

Strategic risks are risks that can obstruct the achievement of the strategic objectives outlined in the three-year action plans, mainly due to external factors, significant operational risks or inadequate breakdown of objectives under the strategic priorities.

In 2015, an assessment of strategic risk mapping for the period 2013-2015 was conducted and reviewed by the Strategy and Major Projects Committee. It served as a basis for strategic reflection for the period 2016-2018.

2-1-4-4 Business continuity and information security

The strategic monitoring of the Bank's business continuity is performed by Crisis Management Committee (CMC), which is chaired by the Director General and consists of all managers of the Bank's core entities. The day-to-day management of these arrangements is handled by a central unit, reporting to the risk management department. Its main mission is to develop an overall strategy for business continuity and to keep the Business Continuity Plan operational. The Bank's entities are responsible for management of risks to their own business continuity and for taking prevention actions, if necessary.

In 2015, the Bank conducted its third crisis simulation exercise to test the practicability of the retained responses to business continuity. This year, the simulation was devoted to the fiduciary business.

Concurrently, the Bank's core entities and branches carried on their own back-up exercises, during which their most business-critical activities were performed from back-up sites, in accordance with their business continuity plans.

Moreover, the Bank stepped up its actions to raise awareness about business continuity. Training courses have been conducted and a guide to practical instructions to follow in case of major operational disruptions has been internally circulated.

With regard to information security, the Bank in 2015 concluded the implementation of its Information Security Management System (SMSI), building on the previous activities and projects initiated in 2014. The SMSI provides an information security governance framework, which ensures continuous improvement and compliance with the best international practices and standards. During the last year, additional information security arrangements were introduced, following the annual review of associated risks. The entire components of the SMSI were thoroughly examined in the certification audit conducted by a certified practice in December 2015. The audit findings supported the certification of the SMSI to ISO 27001 on "information system" and "banking operations' processes.

2-1-4-5 Ethics

As part of the drive towards improving ethics arrangements, the Code of Conduct for Bank Al-Maghrib top management and staff members, which was adopted in 2005 and amended in 2007 and 2012, was further amended to reflect developments taking place in the Bank and the relevant practices. Major amendments were introduced to reinforce the provisions relating, among other things, to the management of conflicts of interest and the policy on the receiving of gifts by Bank staff and their respective obligations to disclose receipt of such gifts, particularly by those serving in ethically-sensitive positions.

In furtherance of its objective to promote exemplary conduct among its managers, and following the "Ethical Manager" training course organized in 2014 for all managers at the central administration, the Bank extended the scope of its awareness-raising actions to include other managers of its network.

Besides, a review of ethical maturity was conducted to appreciate the extent to which ethics culture was embedded within our institution. The review covered five core principles, namely: Clarity, Openness, Transparence, Exemplary Conduct, and Accountability. The review identified areas for improvement, which were accounted for during the Code of Conduct review process.

The Bank also organized a round-table on ethics management practices in the banking sector. The event was attended by managers of governance and compliance in major local banks. It also served as an opportunity to reaffirm the Bank's aspiration for greater openness on its external environment and willingness to multiply exchanges of experiences with its partners.

2.2 Monetary policy

In 2015, Bank Al-Maghrib maintained its accommodative monetary policy. The Bank decided to keep its key rate unchanged at its lowest level on record, and carried on its efforts to stimulate the supply of credit and improve transmission of monetary policy decisions.

The analyses and projections developed by the Bank for the four meetings of its Board did not point to any inflationary pressure. There was, however, uncertainty around those projections, stemming in particular from the outlook for oil prices and domestic and global growth. For such circumstances, the Board considered appropriate to maintain the key rate at 2.5 percent.

At the same time, the Bank continued to implement the very small, small and medium-sized enterprises support program (VSMEs)[1], as the outstanding amount of advances granted under this program reached nearly 45 percent of the average amount of its interventions.

In July 2015, Bank Al-Maghrib introduced a new rule for the distribution of seven-day advances as an incentive to banks which demonstrated more efforts in lending and transmitting monetary policy decisions.

In light of the improvement in banking liquidity, the Bank reduced the average amount of its injections from 54.7 billion dirhams in 2014 to 34.6 billion dirhams, which kept the interbank rate, the operational target of monetary policy, aligned with the key rate.

2.2.1 Monetary policy decisions

According to the projections submitted to the first meeting of the Bank Board, a recovery was expected in economic activity. Growth in 2015 was projected at 5 percent, with a marked increase in agricultural value added and a faster pace of growth in nonagricultural activity to 4 percent, driven by the expected recovery already seen in the euro area and the fall in oil prices. The budget deficit and current account deficit were expected to ease substantially and foreign exchange reserves should rise further. The outlook for bank credit was favorable, with an expected increase of 5 percent by the end of 2015.

In light of these developments and of medium-term inflation forecast which was in line with the price stability objective, the Board of Bank Al-Maghrib decided to keep the key rate unchanged at 2.5 percent.

Table 2.2.1: Inflation forecasts (in %)

	Board meetings			
	24 March	16 June	22 September	22 December
Average inflation over a 6-quarter horizon	1.4	1.4	1.5	1.2
Inflation at the end of the forecast horizon	1.4	1.3	1.2	1.5
Average inflation in 2015[1]	1.4	1.5	1.8	1.6

*Inflation rate in 2015 was 1.6 percent.

During its second meeting in 2015, the Board observed a slight recovery and more favorable prospects in the euro area, while growth projections for the United States were revised downward substantially. On commodity markets, oil prices were relatively higher than at the end of 2014, but were down on a year-to-year basis.

1 This unconventional program launched in January 2014 aims to encourage the banking sector to expand its supply of credit to micro, small and medium-sized enterprises, particularly those operating in the industry or producing for export.

Internally, macroeconomic indicators continued to improve, mainly thanks to the ongoing build-up in foreign exchange reserves. However, the growth projections for nonagricultural activities were revised down to 3.5 percent, and the expected recovery in bank credit did not materialize despite reduction in lending rates.

Under such conditions, medium-term inflation forecast pointed to a moderate level, although considerable uncertainty surrounded the outlook for oil prices, in particular. The Board therefore decided to keep the key rate unchanged at 2.5 percent.

During the Board's meetings in September and December, the global environment faced uncertainty around the economic prospects for emerging countries, particularly China, and its impact on global growth. In July and in October, the IMF revised downward its projections, particularly for the euro area.

Domestically, available data suggested that growth had improved over the first two quarters, mainly driven by record cereal production, while growth in nonagricultural activities remained weak. The growth projections for nonagricultural activities were again revised downward and remained surrounded by uncertainty stemming in particular from the outlook for foreign demand. However, the budget deficit and current account deficit continued to ease and foreign exchange reserves increased further inducing relief in banking liquidity needs. Despite this improvement and the reduction in lending rates, the bank credit growth remained weak and its estimation was revised to 0.5 percent for 2015.

In light of the inflation forecast which was in line with the price stability objective and of the uncertainty around domestic and global outlook, the Board considered appropriate to maintain the key rate at 2.5 percent.

At the same time, in order to further simulate bank credit, Bank Al-Maghrib introduced a new distribution rule for its seven-day advances. The three basic criteria of this rule are: the degree of reflecting reductions in the key rate on lending rates, the net production of loans to non-financial businesses and their share in the total number of jobs.

Table 2.2.3 : Monetary policy decisions since 2010

Date	Policy rate	Monetary reserve ratio	Other decisions
April 1, 2010		Decrease from 8% from 6%	
April 13, 2011			- Extending of the eligible collateral for monetary policy operations to certificates of deposit - Adjusting auction periods with monetary reserve periods - Deleting savings accounts from the calculation base of required reserves
September 20, 2011			Introducing of longer term repurchase agreements
March 27, 2012	Decrease from 3.25% to 3%		Extending eligible collateral for monetary policy operations to securities credit representing securities claims on VSMEs
September 26, 2012		Decrease from 6% to 4%	
December 13, 2012			Implementing the first operation of loans secured by securities - Eligibility criteria of certificates of deposit
December 11, 2013			New program to further encourage bank financing for VSMEs.
December 19, 2013			Decision not to pay interest on required reserves
March 25, 2014		Decrease from 4% to 2%	
September 23, 2014	Decrease from 3% to 2.75%		
December 16, 2014	Decrease from 2.75% to 2.50%		
July 2015			New rule for the distribution of 7-day advances

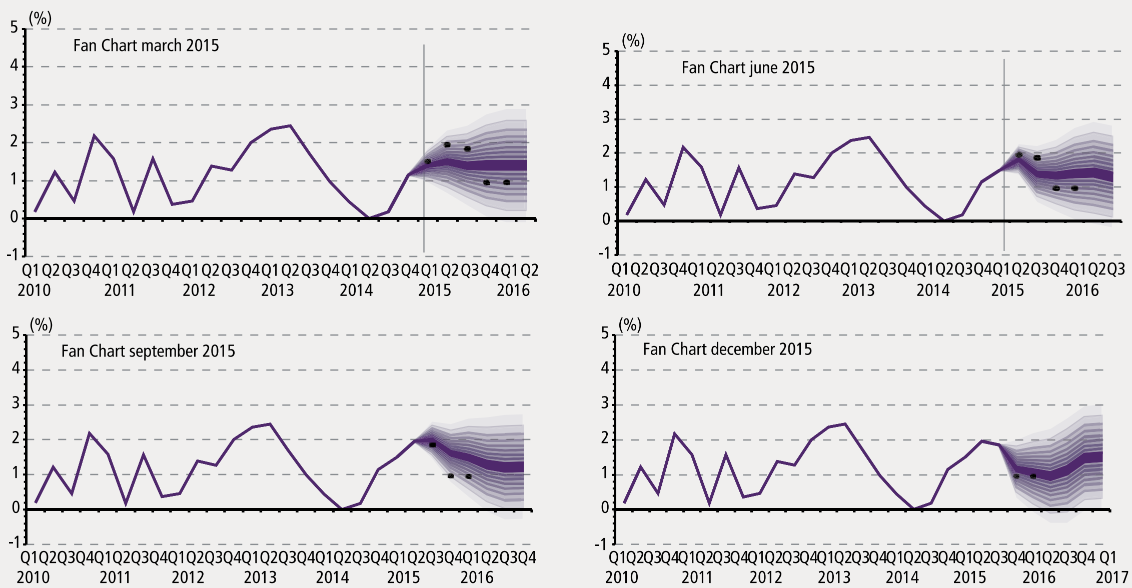
Box 2.2.1: Assessment of inflation forecasts

The quality of inflation quarterly forecasts is assessed based on the absolute gap between actual inflation rate for a quarter and the average forecasts produced for the same quarter under the last six r on monetary policy eports. For the four quarters of 2015, the average gap stood at 0.3 percentage point, compared with 1.2 point in 2014 and 0.4 point in 2013.

Chart B2.2.2.1: Absolute gap between inflation forecast and actual inflation rate (in percentage points)

The quality of forecasts is also assessed by the frequency of actual inflation rates falling within the confidence interval of 90 percent. For the four quarters of 2015, all actual inflation rates were inside that interval.

Chart B2.2.2: Fan charts for the year 2015



* The points on the fan charts represent observed inflation rates.

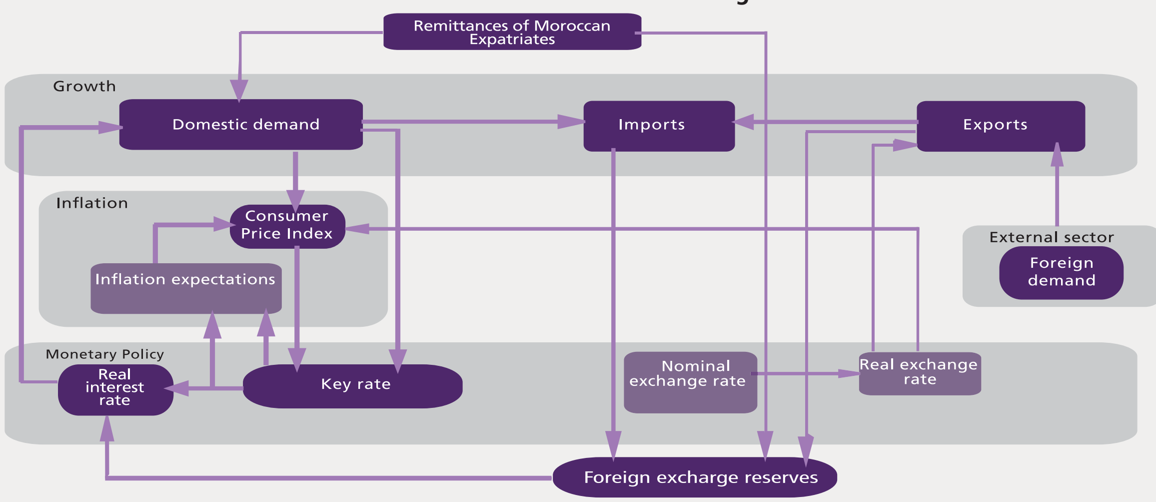
Box 2.2.2: Bank Al-Maghrib new forecasting arrangements

As part of preparations for the expected transition to a more flexible exchange rate regime and inflation targeting, Bank Al-Maghrib in 2013 launched a project to improve its forecasting arrangements.

The new arrangements, which became operational since the end of 2015, rest on an integrated structure designed to ensure better coherence of projections. It combines a central model of monetary policy and several supplementary satellite models.

The central model, which is semi-structural, is supported both by the underlying theoretical bases of general equilibrium model and by the adjustment of data typical to empirical models. It is a flexible and interactive tool combining both short-term projections produced by satellite models and expert opinion to issue medium-term projections (a time span of two years).

Structure of the baseline forecasting model



The model is made up of four interconnected blocks:

- **Growth**: A breakdown of demand components (household final consumption, government spending, investment, exports and imports) which helps understand the dynamics of each component.
- **Inflation**: To identify the nature of inflationary pressures, a distinction is made between core inflation, inflation of regulated products, inflation of fuels and lubricants and inflation of foodstuffs that have volatile price movements.
- **External sector**: Besides foreign demand for Morocco, this exogenous block includes several other variables, such as interest rate and inflation rate in partner countries, the euro/dollar exchange rate, and commodity prices.

- **Monetary policy**: This block, which is adapted to the current monetary policy framework, offers the possibility of adjustment to the transition towards a more flexible exchange rate regime. The respnse function of the central bank is endogenous and helps to determine the direction to be taken by the interest rate in line with the price stability objective.

Satellite models, on the other hand, are used to feed the central model by initial conditions (forecasts for one to two quarters) and produce medium-term forecasts for the variables not accounted for under the central model. These include some aggregates of public finance, the external account and the monetary sphere.

In addition to the central forecasting scenario, the arrangements provide for the development of alternative scenarios simulating shocks on some key variables, such as growth and inflation in partner countries, commodity prices, the ECB monetary policy, cereal production, the key interest rate, etc.

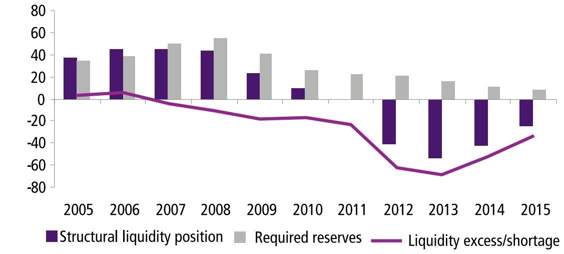
2.2.2 Implementation of monetary policy

In 2015, banking liquidity improved substantially. Banks' liquidity needs[1], on a weekly average, declined to 32.7 billion dirhams, compared with 52.3 billion dirhams in 2014 and 69.2 billion dirhams in 2013. Along with a decline in required reserves by 1.4 billion dirhams, this situation reflects an increase by 31.8 billion dirhams in net foreign exchange reserves of Bank Al-Maghrib which more than offset the restrictive effect of an increase by 11.3 billion dirhams in currency in circulation.

Under such conditions, the Bank readjusted the total volume of its interventions, on a weekly average, from 54.7 billion in 2014 to 34.6 billion dirhams in 2015. Indeed, the amount of seven-day advances was reduced from 35.6 billion to 19 billion dirhams, while the amount of one-year secured loans under the very small, small and medium-sized enterprises support program (VSMEs) rose from 12.8 billion to 15.5 billion dirhams. Moreover, the Bank granted 24-hour advances corresponding to an average amount of 1.9 billion dirhams per operation.

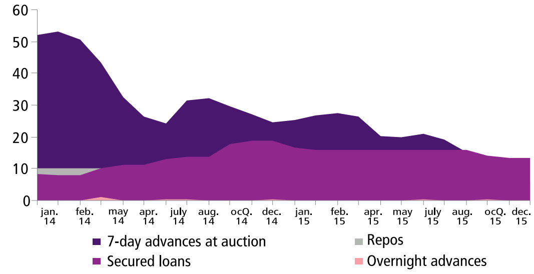
1 Bank liquidity needs = Foreign exchange reserves of Bank Al-Maghrib - Net position of the Treasury – Currency in circulation + Other factors - monetary reserve.

Chart 2.2.1 : Structural liquidity position* and required reserves amount (end-of-week average, in billion dirhams)



* Structural liquidity position =banks' liquidity needs+required reserves

Chart 2.2.2 : Bank Al-Maghrib interventions (end-of-week average, in billion dirhams)



Infra-annual analysis suggests that banking liquidity needs remained virtually stable over the first four months of the year, and eased significantly in May thanks to the collection of a 1-billion US dollar loan granted to the OCP. Between June and July, banks' cash deficit widened slightly, due to the increase in currency in circulation. For the remainder of the year, banking liquidity needs fell gradually to 16 billion dirhams in December, mainly reflecting the continuous build-up in foreign exchange reserves.

Chart 2.2.3 : Liquidity position and required reserves amount (end-of-week average, in billion dirhams)

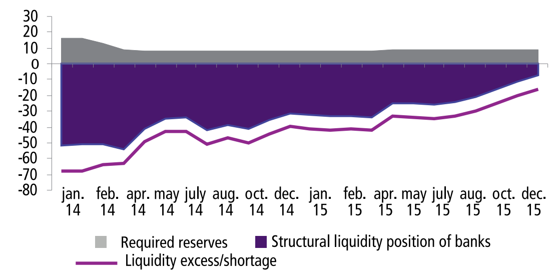
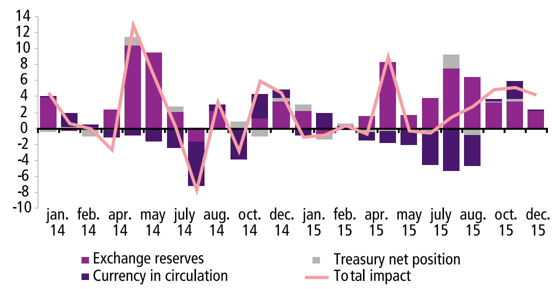


Chart 2.2.4: Contribution of autonomous factors to the monthly change in SPBL (end-of-week average, in billion dirhams)



Reflecting the continuous adjustment of the Bank's interventions to banking liquidity needs, the weighted average rate on interbank market remained aligned to the key rate, at an average level of 2.51 percent, and the daily trading volume rose from 3.5 billion to 4.7 billion dirhams.

Chart 2.2.5 : Change in the average volume of interbank transactions (in billions of dirhams)

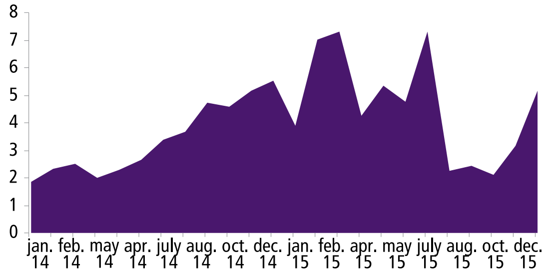
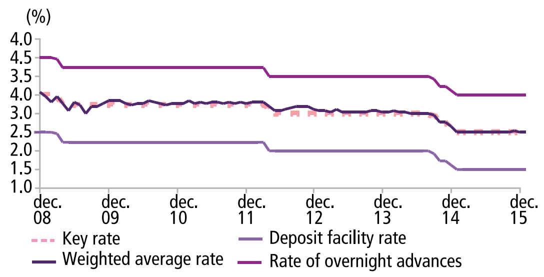


Chart 2.2.6 : Change in the interbank weighted average rate (monthly data)



2.2.3 Further strengthening the monetary statistics production framework

As part of the alignment of monetary statistics methodology with international standards, Bank Al-Maghrib conducted the third phase of that process in 2015, which mainly focused on the introduction of the market price method in the valuation of assets of financial corporations. Therefore, the financial assets of the Central Bank are now valued at their market prices. The scope of revision covered the Bank's holdings in securities, especially those issued by nonresidents and the recording method applied to other financial assets and liabilities of Bank Al-Maghrib, which is already fully compliant with international standards.

At the same time, the method for calculating net international reserves was further refined. Foreign assets denominated in non-convertible currencies and non-investment securities were excluded from the base of calculation. In this context, the methodology for producing monetary statistics was revised and historical data series were rebuilt up to 2012.

With the scope of monetary statistics now extended to insurance and reinsurance companies, UCITS and credit institutions and similar bodies other than banks[1], efforts were pursued to integrate pension funds run by the financial sector, namely the Caisse Interprofessionnelle Marocaine de Retraite and the Caisse Nationale de retraites et d'assurances. In this context, new reporting statements were developed in accordance with the requirements of the IMF Monetary and Financial Statistics Manual, particularly those relating to the sectorization of institutional units and classification of financial assets.

2.3 Reserves management

In light of the ongoing application of very accommodative monetary policies in global economy and the persistence of negative yield rates in the euro area, the Bank continued to optimize the

1 Caisse de Dépôts et de Gestion, offshore banks, finance companies and microcredit associations

yield of foreign exchange reserves by taking a prudent management approach and constantly upgrading it, in accordance with stringent security and liquidity requirements.

The strategy adopted in 2015 contributed to better results in the management of foreign exchange reserves, mainly thanks to the increase in net international reserves, the extension of the duration of investments and the increase in the share of dollar denominated assets following the change in the dirham quotation basket.

2.4 Banking supervision

In 2015, a new banking law was published with a view to strengthening the banking system regulatory framework and promoting new activities and the emergence of new financial actors and services. To ensure implementation of the new law, Bank Al-Maghrib during this year was busy developing the regulations defining its implementation procedures. It has also undertaken several measures to address certain risks.

On micro-prudential supervision, Bank Al-Maghrib kept observing the impact of economic conditions on bank balance sheets and closely monitored credit, concentration and cross-border risks, in particular.

During the year under review, a financial Sector Assessment Program (FSAP) mission was jointly conducted by the IMF and the World Bank. Among other things, the mission looked into the regulation and oversight of the banking system's resilience and crisis management.

2.4.1 Strengthening the legal and prudential framework

During 2015, actions relating to regulation focused on the development of circulars to implement the Banking Law, on the one hand, and on the introduction of reforms recommended by the financial Sector Assessment Program (FSAP) mission, on the other.

With regard to circulars to implement the Banking Law, Bank Al-Maghrib adopted and published in the Official Gazette the circular on the information and documentation required for applying for a license. It also developed, in concert with the banking industry, draft circulars on the rules governing independent directors, the acquisition of shareholding by banks, the procedures to be applied by these banks in handling their customers' claims, and the procedures for bank mediation. Finally, it also finalized circulars defining the minimum terms for account agreements between the banks and their customers.

In preparation for the launch of participatory finance activities, Bank Al-Maghrib initiated the development of regulations defining the technical characteristics of participatory products. Concurrently, it defined the elements of a model application for obtaining the license specific to this kind of activity, and opened the official process for submission of applications. In consultation with the banking industry, it also considered setting standards for conducting this activity through windows at conventional banks, to promote a balanced and healthy development of the market.

The Bank also initiated an upgrading of some prudential responses in light of the latest developments in banking activities. Therefore, banks' securitization positions for their capital requirements will be differentiated according to the rating and the issuing institution.

With the rising prominence of cybercrime risks, Bank Al-Maghrib started preparations to lay foundations for an appropriate minimal framework for banks to mitigate such risks. Finalization of the first guidelines on penetration testing to be conducted by banks is underway.

Following the Financial Sector Assessment Program (FSAP) mission, several regulatory actions were engaged. One of these focused on the review of loan classification rules particularly in order to properly handle debt structuring agreements between banks and their customers. At the same time, a reform program was launched to limit concentration risk to banks arising from exposure to a single counterparty or a group of connected counterparties. In this regard, draft instructions specifying the minimum information elements required for applying for loans by enterprises falling into categories indebted with more than 500 million dirhams were finalized. The instructions require credit institutions to obtain consolidated accounts of groups of debtors as well as comprehensive information on their bank debt and on the market.

2.4.2 Banking supervision activities

In 2015, Bank Al-Maghrib supervised 84 institutions either through on-site or off-site missions.

The 16 on-site inspections conducted by Bank Al-Maghrib are as follows: 5 inspections of general nature, 2 missions of verification and follow-up to recommendations and 9 thematic missions. The thematic missions conducted at 7 banks examined adequacy of loan portfolio coverage by provisions, the governance system and evaluation of stress testing practices. On-site verifications have also assessed the anti-money laundering and counter-terrorist financing arrangements as well as systems for measurement of interest rate and liquidity risks. Moreover, a survey was conducted to evaluate the internal models used by a local bank for the measurement and coverage of market risks.

On the other hand, remote surveillance focused on close monitoring of the risk profile of credit institutions. This assessment used as a reference their internal rating by the Bank according to the "SANEC" methodology, which was reviewed this year in order to capture the large scope of risks to the banking sector (country risk, cross-border risks). Special focus was devoted to the monitoring of credit and concentration risks, response to cross-border risks and the anti-money laundering and counter-terrorist financing arrangements.

Concerning cross-border supervision, Bank Al-Maghrib took part in two on-site control missions conducted by the regulatory authorities in host countries of subsidiaries of Moroccan banks abroad. The first was conducted with the banking commission of West African Economic and Monetary Union at a bank in Benin, and the second with the Banking Commission of Central Africa (COBAC) at two banks, one in Gabon and another in Cameroon.

Meanwhile, Bank Al-Maghrib signed with the banking regulatory authorities of Madagascar and Djibouti two new conventions on cooperation and exchange of information on banking supervision. Cooperation between Bank Al-Maghrib and its foreign counterparts, namely the French Autorité de Contrôle Prudentiel et de Résolution, the banking commissions of UMOA and CEMAC, the Central Banks of Tunisia and Madagascar, has been pursued through the organization of supervision meetings for cross-border Moroccan banking groups. During these meetings, the regulatory authorities reviewed the financial and prudential situation of these groups, as well as their strategies and their monitoring of risks to which they are exposed.

2.4.3. Banking Services Consumer Protection

With regard to Banking Services Consumer Protection, the Bank focused on processing complaints of credit institutions' customers, monitoring activities of the Moroccan banking mediation center and supporting credit institutions in implementing the relevant legal and regulatory framework.

In 2015, the Bank received 513 complaints from customers of credit institutions. These have concerned issues with accounts operation (39%), credit conditions (28%) and means of payment (18%). Nearly 70% of closed claims in 2015 were settled in favor of the plaintiffs. Moreover, the Bank has processed 212 requests of accounts communication from judicial authorities and 322 requests of search for accounts by heirs.

Activity of the banking mediation center, now in its second year, has increased gradually both in the first compartment, the "institutional" one, where mediation is voluntary and free of charge and is aimed for disputes over amounts equal to or less than 1 million dirhams, as well as in the second compartment, the "conventional" one, where mediation is paid and used for disputes over amounts exceeding 1 million dirhams. In the first compartment, the mediation center handled 216 cases considered admissible, while it received in the second compartment, recently introduced, only 5 claims. The mediation requests presented in 2015 were of different types. They particularly concerned contested accounting entries (29%), closing of accounts (29%), collection of claims relating to social cases (9%) and issuance of documents (9%).

In 2015, the Bank has also assisted the banking sector towards complying with the provisions of Law No. 31-08 on consumer protection, whose provision for implementing its "Debt" chapter was published this year and projected to enter into force in April 2016. It has also developed circulars for implementing the provisions of the new banking law regarding the procedure to be followed by credit institutions in handling customer complaints, the account agreement and the banking mediation system.

As concerns its internal organization, the Bank is further committed to work for protecting customers, and has thus created, within its Banking Supervision Department, the functions of “Customer Protection” and “Market practices Control”.

2.4.4 Evaluation of the banking system by the IMF and World Bank

During 2015, the IMF and the World Bank conducted their joint assessment of the financial system known as "FSAP". This mission highlighted the progress made by the banking system since the 2007 assessment mission and assessed resilience to stress testing. It also reviewed all actions and reforms undertaken by the financial authorities with regard to regulation and banking supervision, financial inclusion, macro-prudential supervision, oversight of payment systems and crisis management.

The mission confirmed Moroccan banks’ resilience to severe stress test scenarios, which included “bottom-up" exercises by banks and “top-down" exercises by the IMF. These tests were carried out according to a "baseline scenario" and a particularly severe "adverse scenario" to assess the resilience of banks to credit, liquidity, concentration, market and contagion risks.

On a sample of eight banks accounting for 90 percent of banking system assets, the findings of solvency stress tests broadly suggest the ability of these banks to withstand a significant worsening of economic conditions. They reveal that the vulnerability of banks to liquidity risk is limited and that the impact of cross-border contagion is low. However, the results of stress tests suggest that credit concentration risk is one of the serious risks to the banking system.

Following an assessment of banking supervision according to the 2012 amended version of the 29 Basel Core Principles, the mission concluded that Morocco is in line with best practice and that the regulatory framework is sound. The mission noted the implementation of major legal reforms, including the adoption of a new Banking Law and regulations to prevent and manage banking risks and risks to financial stability. It also issued recommendations dealing in particular with standards for loan classification to better account for restructured debt and encouraged the authorities to take measures to ease credit risk concentration. Other recommendations have also been formulated to strengthen cross-border surveillance and tune the organization and supervision tools to the evolution of the banking system and risks. Roadmaps have been developed to implement the recommendations of the mission.

2.4.5 Financial inclusion

In 2015, Bank Al-Maghrib continued its efforts to improve access to banking services and their use, including through permanent dialogue with operators, contribution to the development of a national strategy for financial literacy, the preparation of a regulatory framework that promotes the development of new banking services and the promotion of electronic means of payment. Meanwhile, the Bank continued to work towards improving the financing of VSMEs.

In terms of financial inclusion, the actions undertaken in consultation with the banking industry, helped to significantly improve the banking rate of the population has again increased this year to 68%. The number of bank accounts increased significantly to 23 million, or more than 1.7 million additional accounts. The banking network further expanded by 224 branches to a total of 6,139 bank branches and 6,529 ATMs. Beneficiaries from micro-credit increased by 3 percent to almost 886,000 customers.

Regarding financial education, the Bank held in March 2015, under the aegis of the Moroccan Foundation for Financial Education and in collaboration with its partners, the fourth edition of the Child and Youth Finance Week. Nearly 100,000 pupils aged between 8 and 17 visited the branches and the Museum of Bank Al-Maghrib, Dar As-Sikkah, the Casablanca Stock Exchange, bank branches and insurance companies, were organized for.

At the same time, the Bank initiated a study with the National Telecommunications Regulatory Agency for the implementation of a new strategy for the development of electronic means of payments in order to develop a national platform for low-cost mobile payments, using an expanded ecosystem of merchants, households, infrastructure providers and authorized payment providers.

To further increase the levers of financial inclusion, a more comprehensive reflection on a national strategy was initiated, bringing together the public and private stakeholders and supported by an ad hoc governance framework. This reflection will be enriched by the results of a second "Global

FINDEX" study that will be used to collect demand-side data and whose outcome should be decisive for the identification of axes and objectives of this strategy.

These initiatives were encouraged by the World Bank in its FSAP mission of 2015, which covered the area of financial inclusion. While stressing the progress made, the mission noted that challenges remain in the access and use of financial services. These challenges relate to hindrances to the financial inclusion of low-income populations, the development of non-bank financial institutions, including micro-credit institutions, and additional measures to reduce the cost of payment services and money transfer and promote electronic payment instruments. A roadmap was prepared by Bank Al-Maghrib, in coordination with the Ministry of Economy and Finance, to study and implement these recommendations.

With regard to the financing of VSMEs, the financial support fund -set up at the instigation of the Bank to finance, together with banks, viable VSMEs going through temporary difficulties due to the economic situation, has benefited since its creation 183 businesses for a funding envelope of 1.2 billion dirhams. The benefiting VSMEs operate in the industry (43 percent), trade (28 percent), construction (23 percent) and services (6 percent).

In 2015, Bank Al-Maghrib continued to work with public and private partners in order to set up the National Observatory of VSMEs. These actions focused on setting up governance bodies and establishing a first central database consolidating corporate information from different partner databases.

2.5 Macroprudential supervision

In 2015, the Bank carried on its actions to strengthen and expand its macro-prudential supervision arrangements. These arrangements have been supplemented by analyses on the existing mechanisms to limit contagion between Moroccan banks and their subsidiaries abroad and on interconnectedness between banks and insurance companies. In addition, and in close cooperation with the regulatory authority of the insurance and social security sector, the scope of the analytical framework was expanded to cover risks specific to pension plans.

During the last quarter of 2015, the Bank and the IMF jointly launched a project to develop a Macroprudential Policy Model. The model will serve as a tool supporting macro-prudential analysis and impact assessment of macro-prudential instruments or measures that the authorities may decide to apply to the banking system or to the financing of economy.

As for the regular business of governing bodies, the Systemic Risk Surveillance and Coordination Committee, established by Law No. 103-12 relating to credit institutions and similar bodies, held two meetings in 2015, which were devoted mainly to examine risks to the financial system, building on the mapping of systemic risks covering the sectors of banking, insurance, capital market and, for the first time, pension plans. Indicators of resilience of systemically important institutions have also been examined.

The Committee also examined the findings of the third financial Sector Assessment Program (FSAP) mission. The mission noted with satisfaction that the crisis management arrangements have been strengthened in view of the progress made in the legal framework which provides for extensive tools and legal mechanisms and of the conventional framework for coordination between the financial system authorities. Recommendations of the mission focused on the establishment of a bank resolution framework that should be consistent with the standards of the Financial Stability Board (FSB), following the latest global financial crisis, and should provide the authorities with legal tools to deal with banking difficulties based on the least-cost principle, while avoiding, as far as possible, recourse to public support.

This Committee has also approved the second financial stability report published in 2015, in collaboration with insurance and capital market regulatory authorities. The report examined the latest national and international macroeconomic developments, the indebtedness of non-financial sectors, the soundness of financial institutions and the evolution of capital market and market infrastructure.

In its turn, and prior to the meetings of CCSRS, the internal Financial Stability Committee of Bank Al-Maghrib held its own biannual meetings which were mainly devoted to examine the macroprudential indicators including the mapping of systemic risks and their impact on financial stability as well as the results of stress testing of financial institutions.

During 2015, coordination was enhanced with other regulatory authorities, thanks mainly to the effective implementation of the provisions of the data exchange framework adopted in 2014 by the authorities, which defines the information to be exchanged in normal times and during contingencies. Therefore, in order to improve information exchange in a timely manner, Bank Al-Maghrib has started work to develop a secure data exchange computing platform.

2.6 Systems and means of payment

2.6.1 Oversight of systems and means of payment

Concerning the monitoring of non-cash payment instruments, Bank Al-Maghrib initiated action to develop the implementing regulations of the new banking law No. 103-12, including circulars on payment institutions and the procedures for payment services. This new regulatory framework will contribute to the effective implementation of the Bank's strategic directions to achieve an open and dynamic market of electronic payments.

At the same time, Bank Al-Maghrib contributed to the works of the inter-ministerial committee tasked with introducing reforms of laws governing payment. These reforms initiated by the Bank aim both to promote the use of non-cash payment instruments, mainly credit cards, to reduce heavy reliance on coins and banknotes in payment transactions, and to enhance the credibility of other means of payment by adopting preventive and repressive rules.

On the oversight of Financial Market Infrastructures (MFI), the FSAP assessment mission covered three systemic MFIs, namely the SRBM (the gross settlement system of Morocco), the central depository and settlement system for securities and the project to implement the central clearing-counterparty- chamber, on the one hand, and the oversight conducted by the regulatory authorities as part of missions to these infrastructures, on the other.

Concerning the implemented public policy and to address the monopolistic situation which is inconsistent with the basic principles for efficient and resilient payment systems based on transparency, free access and equitable treatment among operators, Bank Al-Maghrib has undertaken the necessary measures to open up routing of authorizations and clearance of electronic monetary flows. In May 2014, the Bank published the "minimum requirements for managing the Switch for routing authorizations and clearing of electronic monetary flows" and the license application file to be completed by candidates requiring license to perform such an activity.

The Bank also set up a committee to examine applications for a license submitted by managers of payment systems to determine eligibility, while ensuring strict observance of equitable and equal treatment of all operators applying for a license to exercise this activity.

Following a thorough review of the bids selected by the Technical Commission in accordance with the methodology approved by the Certification Committee, Bank Al-Maghrib in 2015 authorized three operators to exercise routing of authorizations and clearance of electronic payment flows to provide the Moroccan payment market with secure, resilient and highly available infrastructure, which allows both issuers and receivers to be free to operate the switch of their choice.

2.6.2 Central information registers

During 2015, two new central registers have been operated. These namely are: the Central Register for Payment Incidents on Standardized Bills of Exchange and the Central Register for Bank Accounts.

By the end of 2015, the accumulated number of unsettled payment incidents at the Central Register for Check Payment Incidents (CIP) stood at 2.7 million cases, corresponding to an outstanding amount of more than 72.5 billion dirhams, an increase of 5.4 percent in volume and 10.3 percent in value. The breakdown of the said outstanding amount by customer category shows the predominance of natural persons, accounting for 80 percent, compared with 20 percent for the legal entities.

For its part, the number of persons banned from writing checks rose to 598,700 people, an increase of 3.4 percent compared with 2014. This number remains dominated by natural persons accounting for 89.3 percent of the total.

Chart 2.6.2.1: Change in unsettled defaults outstanding amount

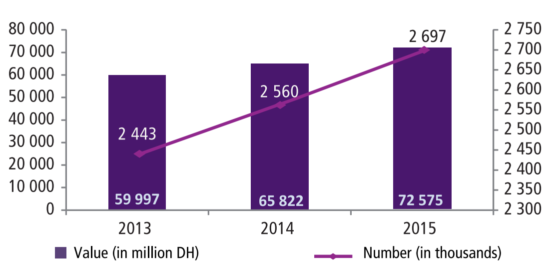
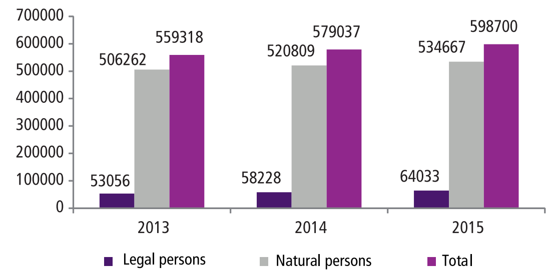


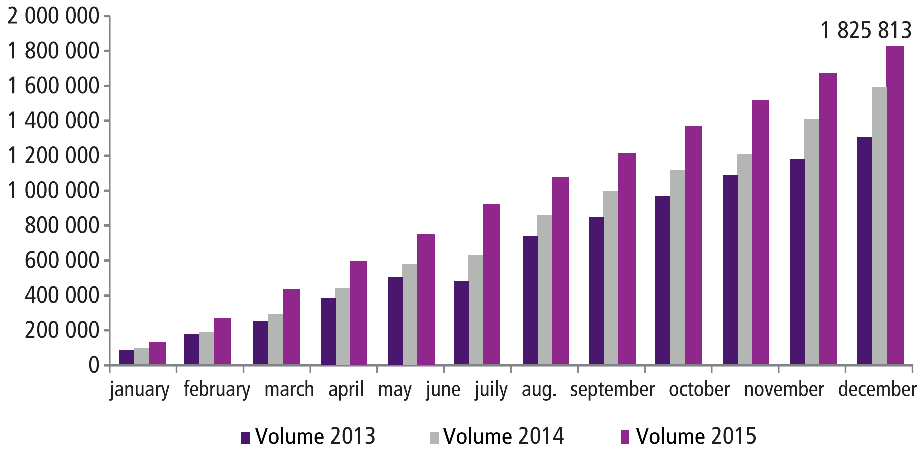
Chart 2.6.2.2: Breakdown of persons banned from issuring checks



Concerning the public claims examination system, it processed 2,701 claims in 2015, of which 89.7 percent were processed at Bank Al-Maghrib agencies, up 11.5 percent compared with the previous year. The examination of these claims resulted in the lifting of 196 wrong bans, the approval of 2452 applications for access to personal data and the processing of 53 miscellaneous claims, particularly those relating to failure by the bank to settle incident payment (49.1 percent) and errors in identification data (22.6 percent).

As for Central Credit Register, the activity of the Credit Bureau continued its upward trend in 2015, reflecting an increase both in the number of contracts uploaded into the database and in the consultations of credit reports prior to the granting of loans. By the end of 2015, the number of active contracts loaded stood at 4.3 million contracts, corresponding to an outstanding amount of 753.4 billion dirhams, up 12.7 percent. As for the number of consultations in 2015, it stood at 1.8 million consultations, up 17 percent from 2014, which brings the accumulated number of consultations to nearly 7 million consultations since the launch of this service in 2009.

Chart 2.6.2.3: Annual cumulative volume of Credit Bueau consultations



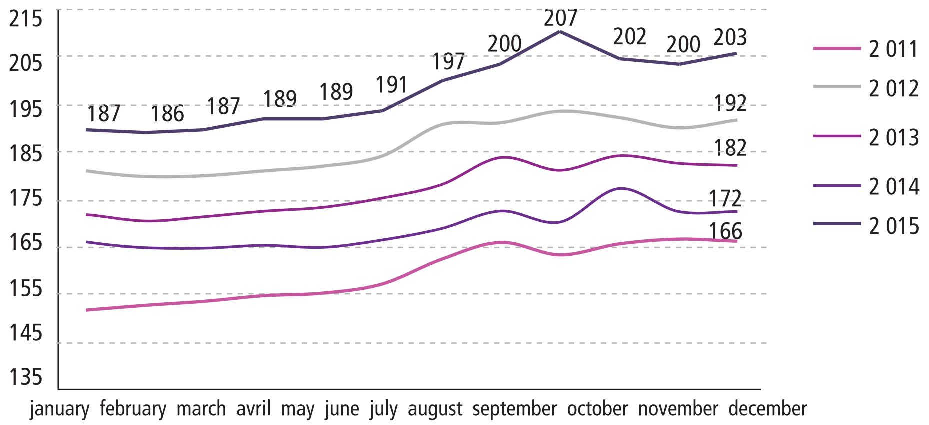
During 2015, this activity was opened to competition by granting the second license of Credit Bureau to an international operator to improve the quality and diversification of the offered services.

2.7 Banknotes and coins

2.7.1 Currency in circulation

During 2015, the annual average value of currency in circulation stood at 194.9 billion dirhams, up 6 percent compared with 2014. By end-December 2015, this volume of currency in circulation totaled 202.9 billion dirhams, with banknotes accounting for 98.6 percent of value. The average annual volume of banknotes in circulation stood at 1.4 billion banknotes, up 5 percent.

Chart 2.7.1: Change in currency in circulation, in value (in billions of DH)



As for the breakdown of currency in circulation, the 200-dirham denomination remained dominant and represented of 50 percent of the total currency in circulation. The 100-dirham and 20-dirham denominations accounted for 38 percent and 7 percent respectively, while the 50-dirham denomination represented only 4 percent of that total.

It should be noted that banknotes of the new series released for circulation in 2013 represented more than 25 percent of the total volume of banknotes in circulation, while the 1987 series made only 4 percent of that volume. The 2002 series was the largest series in circulation and accounted for 71 percent of the notes in circulation by end-December 2015.

Chart 2.7.2: Structure of banknotes in circulation (in volume)

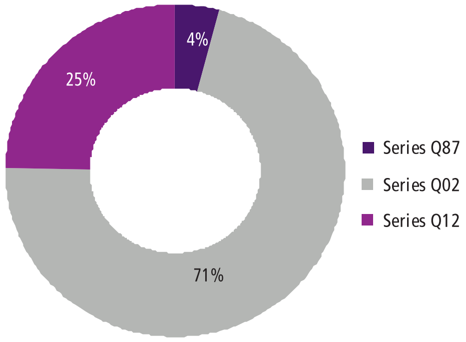
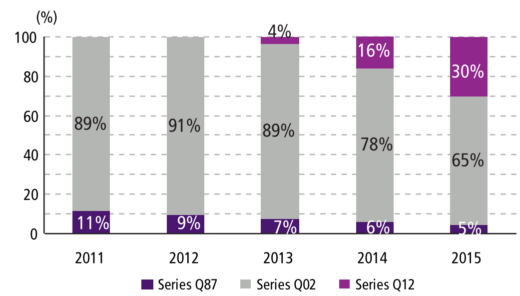
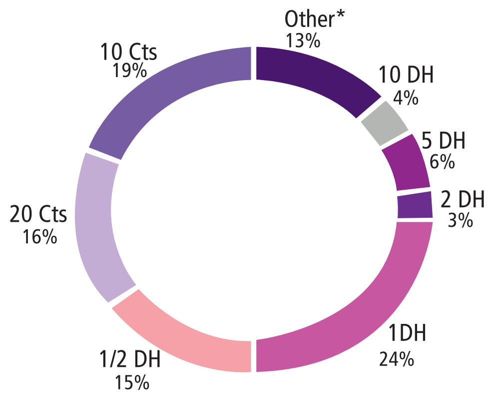


Chart 2.7.3: Change in the structure of currency in circulation, by series (in value)



The average annual value of coins in circulation in 2015 stood at 2.7 billion dirhams corresponding to 2.4 billion coins made up, in order of importance, by the 1-dirham, 10-cent, 20-cent and ½ -dirham denominations, which, combined, accounted for 75 percent of the total volume of coins in circulation. By end-December 2015, the value of coins in circulation reached 2.8 billion dirhams, an increase by 4.7 percent compared with the same period in the previous year.

Chart 2.7.4: Structure of coins in circulation in 2015

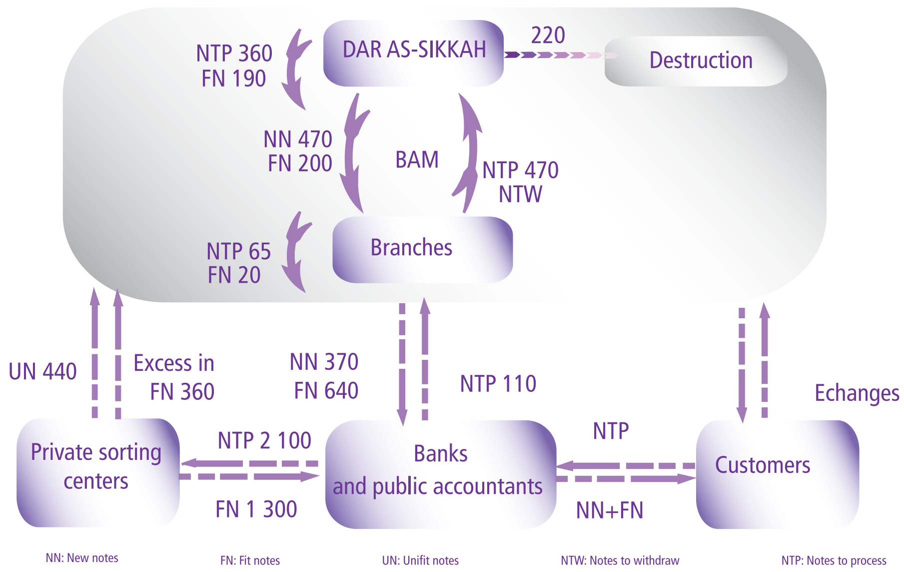


* Other: include 1 and 5 centime coins, commemorative coins and coins to withdraw.

2.7.2 Supply of banknotes

The following diagram sums up the main banknote flows carried out by the different currency actors in 2015:

Cash cycle of Moroccan banknotes in millions of denominations in 2015



The economy's overall demand for banknotes reached 2.3 billion denominations. Bank Al-Maghrib accommodated 44 percent of this demand, compared with 60 percent in 2011. The banknotes released consisted of 370 million new banknotes, 280 million valid banknotes supplied by Bank Al Maghrib and 360 million valid banknotes supplied by private sorting centers.

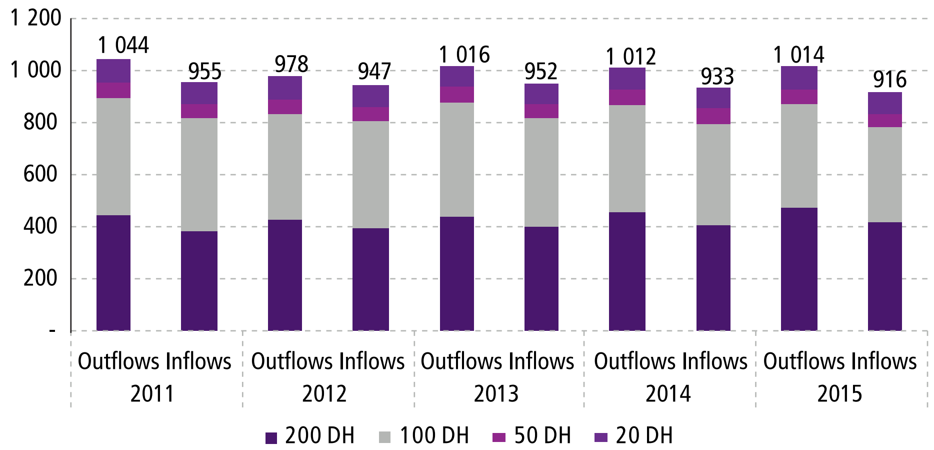
Table 2.7.1: Change in the structure of overall demand for banknotes (2010-2014), in millions of denominations

Contribution (in all denominations)		2011	2012	2013	2014	2015
Contribution of Private sorting Centers	Fit notes directly recycled by private sorting centers	671	925	944	1 105	1 300
	Fit notes indirectly recycled by private sorting centers (BAM branches)	186	336	335	336	360
Contribution of BAM	New banknotes provided by BAM	423	358	384	365	370
	Fit notes produced and provided by BAM	434	283	297	311	280
Overall demand		**1 714**	**1 902**	**1 960**	**2 117**	**2 310**

The remainder of demand was supplied by the private sorting centers, which recycled 1.3 billion banknotes directly for local banks and produced a surplus of valid banknotes of about 360 million denominations supplied to Bank Al -Maghrib.

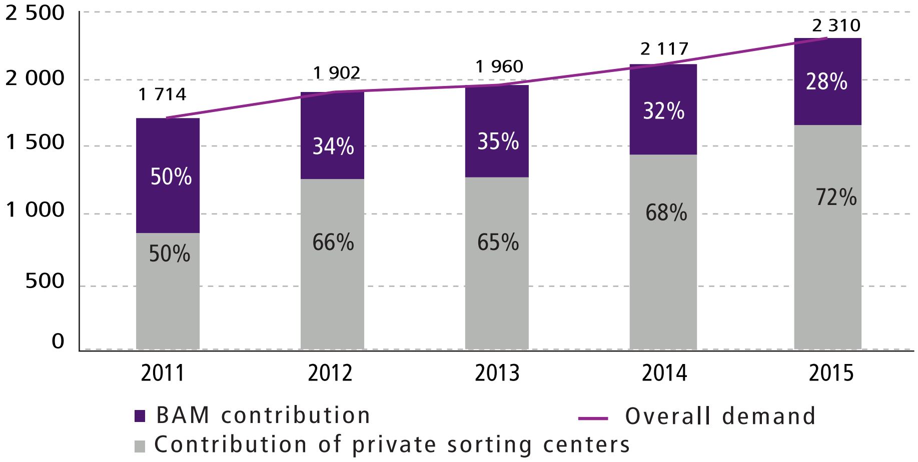
While overall demand for banknotes has shown an average annual increase by 8 percent since 2011, banknote outflows from Bank Al-Maghrib remained virtually stable both in number and by denomination type.

Chart 2.6.5: Bankote inflows and outflows in BAM branches (in millions of denominations)



In line with projections for the year under review, the volume of banknotes released by Bank Al-Maghrib stood at 1 billion banknotes, mostly made up of the 200-dirham and 100-dirham denominations.

Chart 2.6.6: Overall demand for banknotes (in millions of denominations) and rate of contribution



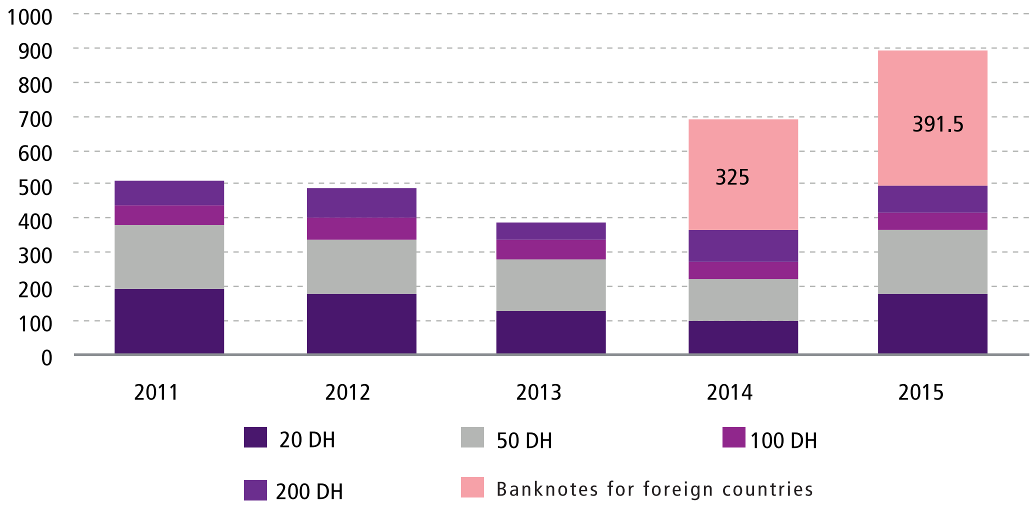
To meet the growing demand for banknotes and maintain adequate operational stocks, Bank Al-Maghrib printed 511 million Moroccan banknotes and processed 430 million banknotes withdrawn from circulation and from these it retrieved 209 million valid banknotes. Private sorting centers have also processed 2.1 billion banknotes in circulation, from which they retrieved 1.7 billion valid notes.

2.7.2.1 Production of new banknotes

After its downward trend over the past five years, the volume of newly produced banknotes rose by 39 percent between 2014 and 2015 to 511 million banknotes.

In keeping with the Bank's strategic objectives, the production lines were also used to print 391.5 million banknotes for foreign countries. Therefore, the total number of banknotes printed by Bank Al-Maghrib stood at 903 million banknotes, up 30 percent compared with 2014.

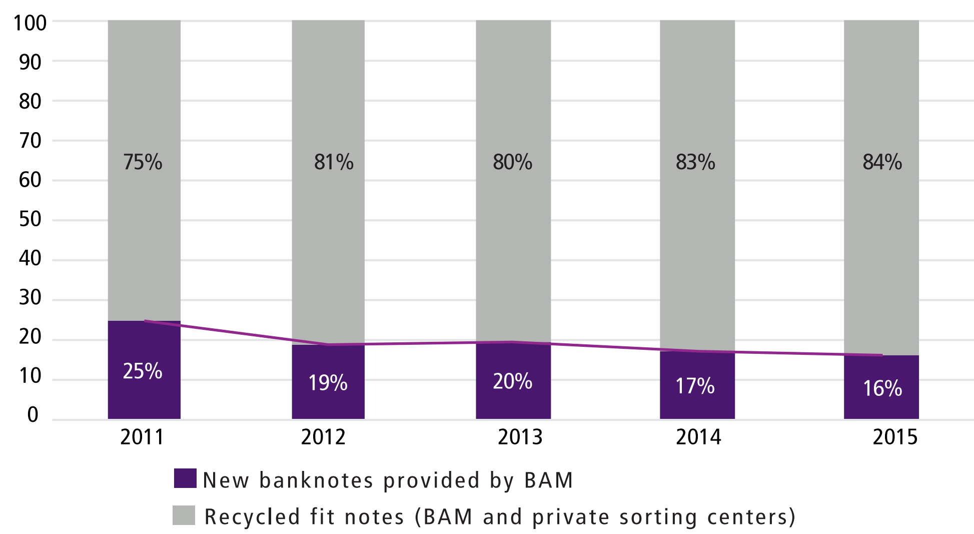
Chart 2.7.7: Production of new banknotes (in millions of denominations)



2.7.2.2 Quality of banknotes in circulation

Despite the sharp drop in the share of new banknotes in circulation in the overall volume of banknotes supplied to the economy, which went from 25 percent in 2011 to 16 percent in 2015, the quality of banknotes in circulation has been maintained. This has been confirmed by several surveillance mechanisms, particularly those relating to the assessment of the quality of banknotes processed by Bank Al-Maghrib and the private sorting centers, and by the measurement of life cycle of banknotes as well as the analysis conducted at the Dar As- Sikkah Laboratory.

Chart 2.7.8: Share of new banknotes provided by BAM in the overall demand, 2010-2014



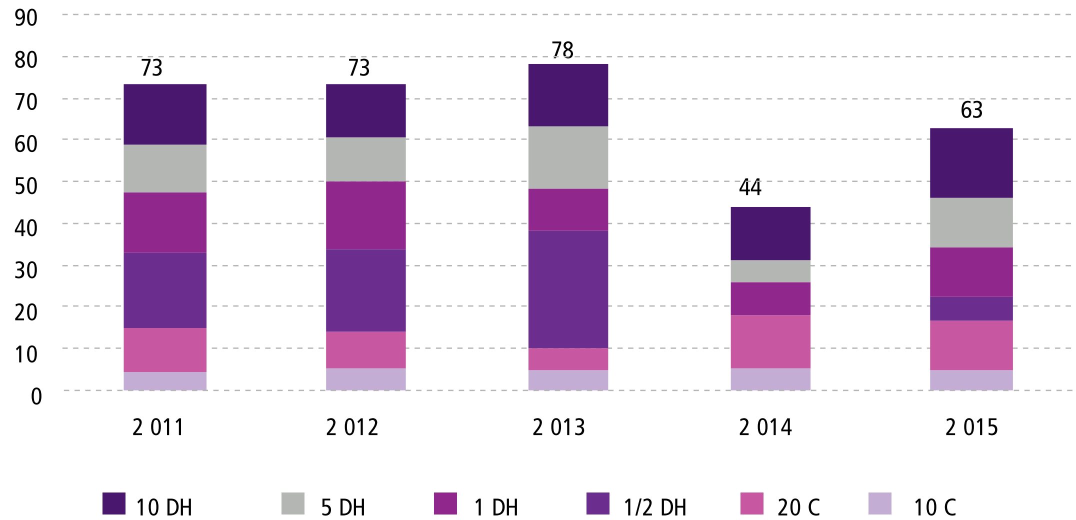
These satisfactory results are directly attributed, on the one hand, to the actions undertaken by Bank Al-Maghrib to strengthen resistance of banknotes to circulation vagaries by using new technological processes and, on the other, to the implementation of the Clean Note Policy, which has enabled a better monitoring of risks and costs relating to the management and quality of currency in circulation. Qualitative processing in 2015 was run on a volume of banknotes twice the equivalent of the average annual volume in circulation. The private sorting centers processed 84 percent of the annual processed volume.

To support delegation of qualitative processing and recycling of banknotes to the private sector, Bank Al-Maghrib conducts regular on-site controls and verifications of documents at private sorting centers and local banks. In 2015, the Bank carried out 215 on-site control missions at bank branches and 44 control missions at private sorting centers. These missions resulted in training courses, technical improvement or the development of new procedures to align cash recycling with the highest international standards.

2.7.3 Supply of coins

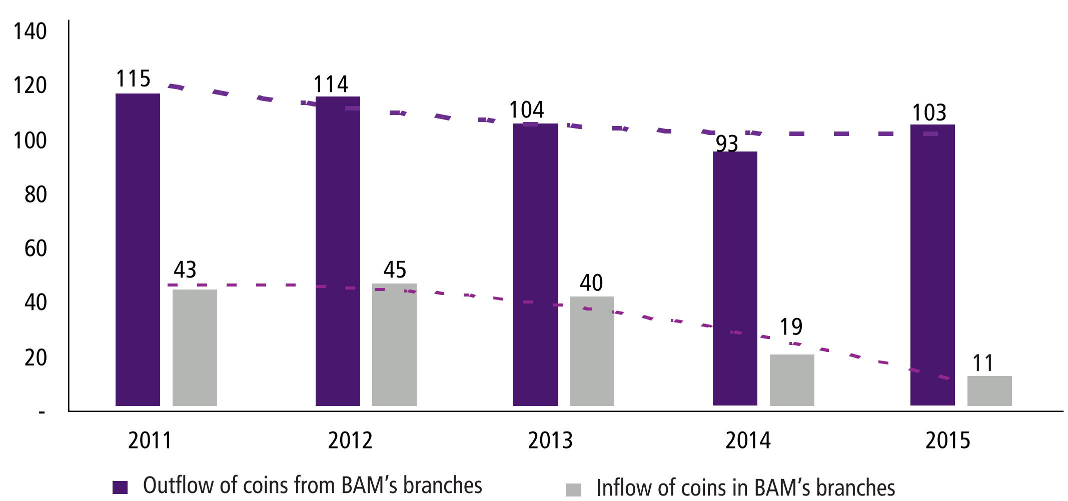
In 2015, a volume of 63 million coins was produced, up 43 percent compared with 2014. Meanwhile, outflows from Bank Al-Maghrib reached 103 million coins, an increase by 11 percent compared with 2014. On the other hand, deposits sharply declined by 75 percent since 2011 to 11 million coins, with a slight increase by 5 percent between 2011 and 2012. The significant drop in coin deposits in Bank Al-Maghrib can be ascribed to the two following factors: an increase in the economy's demand for coins, which prompted the private sorting centers to directly recycle coins for their customers, on the one hand, and optimization of the number of currency operations at Bank Al-Maghrib, which encouraged Managing Companies of the Private Sorting Centers to consolidate the stock in coins between their centers in different regions of the Kingdom, on the other.

Chart 2.7.9: Production of coins, in millions of units



The breakdown by category of coins in deposits in and in withdrawals from Bank Al-Maghrib did not change significantly in the past five years. The 10-dirham, 5-dirham, 2-dirham and 1-dirham denominations remained predominant in deposits and contributed approximately equal shares to the total volume. The 1-dirham, 5-dirham, ½-dirham, 10-cent and 20-cent denominations represented 85 percent of total withdrawals from Bank Al-Maghrib.

Chart 2.7.10: Coins inflows and outflows, in millions of units



2.7.4 Fight against counterfeiting

With regard to the fight against counterfeiting, the share of counterfeit Moroccan banknotes remained unchanged at 8 counterfeit banknotes per million banknotes (BPM) in circulation, below the Bank Al-Maghrib alert threshold of 20 BPM. This share also remains below the rates observed internationally (27 BPM for the European Union, 39 BPM for the United Kingdom, 61 for Mexico, etc.), thanks mainly to the provisions implemented by Bank Al-Maghrib as part of its Clean Note Policy and to the efforts of the Moroccan authorities to suppress counterfeit.

Box 2.7.4.1 : Role of the Clean Note Policy of Bank Al-Maghrib in the fight against counterfeiting

The Clean Note Policy instituted by Bank Al-Maghrib provides for several actions to combat counterfeiting, including:

- Release of a new series of Moroccan banknotes with enhanced security features;
- Introduction of regulations requiring private sorting centers to systematically proceed with authentication and qualitative processing of banknotes prior to their recycling, and commercial banks to proceed with authentication of banknotes as soon as they are deposited by their customers.
- Setting of regular control arrangements for private sorting centers and banks, including running of aptitude tests on banknote authentication equipment.

During 2015, a total of 10,919 counterfeit banknotes, with a face value of 1.3 million dirham, was detected, reflecting stable levels in volume and value compared with 2014.

Chart 2.7.11: Change in counterfeit

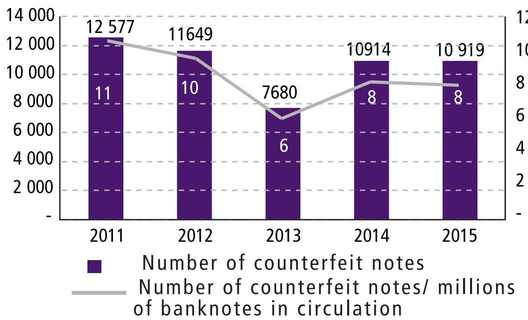
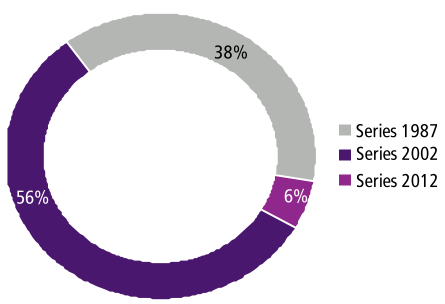


Chart 2.7.12: Breakdown of counterfeit banknotes, by series in 2015



The 200-dirham denomination alone accounted for 44 percent of the total number of counterfeit banknotes, followed by the 100-dirham and 20-dirham denominations, representing 26 percent and 29 percent, respectively, of that total. The 50-dirham denomination represented only 1 percent of the detected volume. It should be noted that counterfeiting of Moroccan banknotes remains unsophisticated and relies on the use of color printers and copiers.

Key figures of currency activity in 2015

	Change/ dec. 2014	
391.5 million banknotes for foreign countries	20.4%	↗
1.4 billion banknotes in circulation (202.9 billion dirhams) at end December 2015	6.9%	↗
2.6 billion coins in circulation (2.9 billion dirhams) at end December 2015	4.3%	↗
1.4 billion banknotes in circulation (194.8 billion dirhams) on average in 2015	4.9%	↗
2.5 billion coins in circulation (2.8 billion dirhams) on average in 2015	3.8%	↗
1 million banknotes issued at the counters	-	→
916 million banknotes paid in at the counters	-1.8%	↘
103 million coins issued at the counters	10.7%	↗
11 million coins issued at the counters	-42%	↘
511 million new Moroccan banknotes produced	38.8%	↗
430 million banknotes processed (Dar Assikah Department + Branches of Bank Al-Maghrib)	-18.8%	↘
209 million fit notes produced (Dar Assikah Department + Branches of Bank Al-Maghrib)	3.4%	↗
2.1 billion banknotes processed by private sorting centers	4.1%	↗
1.7 billion fit notes produced by private sorting centers	14.4%	↗
10 919 counterfeit banknotes (1.3 million dirhams. average value: 121 dirhams)	-	→

2.8 Resources, working conditions and outreach

2.8.1 Information systems

In 2015, many structuring projects were either launched or implemented to modernize and optimize the Bank's operating framework and several technical infrastructure projects were deployed.

The key achievements in terms of structuring projects included the deployment of Part I of the Autonomous Liquidity Banking Factors (FALB) project, the introduction of new regulatory reportings in the Database of Moroccan Financial System Agents (BASFIM), the operating of Central Information Registers, particularly the Central Register for Payment Incidents on Standardized Bills of Exchange, and the implementation of a solution for the supervision of means of payments.

In terms of infrastructure and security of information systems, in particular, the Bank launched an Operational Centre for Information Security (SOCI) to ensure preventive and reactive management of information Security in the face of heightened risks of cybercrime and diversification and proliferation of cyber attacks.

2.8.2 Financial information and management control

The Bank continued its actions to enhance financial transparency. In addition to the major progress made in the past years to develop extensive financial reports, the Bank in 2015 conducted a thorough study to assess the opportunity for convergence towards international standards in the release and communication of financial information. The findings of the study indicate that the Bank should maintain its current accounting framework while integrating information on financial risks.

Concerning management control, the Bank reviewed the budget nomenclature of the operating budget and the tree-diagram for investment lines, which led to grouping budget headings into more homogeneous expenditure clusters and by better reflecting the use of resources by type of expenditure.

Meanwhile, the Bank has endeavored to streamline governance of provident funds and enhance their transparency. An appropriate governance framework in line with the best practices has been established for the provident fund, whereby the powers of the Staff Pension Fund bodies have been extended to cover this regime and a new charter for the steering of social funds was adopted. The charter invokes the provisions of the various regulations in force prior to this date, defines the roles and responsibilities of governance bodies, sets the principles for technical and financial management, and defines procedures for their organization and operation. At its meeting in December 2014, the Board of the Bank adopted the charter and approved amendments to the regulations of the Bank's pension and medical insurance funds to provide for a regulatory basis for the application of the charter and harmonize the different provisions of the two funds.

In terms of technical management, actuarial models for calculation of closed group liabilities and projections for open group liabilities have been developed and the curve of the utilization of health services has been modeled according to a beneficiary-based approach. Health services liabilities for 2015 were calculated in accordance with actuarial standards.

2.8.3 Legal compliance

2.8.3.1 Internal framework for personal data protection

During 2015, the Bank continued to complete the deployment of the process of prior verification of compliance of all IT solutions with the legal and regulatory requirements for the personal data protection by the Bank's internal bodies responsible for delivering an opinion on the compliance of these projects.

The verification process involves an a priori check of the compliance of personal data processing operations with the legislation in force, to be conducted by the Bank as part of the performance of its missions and activities, and completing any formalities with the National Commission for Personal Data Protection (CNDP), if necessary.

In this connection, and as part of the project to redesign the Bank's web-portals, an Internet Charter has been developed. The charter defines the personal data protection principles adopted by the Bank.

Meanwhile, the Bank carried on the implementation of the process of consolidating the requirements for processing personal data, by implementing corrective/preventive action plans to align these requirements and by conducting awareness-raising and training activities for the relevant internal stakeholders.

The management of compliance with the legal and regulatory requirements for personal data protection has been certified to ISO 27001 (Information Security Management System).

In order to support banking sector's compliance with the legal requirements for personal data protection, the Joint Standing Commission made up of representatives of Bank Al-Maghrib, the National Commission for Personal Data Protection (CNDP), the Moroccan Bankers' Association (GPBM) and the Professional Association of Financing Companies (APSF), reviewed and resolved some difficulties relating to the implementation of the CNDP deliberations on the management of customers and suppliers.

In this regard, three working groups were formed and entrusted with the mandate of discussing the main aspects relating to development of drafts respectively pertaining to:

- Deliberations on the processing of suppliers' personal data;
- Binding Corporate Rules (BCRs) required for transfers of personal data to countries with no legislation that is similar to the Moroccan legislation on personal data protection;
- Standard clause concerning business prospecting.

2.8.3.2 Anti-money laundering and combating the financing of terrorism (AML/CFT)

As part of efforts to improve the efficiency of national anti-money laundering and counter-terrorist financing arrangements, the Bank has actively participated in all working groups established for the purpose of implementing the actions decided, particularly those relating to the process of amending the law on anti-money laundering to align it with the new recommendations of the Financial Action Task Force (FATF), in preparation of the new mutual evaluation cycle of MENAFATF.

To support the banking sector's actions and enhance vigilance requirements, the Bank jointly with the relevant law enforcement authorities organized a workshop on "the procedures to be observed in the identification of bank customers", in 2015, for officials responsible for compliance and customers. The main themes debated during this event focused on the following:

- Practical arrangements for detecting any fraudulent use of identity documents (electronic national ID-cards, registration and residence cards of foreign residents and passports of non-resident foreigners);
- Procedures to be undertaken in case of detection of forged identity documents or their use;
- Update on the application of the FATF standards in the national regulatory framework and practical arrangements for its implementation, by examining the process of identification of bank customers.

Box 2.8.1: Promulgation on 20 May 2015 of Law No.86-14 amending and completing some provisions relating to the fight against terrorism in the criminal code and code of criminal procedure

The main provisions introduced by the Law No.86-14 relate to the following:

- Sanctioning as terrorist crimes:
    - Joining or attempting to join terrorist entities, gangs or groups, regardless of their nature, their objectives or their location, even if the terrorists acts do not target Morocco;
    - Attending any training exercises or courses, regardless of their duration or location, with the aim of perpetrating terrorist acts in Morocco or abroad;
    - Recruitment of persons with a view to joining terrorist organizations to perpetrate or attempt to perpetrate terrorist acts in Morocco or abroad;
- Application of the same sentences for committing terrorist acts, incitement to terrorism or diffusion of terrorism;
- Application of stiff sentences;
- Prosecution by Moroccan Courts of any Moroccan or foreign national who has perpetrated a terrorist act, whether or not such an act targeted the Kingdom's interests, unless the same person proves that he/she had already been punished for the same act by virtue of a decision which became final and had already served the sentence or that the period of crime prescription expired.

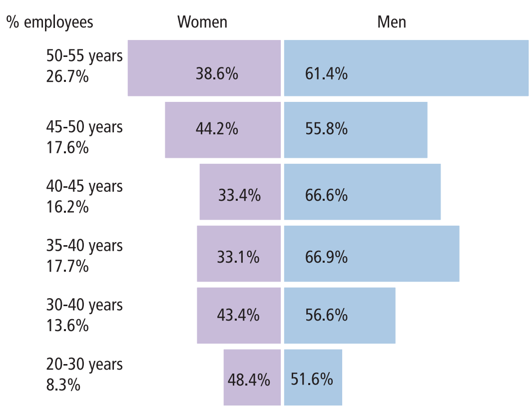
2.8.4 Human resources management

The Bank continues to place high priority on its human resources. The human resources management policy focuses on the development of its staff, the enhancement of their competence, and continuous improvement of their working conditions and benefits.

By the end of 2015, the total number of Bank staff stood at 2,280 members, including 60 percent in “core” activities, with a team supervision rate of 20 percent. The numbers of Bank staff declined by about 2 percent from 2014 and 18 percent since 2005, as a result of the Bank’s optimization and specialization policy.

The proportion of women in the total number of staff increased steadily over recent years, from 34 percent in 2005 to 39 percent in 2015. This trend reflects the Bank’s overall endeavors to achieve professional gender equality, by promoting equal opportunities in human resource management, mixed-gender composition, combating stereotypes and reconciliation between work and private life. This commitment to achieve gender equality is consistent with the Bank’s requirements as an exemplary employer.

Chart 2.8.1: Staff breakdown by sex and age



Serving as a lever for professional development, training opportunities are tuned and expanded every year to better support the implementation of the Bank’s strategic and operational objectives. In 2015, training activities covered all processes and more particularly the core-business process which represented up to 54 percent of the training provided. More than 2342 participations were registered for the benefit of 49 percent of the Bank staff. Training courses involved themes focusing in particular on the main areas under the 2013-2015 Strategic Plan, namely the consolidation of the Bank’s core activities, Bank governance, financial inclusion and optimization and adequacy of resources. Several training cycles were also organized to develop centers of expertise. These included the “economist" cycle, "Bank missions" cycle, the "procurement" cycle and the "network manager" cycle. A total of more than 200 executive staff completed these various cycles.

Furthermore, the Bank continued to foster its position as a regional and international training platform. In this respect, 5 international seminars were organized in partnership with Deutsche Bank, the Banque de France and the IMF. These events brought together several staff members from foreign central banks and from the relevant entities of Bank Al-Maghrib.

In terms of recruitment, the Bank continued to promote internal mobility to meet its needs in terms of competence. In 2015, more than 130 staff redeployments took place, which covered 67 percent of the Bank's needs in terms of human resources. These redeployments optimized the allocation of staffing requirements, on the one hand, and contributed to the professional development of employees who sought promotion in other units or new core businesses, on the other.

In common with the previous years, the Bank in 2015 endeavored to promote good management practices and foster the spirit of cooperation between and within its units. These two behavior-driven objectives serve as individual and collective performance levers. Concerning the promotion of good management practices, some forty training courses and awareness-raising meetings on good management practices were organized for the benefit of nearly 400 local managers. As for the promotion of the spirit of cooperation between and within units, awareness campaigns have been conducted, and a brochure entitled « parlons transversalité », or "let's talk cross-business collaboration", was developed and circulated to all employees to raise their awareness about their daily behavior and encourage continuous promotion of a good spirit of cooperation. During this year, a charter on cross-business collaboration was also developed to serve as a common reference for cooperation, and all Bank employees are required to apply it in their professional interactions.

In 2015, the forward planning dimension in human resources management has been strengthened by the development of a charter on Forward Planning of Employment and Skills (GPEC), which sets out general principles and defines the roles and responsibilities of each party involved.

Finally, to achieve a working environment offering both well-being and performance, and as part of the ongoing exchanges with social partners, the Bank's employee-benefits continue to improve from one year to another. In 2015, employee benefits were supplemented by offering an optional pension plan, opening a new holiday resort in Agadir and building a new sports hall in the Salé social and sports club.

2.8.5 Working environment

To improve working conditions, maintenance of technical equipment has been strengthened in all entities and premises of the Bank. The primary aim of this approach is to respond to the needs of users and standardize the quality of the services offered. Building on its previous experiences in the rehabilitation of business sites, the Bank proceeded with the rehabilitation of its Tangiers premises after their evacuation, which explains the rental and arrangement of other premises to maintain adequate working conditions.

In terms of resource optimization, actions focused on the standardization of currency equipment across the network by area of activity. The park of currency machines was reduced from 1400 to 860 machines, which resulted in a proportional reduction in costs by 35 percent and contributed to an availability rate of 99 percent. With regard to electric power, investment in automated operation of equipment led to a 6 percent reduction in electricity consumption. The actions undertaken to optimize the use of transport vehicles contributed to a 13 percent reduction in their mileage and consequently to a reduction in fuel consumption by 8 percent. Resource optimization was reflected by extending life coverage from 65 to 68 years without applying any additional premium and by optimizing insurance premiums of the Bank by up to 9 percent.

In terms of physical security, the security technical, organizational and human capabilities have been boosted along with surveillance and internal control measures in 2015. Actions have been undertaken to enhance the protection and surveillance of these sites in cooperation and coordination with the relevant authorities. In this respect, a partnership agreement was signed with the General Directorate for Civil Protection to establish a framework for cooperation in the prevention of and response to potential risks to staff, equipment and property of Bank al-Maghrib. At the same time, the Bank continued to benefit from enhanced external security provided by the General Directorate of National Security and the Royal Gendarmerie, as well as “Hadar” security presence deployed nationwide.

2.8.6 Communication

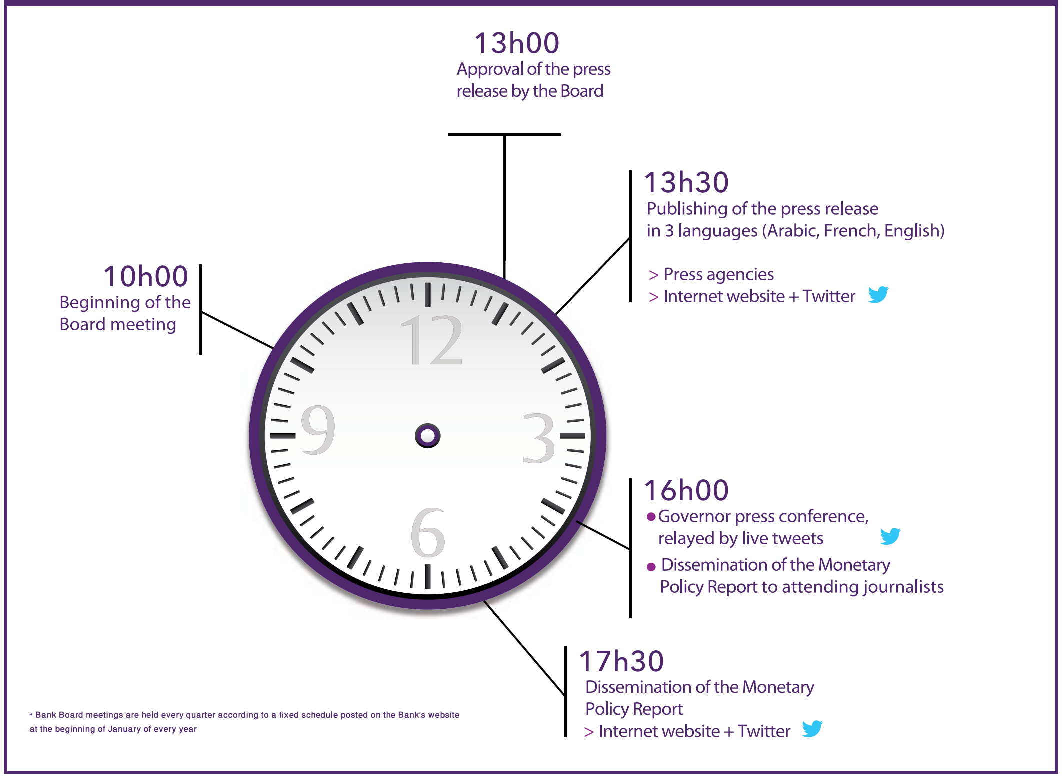
In 2015, the Bank continued to consolidate its communication actions targeted at a broader public in order to facilitate understanding of its mission and decisions, including those relating to monetary policy. To that end, the Bank deployed a wide range of communication tools, and increased its use of social networks and focus on interactions with national and international media partners. The Bank also multiplied its communication actions targeted at its own staff, by maintaining an internal communication system to support communication of its projects and decisions.

2.8.6.1 Communication on monetary policy decisions

The communication cycle that follows the Board’s quarterly meetings is taking hold and makes use of various communication channels to reach out to a broader public. The press communiqué on the Bank's Board monetary policy decisions is released immediately after the Board’s meetings, in Arabic, French and English, to news agencies and posted on the Bank's portal and its twitter account. The press briefing following the Board’s meeting has become a landmark event attracting wide media coverage. The French version of the monetary policy report is made available to the journalists following the meeting of the Board. The report is posted on the same day on the website of the Bank and information on its release is relayed via Twitter.

Following the information cycle, a meeting is automatically held with the General Managers to explain the monetary policy decision and its background.

Dissemination cycle of the monetary policy decision and its foundations
on the day of the Bank Board meeting

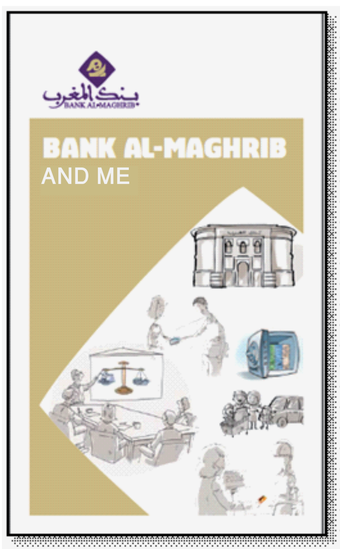


Furthermore, to ensure optimal transmission of its messages, the Bank organized a meeting with journalists on the theme of "Presentation, Reading and Interpretation of Monetary Statistics". The meeting provided an overview of the methodological principles underlying the compilation of monetary statistics as well as explanations on currency and credit aggregates and the sources of currency issuance in general.

In 2015, communication was intensified on social networks. The Twitter account, which counted more than 2,400 subscribers by the end of 2015, has become an indispensable tool for relaying the Bank information to a broader public. The Bank also created a Facebook account for its museum to promote this exhibition space and its programmes.

2.8.6.2 Educational communication

The Bank placed focus on public awareness-raising about its missions. In this context, several educational materials were developed and are meant either to be posted on the educational space of the Bank's Internet portal which is expected to go online in 2016 or to be broadcast or printed as part of educational workshops. These materials include in particular an illustrated brochure on the Bank's missions and their impact on citizens, leaflets on security elements in banknotes and a video footage on price stability in French and Arabic dialect.



This brochure, available to the general public, aims to provide information on the basic missions of Bank Al -Maghrib so as to show their direct impact on the daily lives of citizens. It highlights its main missions, notably the manufacturing of banknotes and coins, the preparation and implementation of monetary policy to guarantee price stability, the management of foreign exchange reserves, banking supervision as well as ensuring the security of systems and means of payment.

2.8.6.3 Staff-oriented communication

In 2015, the Bank carried on its internal communication actions by providing an updated information system to support its projects and decisions. Furthermore, the editorial policy of the internal magazine, "Tawassol", has been redesigned to put more emphasis on recognition of the value of human capital.

The annual assembly of executive staff took place during the Executives' Day in January 2016 and was attended by more than 900 executives. This meeting reviewed the status of achievements of our Institution as part of its 2013-2015 Strategic Plan and presented the vision and directions of the 2016-2018 Plan. A satisfaction survey on this event was conducted with participants, and generated a response rate of around 50 percent. The survey shows an overall satisfaction with the various organizational, thematic and logistical aspects of this internal event. In comparison with the past editions of this event, participants pointed to a marked improvement reflected by the substantial input provided in current themes, an increased visibility of the artistic dimension on the margins of the event and the introduction of digital aids in the debate segment.

2.8.7 Museum of Bank Al-Maghrib

The 2015 cultural programmes featured two artistic cycles devoted respectively to contemporary arts and Moroccan female artists. Throughout temporary exhibitions and thematic workshops, these cycles presented the general public with some masterpieces of the Bank's artistic assets. As part of the thematic workshops on the margins of temporary exhibitions, 19 meetings were organized to highlight the status of the Bank Al-Maghrib Museum as an educational platform visited by more than 509 students from public and private schools and nearly 70 children of Bank employees.

On the margins of these cycles, the Museum organized several open days in 2015:
- The financial education Open Week;
- Open Days on the occasion of the first Heritage Days in Rabat - Salé in April 2015;
- An Open Week on the margins of the International Museum Day;
- An Open Day as part of the tenth edition of the Night of Art Galleries.

Also during this year, a strategy on partnerships and networking was implemented to ensure increased visibility of the Museum, its ownership by population and public loyalty. As part of a strategic partnership targeting public schools, an outreach and open-door policy was instituted with the Regional Education and Training Academy of Rabat-Salé-Zemmour-Zaer. Furthermore, the Museum entered into a partnership with the Tourism Regional Council to build an effective network with tourism professionals. The strategy of partnerships developed by the Museum has been also reflected in the lending and exhibition of artistic and numismatic collections. In this respect, the museum has been invited to exhibit its collections at the Mohammed VI Museum of Contemporary Art, the ONA Foundation, and at the Montreal Museum of Fine Arts.

In order to increase its visibility, the Museum organized, in Dakhla, a touring exhibition on "The second part of the reign of late King Mohammed V: from 1939 to 1955" and organized educational workshops on the history of Moroccan currency at the International Fair of Cultures organized by the town hall of Madrid.

2.8.8 International relations

During 2015, the Bank took part in several international events, including:

- Spring and Annual Meetings of the IMF and World Bank held respectively in April in Washington and in October in Lima, Peru;
- The 22nd Annual Meeting of Governors of Central Banks in French-speaking countries, which was organized by the Banque de France, from 13 to 15 May, in French West Indies in Martinique, on the theme of "The Central Bank and Risks". During this event, our institution contributed to the theme of "Economic Risk-Taking and Monetary Policy: Examples of Emerging and Developing Economies";
- The 39th Meeting of Governors of Arab Central Banks and Monetary Institutions held in Cairo on 13 September;
- The G7 Deauville Partnership High Level Conference, held in Berlin, on 28 April, on the theme of “Responsible Financial Inclusion for Social Inclusion and Stability”. During this event, our Institution presented its financial inclusion strategy;
- The 11th seminar of the ECB on Central Banks held in Frankfurt, from 6 to 10 July, on the theme of "Monetary Policy Formulation and Implementation in the Euro Area”.

Concerning study visits, several cooperation activities have been organized for officials and executives from the BCEAO, BEAC, the Banking Commission of West African Economic and Monetary Union and Central Banks of Jordan, Mauritania, Burundi, Guinea, Sudan and Tunisia. A total of 54 executives from 21 African and Arab countries benefited from 17 study visits. These actions focused on financial stability, banking supervision, microfinance and financing of micro, small and medium enterprises, leasing-related supervisory regulations and methods, risk management, liquidity and foreign exchange reserves, audits, strategic planning, the quality and communication management system.

PART 3

FINANCIAL STATEMENTS OF THE BANK

In this report, figures are rounded to the nearest thousand dirhams. Therefore, totals and sub-totals do not always correspond to the sum of the relevant rounded-off figures.

Macroeconomic data are taken from various economic, monetary and financial publications.

3-1 Overview of the financial position for the fiscal year 2015(1)

Table 3-1-1 : Key figures

In thousands of dirahms	2015	2014	Change in %
Total balance sheet	259 700 786	238 270 950	9%
Use of capital ratio	57%	60%	-5%
Total revenues	4 141 195	3 989 547	4%
Total expenses (Including corporate tax)	3 590 715	3 177 645	13%
Net income	550 481	811 902	-32%
Average outstanding amount of BAM's interventions	35 164 514	55 622 784	-37%
Operating ratio	63%	55%	14%

HIGHLIGHTS OF THE YEAR

- *Net foreign exchange reserves(2) stood at 224.6 billion dirhams, up 23.5 percent compared to 2014, mainly due to a significant easing in the trade deficit and improvement in FDI.*
- *Bank liquidity deficit declined by nearly 24.1 billion dirhams on average, owing to an expansive effect of currency assets, causing the Bank to reduce the amount of its liquidity injections.*
- *Bank Al-Maghrib maintained its accommodative monetary policy.*
- *The dirham-trading basket weights were updated in April 2015, now composed of 60 percent as euros and 40 percent as dollars, as against 80 percent as euros and 20 percent as dollars previously, to better reflect the structure of foreign trade. The composition of the Bank's foreign currency assets was aligned with these new weights to eliminate the foreign currency exposure.*
- *Additional monetary policy easing measures were taken by the ECB, who launched an asset purchase program, spanning a period of two years, and the deposit facility rate was lowered to -0.30 percent, while keeping its key rate unchanged at 0.05 percent.*
- *The FED started to gradually normalize the monetary policy, by a first increase of 25 basis points in its target range for the federal funds rate in December 2015 to 0.25 percent to 0.50 percent.*
- *Investment conditions deteriorated in the euro zone, marked by negative yields on the compartment of less than 5 year.*

3-1-1 Balance sheet

Table 3-1-2 : Balance sheet by transaction

In thousands of dirahms	2015	2014	Change %
Including			
Currency in circulation	**205 884 204**	**191 457 660**	**8%**
Transactions with foreign countries (Including)	**-203 000 047**	**-163 714 498**	**24%**
Holdings and investments in gold and foreign currencies	217 681 494	177 271 038	23%
SDR holdings	7 663 483	7 417 983	3%
Revaluation account of foreign exchange reserves	9 158 425	9 566 096	-4%
Transactions with the State (Including)	**3 809 894**	**2 849 650**	**34%**
Treasury account	3 276 541	2 117 412	55%
Net position of credit institutions	**-9 685 821**	**-32 479 412**	**-70%**
Claims on Moroccan credit institutions	23 261 213	42 232 212	-45%
Deposits and liabilities to Moroccan banks	13 575 392	9 752 800	39%

Assets-liabilities

(1) The change in the balance sheet and profit and loss account items is addressed in more details in the comments section of the financial statements. For purposes of analysis, the balance sheet and profit and loss account items were adjusted in this part of the report.

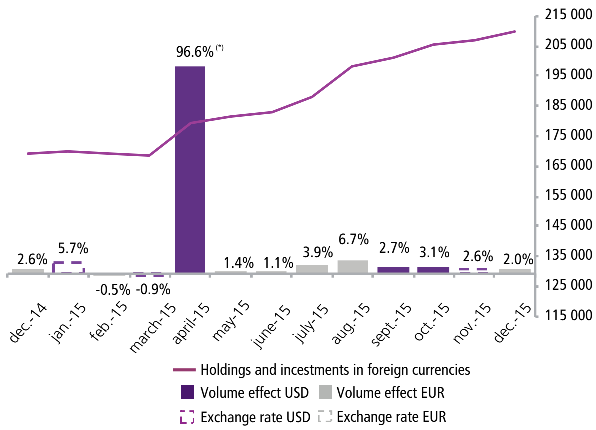
(2) They represent official reserve assets excluding BAM's short-term liabilities towards non-residents.

At the end of 2015, **the total balance sheet reached 259,700,786 KDH**, up 9 percent from the previous fiscal year. In the assets side, this change was mainly due to the combined effect of higher holdings and investments in foreign currencies and lower loans granted to banks as part of monetary regulation. In the liabilities side, it is attributed to an increase in notes and coins in circulation and Moroccan banks' deposits.

Currency in circulation, which remain the largest item in liabilities with a share of 79 percent at end-2015, closed the fiscal year under review with an increase of 8 percent, from 5 percent in 2014, rising to **205,884,204 KDH**. This acceleration reflected higher demand for notes in 2015, a year that recorded an economic growth of 4.5 percent from 2.4 percent in 2014.

Transactions with foreign countries continued in 2015 their upward trend since 2013, to **203,000,047 KDH**, which is an annual increase of 24 percent. This change is largely attributed to a 24 percent rise to 210,208,009 KDH in holdings and investment in foreign currencies, the main component of this aggregate, owing to a consolidation of net foreign exchange reserves. This latter trend is due to the significant easing of 18.6 percent in the trade deficit, in conjunction with a decline in energy and food bills coupled with a sustained momentum of exports of phosphates and the automotive sector, in particular. It should be noted that the OCP bond issue on international markets in April 2015, amounting to one billion dollars, also contributed, albeit to a lesser extent, to the appreciation of the level of foreign currency assets. In addition, the net value of FDI rose to 31 billion dirhams, which is an annual increase of 3 percent.

Chart 3-1-1 : Change in holdings and investments in foreign currencies in MDH (including FB)



FB: Foreign banknotes

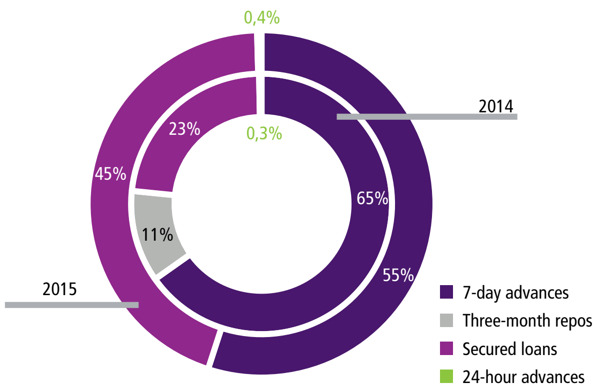
(*)The significant increase in the USD volume is explained by the implementation of the new weightings of the dirham quotation basket, in which the share of the dollar was increased against the euro, and the $ 1 billion bond issuance by the OCP.

However, holdings and investments in gold, another component of transactions with foreign countries, dropped in 2015, by 218,974 KDH or 3 percent, as against an increase of 11 percent in 2014, mainly due to the depreciation of 11 percent in the gold price per ounce, which fell to $1,062.25, year on year.

At the end of 2015, **operations with the State** rose to **3,809,894 KDH**, up 34 percent compared to the previous year, given the increase of 1,159,129 KDH (+ 55 percent) in Treasury current account assets.

The consolidation of the foreign exchange reserves mattress was behind the continued easing of the bank liquidity deficit in 2015, which was limited to 16.5 billion dirhams, as against 40.6 billion dirhams a year earlier, on weekly average. At end-December 2015, the bank refinancing shrank by 45 percent, year on year, to 23,016,982 KDH.

Chart 3-1-2 : Average outstanding amount of claims on banks



Hence, net position of credit institutions declined by 70 percent to **9,685,821 KDH**, taking into account a 39 percent increase in banks' deposits to 13,575,392 KDH.

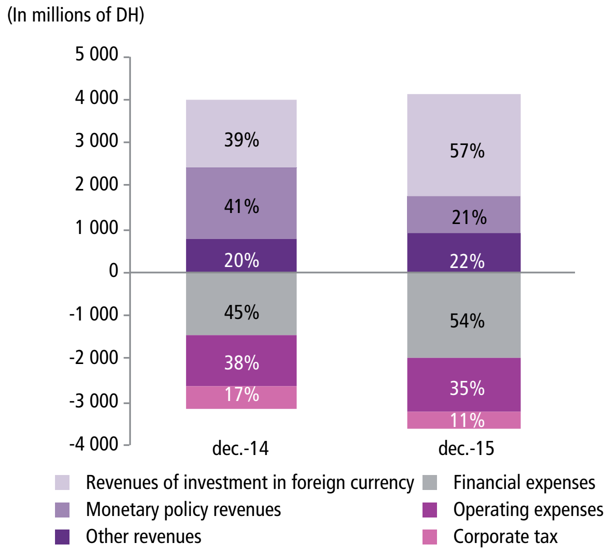
3-1-2 Income

Table 3-1-3 : Net income of the fiscal year

In thousands of dirhams	2015	2014	Change in %
Income of foreign exchange reserve management transactions	1 044 607	775 119	35%
Income of monetary policy transactions	880 414	1 633 494	-46%
Income of other transactions	691 814	558 311	24%
Income of activities	**2 616 835**	**2 966 925**	**-12%**
General operating income	-1 658 233	-1 642 263	1%
Gross operating income	**958 601**	**1 324 662**	**-28%**
Noncurrent income	-13 786	34 325	<-100%
Corporate taxes	-394 335	-547 085	-28%
Net income	**550 481**	**811 902**	**-32%**

In a context marked by higher foreign exchange reserves, persistently low, or even negative, bond yields in the euro area and further easing of liquidity deficit, the Bank's **net income** was down 32 percent to **550,481 KDH**. This trend was essentially attributable to a decrease in income of monetary policy conduct operations (-753,080 KDH), which was, however, offset by the concomitant increase in income of foreign exchange reserve management transactions (+269 488 KDH) and income of other operations (+133 503 KDH).

Chart 3-1-3 : Structure of revenues and expenses



Contrary to previous years in which income of **foreign exchange reserve management transactions** trended downward, this income reached **1,044,607 KDH** at the end of 2015, up 35 percent compared to 2014. Its contribution to the formation of the income of activities was thus tilted to the upside from 26 percent to 40 percent, year on year.

Two main factors are behind this performance. Firstly, bond investments progressed, mainly on the investment tranche, due to the strengthening of external assets in foreign currencies. Secondly, conditions of investments in dollars improved, which further benefited the Bank with an increase in assets denominated in this currency from 20 percent to 40 percent as of April 2015. Against this backdrop, revenue from foreign exchange reserves management operations progressed by more than half (+53 percent) to 2,369,724 KDH, of which 1,932,865 KDH for interest from the bond market (+58 percent). The average yields of foreign currency investments earned five basis points from 0.47 percent to 0.52 percent, year on year.

Expenses related to these transactions increased by 71 percent to 1,325,118 KDH, primarily in connection with a more significant deferral of premiums on investment securities in 2015 compared to 2014 (+426,758 KDH), due to the acquisition of stocks with high coupons during these two years.

The income of **monetary policy operations** corresponds exclusively to interests received on the Bank's interventions in the money market since December 2013, when a decision was taken not to pay interests on required reserves. In 2015, this income showed a further decline, which stood at 46 percent (-19 percent in 2014), standing at **880,414 KDH**. This change is due to the Bank's reduction of the average volume of its liquidity provision to banks, which fell from 55,622,784 KDH to 35,164,514 KDH in 2015, in a context of an easing in liquidity deficit.

Specifically, interests on 7-day advances declined by more than half to 483,306 KDH, in conjunction with a decline in their outstanding average to 19,332,232 KDH in 2015 from 36,266,079 KDH in 2014, largely owing to a deeper decline in this income between these two years.

Income from **other operations**, covering mainly the commissions received under services provided by the Bank to customers and sales of Dar As-Sikkah, reached **691,814 KDH**, up 24 percent. Sales of secured documents and export-oriented foreign banknotes increased by 14 percent and 18 percent, respectively, totaling revenues of nearly 208,480 KDH.

General operating expenses consist of personnel expenses, purchases of materials and supplies, overheads, and net depreciations and provisions. They stood at **1,658,233 KDH**, a contained increase of 1 percent.

Chart 3-1-4 : Operating ratio

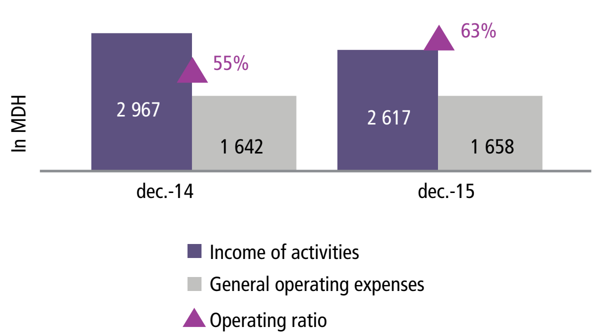
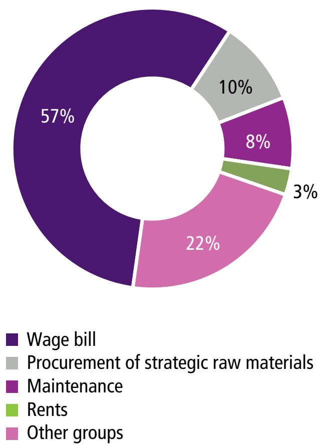


Chart 3-1-5 : Structure of budget implementation by group of means



3-2 Financial statements

3-2-1 Balance sheet (assets)

Table 3-2-1 : Assets as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Holdings and investments in gold	**1**	**7 473 485**	**7 692 458**
Holdings and investments in foreign currency	**2**	**210 208 009**	**169 578 580**
- Holdings and investments held in foreign banks		13 386 160	11 979 318
- Foreign Treasury bills and similar securities		193 157 881	153 507 463
- Other holdings in foreign currency		3 663 968	4 091 798
Holdings in international financial institutions	**3**	**9 168 578**	**8 821 380**
- IMF subscription-Reserve tranche		1 168 843	1 107 835
- Special Drawings Rights holdings		7 663 483	7 417 983
- Subscription to the Arab Monetary Fund		336 252	295 561
Lending to the Government		**-**	**-**
- Conventional advances		-	-
- Overdraft facilities advances		-	-
- Other facilities		-	-
Claims on Moroccan credit institutions and similar bodies	**4**	**23 261 213**	**42 232 212**
- Securities received under repurchase agreements		-	-
- Advances to banks		23 016 982	41 852 088
- Other claims		244 231	380 124
Treasury bills - Open market operations		-	-
Other assets	**5**	**6 453 419**	**6 653 282**
Fixed assets	**6**	**3 136 081**	**3 293 037**
Total assets		**259 700 786**	**238 270 950**

3-2-2 Balance sheet (liabilities)

Table 3-2-2 : Liabilities as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Banknotes and coins in circulation	**7**	**205 884 204**	**191 457 660**
- Banknotes in circulation		202 940 760	188 703 752
- Coins in circulation		2 943 444	2 753 909
Liabilities in gold and in foreign currency	**8**	**6 767 584**	**5 260 598**
- Liabilities in gold		-	-
- Liabilities in foreign currency		6 767 584	5 260 598
Liabilities in convertible dirhams	**9**	**217 586**	**196 194**
- Liabilities to international financial institutions		208 220	190 971
- Other liabilities		9 366	5 222
Deposits and liabilities in dirhams	**10**	**23 165 311**	**16 947 983**
Current account of the Treasury		3 276 541	2 117 412
Deposits and liabilities in dirhams to Moroccan banks		13 575 392	9 752 800
- Current accounts		13 575 392	9 752 800
- Liquidity-withdrawal accounts		-	-
- Deposit facility accounts		-	-
Deposits of general government and public institutions		2 571 885	2 461 356
Other accounts		3 741 493	2 616 415
Other liabilities	**11**	**9 876 385**	**10 707 436**
Special Drawings Rights Allocations	**3**	**7 706 430**	**7 355 033**
Equity capital and the like (including)	**12**	**5 532 805**	**5 534 143**
- Equity capital		500 000	500 000
- Reserves		5 001 340	5 001 340
- Retained earnings		25 066	24 164
Net income of the fiscal year		**550 481**	**811 902**
Total liabilities		**259 700 786**	**238 270 950**

3-2-3 Off balance sheet (liabilities)

Table 3-2-3 : Off balance sheet as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Spot foreign exchange transactions			
Spot delivery of currencies		-	-
Spot purchase of dirhams		-	-
Forward foreign exchange transactions			
Foreign currencies receivable		-	-
Foreign currencies payable		-	-
Currency exchange-deposit transactions	**13**	**5 820 953**	**1 971 243**
Foreign exchange transaction-arbitrage operations	**13**		
Foreign currencies receivable		80 714	307 325
Foreign currencies payable		80 669	306 441
Off-balance currency adjustment		**-**	**-**
Liabilities on derivatives		**-**	**-**
Liabilities on securities	**14**		
Securities received on advances granted		17 604 798	22 546 127
Securities received on advances to be granted		15 425 600	11 225 200
Other guarantees received on advances granted		6 633 500	19 541 768
Advances to be granted		-	23 002 063
Foreign securities receivable		12 868 068	1 096 900
Securities deliverable		8 460 222	1 799 438
Other liabilities	**15**		
Received market guarantees		53 158	49 786
Liabilities of guarantees received for staff loans		736 090	835 443
Financing liabilities granted to the staff		39 673	63 665
Other granted liabilities		1 000	1 000

3-2-4 Profit and loss account

Table 3-2-4 : Profit and loss account as at December 31, 2015

In thousands of dirahms	Notes	2015	2014
Revenues		**4 141 195**	**3 989 547**
Interests earned on holdings and investments in gold and foreign currency	**16**	1 981 270	1 266 372
Interests earned on claims on credit institutions and similar bodies	**17**	880 708	1 633 494
Other interests earned	**18**	9 977	8 439
Commissions earned	**19**	613 598	481 431
Other financial revenues	**20**	115 263	70 025
Sales of produced goods and services	**21**	205 819	200 264
Miscellaneous revenues	**22**	37 326	40 422
Reversal of depreciation		-	-
Reversal of provisions	**23**	293 809	232 348
Noncurrent revenues	**24**	3 426	56 752
Expenses		**3 590 715**	**3 177 645**
Interests paid on liabilities in gold and foreign currency	**25**	5 316	7 380
Interests paid on deposits and liabilities in dirham	**26**	166 054	170 102
Commissions paid	**27**	17 104	13 115
Other financial expenses	**28**	958 008	475 480
Staff expenses	**29**	726 640	720 808
Purchase of materials and supplies	**30**	208 112	187 389
Other external expenses	**31**	307 245	301 768
Depreciation and provisions expenses	**32**	795 989	737 440
Noncurrent expenses	**33**	11 911	17 077
Corporate taxes	**34**	394 335	547 085
Net income		**550 481**	**811 902**

3-2-5 Main accounting rules and evaluation methods

3-2-5-1 Legal framework

The financial statements are developed and presented in conformity with the BAM Chart of Accounts, approved by the National Accounting Board in May 2007.

The Bank applies the accounting requirements specified in the General Accounting Standard for issues common to companies in terms of assessing the stock and its fixed and other assets, and applies particular assessments for all its specific operations.

The financial statements, as cited under Article 55 of Law No. 76-03 bearing the Statutes of Bank Al-Maghrib, include the balance sheet, off-balance sheet, profit and loss account (PLA) and additional information statement (AIS).

3-2-5-2 Evaluation methods

Foreign exchange operations

Foreign exchange operations include spot and forward purchases and sales of foreign currencies, whether for Bank Al-Maghrib's own account or as part of intermediation with banks. These transactions are entered in the corresponding off-balance sheet accounts on their commitment date. Then, they are recorded in the balance sheet accounts on the value date or on the date of liquidity delivery.

Assets and liabilities in gold and foreign currency

Assets and liabilities in gold and foreign currency are converted into dirhams based on the applied exchange rate of foreign currencies on the closing date of the fiscal year.

Profits and losses resulting from this operation are entered in the account of exchange reserves reassessment posted in the liabilities of the Bank's balance sheet, in accordance with the provisions of the agreement governing this account, concluded between Bank Al-Maghrib and the Government on December 29, 2006. This agreement sets the minimum threshold of 2.5 percent of BAM's net foreign assets, at which the balance of this account shall be maintained, and provides for a mechanism for allocation of provision to, or withdrawal from this account, in cases of deficit or surplus compared to the required minimum. This reassessment mechanism has no fiscal impact.

Revenues and expenses in foreign currencies are converted at the exchange rate on the date of the transaction.

Securities

The securities acquired as part of the exchange reserve management are classified by purpose : portfolio of transaction, portfolio of securities held for sale or investment portfolio.

Transaction portfolio : It consists of securities purchased with the intention, right from the start, to re-sell them within a deadline not exceeding six months. They are recorded at their purchase price, including costs and, if need be, accrued coupons. Gains and losses resulting from the monthly evaluation of such securities at the market price are entered in the corresponding profit and loss accounts.

At the end of 2015, Bank Al-Maghrib holds no transaction security in its portfolio.

Portfolio of securities held for sale consists of securities other than those classified under transaction or investment securities. They are purchased with the intention of holding them for more than six months, with no intention from the Bank to hold them to maturity. Their recording shall respect the following rules :

- Entries into the portfolio are recorded in the balance sheet at their purchase price, excluding costs and, if need be, excluding accrued coupons;
- The differences (discounts or premiums) between securities' purchase price and redemption price are not amortized over the duration of these securities holding;
- The unrealized losses resulting from the difference between the book value and the market value of these securities are subjected to depreciation provisioning on a weekly basis. However, unrealized gains are not entered in accounts.

It is worth reminding that as of October 2008, the Bank came up with a sub-category in its securities held for sale to include discount securities. These securities are recorded at their purchase price, including interests. Discount securities are spread over the life of the securities and entered in the revenue accounts at the end of each month.

Investment portfolio consists of securities acquired with the intention of being held until maturity. They are entered in accordance with the following rules :

- They are recorded at their purchase price, excluding costs and, when applicable, accrued coupons as well ;
- Gains on these securities are not recorded ;
- Losses on these securities are recorded only when the Bank believes that the security, which suffers a loss, will be probably sold in the following fiscal year and in the case where there is a probable risk of default of the issuer ;
- The differences (discounts or premiums) between securities' purchase price and redemption price are amortized on a straight-line basis over the remaining life of the securities.

As at December 31, 2015, no provision is recorded for this portfolio.

Other foreign assets

The Bank holds a portfolio of securities denominated in US dollars. The management of this portfolio is delegated to the World Bank by virtue of delegation contracts.

These securities are recorded at their market value. In fact, they are initially recorded at their purchase price; the capital gains or losses incurred at the end of each month are entered in the appropriate profit and loss accounts, on the basis of the month-end market values, duly audited and reported by authorized agents.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are recorded at their purchase cost. They are posted on the assets side of the balance sheet at a net value representing their acquisition cost minus accumulated depreciations.

Fixed assets, including incidental expenses, are amortized according to the straight-line method, depending on the estimated duration of use of the goods, and by applying the depreciation rate in force.

The depreciation periods adopted, according to the nature of each fixed asset, are as follows :

Table 3-2-5 : Fixed assets depreciation periods

Real properties	20 years
Fixtures, fittings and facilities	5 years
Dar As-Sikkah equipment	10 years
Office equipment, computing materials and software, vehicles and other materials	5 years
Office furniture	10 years

Financial fixed assets

Shareholdings in Moroccan and foreign financial institutions are entered in the assets side of the balance sheet for their net value representing their acquisition cost minus the provisions set up at the closing date. Regarding foreign holdings, their value is converted into dirhams at the historical rate of the currency.

The provisions for depreciation of these unlisted securities are evaluated at the end of the fiscal year following the net asset value method, based on the last financial statements available.

Inventories

Inventories are composed of :

- Consumable materials and supplies;
- Raw material for the manufacturing of banknotes and coins (paper, ink, and blanks);
- Finished goods and in-process inventory (secured documents and export-oriented notes);
- Commemorative coins.

Consumable materials and supplies are recorded in the balance sheet at their purchase price, minus the provisions for their depreciation, if need be, at the closing date.

Raw materials are recorded in the balance sheet at their purchase price plus the handling costs, and minus the provisions for their depreciation, if need be.

Finished goods and in-process inventory are recorded in the balance sheet at their production cost, minus the provisions for their depreciation, if need be.

3-2-5-3 Financial risk management system

Risk description

The financial risks to which the Bank is exposed while managing foreign exchange reserves are:

- The **credit risk,** defined as:

- Firstly, the payment default risk (counterparty risk) which corresponds to a risk of economic loss due to the inability of a counterparty to fulfill its obligations;
- Secondly, the credit rating reduction risk, relating to the risk of lowering credit rating by one or more rating agencies.

- The **market risk**, which is the risk of loss arising from adverse changes in market factors. It concerns, inter alia, risks related to movements in interest or foreign exchange rates.
- The **liquidity risk**, which represents the possibility of not being able to meet commitments, even by mobilizing assets or at least with a significant capital loss.

In this context, the investment policy general guidelines set out the framework for managing risks, to which the Bank is exposed, and define its rules. Thus, the objectives of the holding and managing of reserves, investment principles, allocation of foreign exchange reserves and foreign currency investments as well as investment universe are formalized in the reserves management directive. In addition, the risk management framework defines the eligibility criteria for issuers and counterparties, concentration rules, appropriate limits to comply with and authorized investment terms.

Governance framework

The implementation of the risk management governance system is based on a governance framework composed of three main committees:

- **The Monetary and Financial Committee (MFC)** approves the reserves management strategy, investment guidelines and the strategic allocation of assets. It also approves limits accorded to banking counterparts.
- **The Investment Committee** is mainly tasked with implementing the investment policy set by the Bank Board, proposing to the Bank MFC the management strategy and following up on its implementation.
- **The Risk Committee** is mandated to propose the strategic allocation of assets and benchmarks as well as investment guidelines, to approve the list of issuers and counterparties and relevant limits, and finally to examine the deviations from management rules and to propose measures and actions to be taken.

From an operational perspective, all Bank's foreign currency exposures are controlled and monitored on a daily basis, in order to comply with the investment directive provisions. Monitoring is conducted through the Bank's information systems, which centralize all positions and check their compliance with the rules in place.

In this context, analyses and reports are prepared and submitted to the parties concerned in order to give continuous account of the international financial market exposure of the Bank.

Any deviation from the rules should be notified to decide on actions to be taken. It is also recorded in the report addressed to the MFC.

The Bank monitors risks and controls through:

- **The monthly risk and performance report**, addressed to the MFC; it provides an overview of exposures in terms of market and credit risk;
- **The risk and performance report**, developed on a daily basis; it presents a summary of exposures by reserve tranches and issuer as well as risk and performance indicators (value at risk, duration and foreign exchange exposure) ;
- **The investment directive follow-up report**, which helps monitor on a daily basis compliance with the limits defined by the investment directive. It also includes the monitoring of compliance with the adopted strategic allocation and duration limits by reserve tranches;
- **The management mandate follow-up report**, produced on a weekly basis; it brings together the key risk and performance indicators and monitoring of the management rules, which authorized agents should comply with.
- **The credit-risk monitoring dashboard**, which tracks the credit risk of sovereign countries and banking counterparties of the Bank through certain indicators for better assessment of the quality of assets in portfolio and counterparties of the bank.

Financial risk management

Credit risk

The bank counterparty risk management is carried out based on the establishment of credit limits corresponding to a maximum exposure, reviewed on a biannual basis. Exposure follow-up and monitoring is conducted on a daily basis.

To ensure a better assessment of exposure to credit risk for a banking counterparty, an issuer or foreign exchange reserves, the operational framework provides a synthetic risk measurement indicator corresponding to the risk credit score. The approach consists in adopting the ratings used by the leading rating agencies (S&P, Moody's and Fitch), to which scores are assigned by a system of equivalence rating/score for each rating level. An average score is thus calculated making it possible to assess exposure in unitary or global manner.

Market risks

The Bank's exposure to the market risk is measured through a set of indicators in place, such as the effective duration of portfolios, sensitivity to the risk of changes in rates and management constraints in terms of exposure.

3-2-5-4 Comments on the balance sheet items

Note 1 : Assets and investments in gold

This item contains the equivalent value in gold assets deposited in Morocco and with foreign depositors, as well as investments in gold made with foreign counterparties. Since the end of 2006, these assets are evaluated at market prices. Gains and losses resulting from this operation are allocated to the reevaluation account of foreign exchange reserves, in accordance with the agreement governing this account concluded between Bank Al-Maghrib and the State.

Table 3-2-6 : Assets and investments in gold

	2015	2014
Gold price per ounce in dirhams (1)	10 522	10 844
Quantity of gold ounces	710 250	709 368
Market value (2)	7 473 485	7 692 458
Gold stock (in tonnes)	22	22

(1) Gold price USD/DH

(2) In millions of dirhams

At the end of fiscal 2015, the equivalent value of holdings and investments gold was down 3 percent, reflecting an 11 percent depreciation in the gold price per ounce, which stood at $1,062.25, whose impact was mitigated by a rise in the value of the dollar, which gained 10 percent to 9.91 dirhams.

Note 2 : Assets and investments in foreign currency

Under Article 8 of its Statute, Bank Al-Maghrib holds and manages the foreign exchange reserves, which consist of assets in gold, SDRs and foreign currencies. This item represents the equivalent in dirhams of assets in convertible foreign currencies, which are held mainly in the form of demand deposits, time deposits and foreign securities.

Table 3-2-7 : Breakdown by type of investment

In thousands of dirahms	2015	Part		2014	Part	
Demand deposits	976 853	1%		1 456 732	1%	
Time deposits	7 745 835	4%		7 891 395	5%	
Securities held for sale [1]	72 760 557	34%	91%	117 587 160	69%	90%
Investment securities	120 397 324	57%		35 920 303	21%	
Miscellaneous [2]	8 327 440	4%		6 722 989	4%	
Total	**210 208 009**	**100%**		**169 578 580**	**100%**	

(1) Taking into account provisions for depreciation of securities

(2) Including accrued interest and management authorizations

Remaining the largest item in assets whose share in the balance sheet strengthened to 81 percent as against 71 percent, the amount of holdings and investments in foreign currencies appreciated by 24 percent to 210,208,009 KDH, as against 169,578,580 KDH at the end of 2014, due to the consolidation of foreign exchange reserves.

Against this backdrop and taking into account the divergent monetary policies adopted by the ECB and the Fed, the foreign currency assets management strategy, approved by the Board in December 2014, gave priority to safety, liquidity and finally yields. It called for increased investment portfolio, while extending the duration of investments and minimizing the impact of negative rates in the euro area. As a result, investment portfolio increased significantly to 120,397,324 KDH and the average outstanding monetary investments in euro decreased by nearly 75 percent.

Table 3-2-8 : Breakdown by remaining life (*)

	2015	2014
≤ 1year	23%	55%
> 1year	77%	45%
Total	**100%**	**100%**

(*) Refined calculation of the indicator, row by row instead of an aggregation by country

Regarding their breakdown by currency, the alignment of the structure of assets and investments with the new weights of the dirham-trading basket, fixed in April 2015, resulted in the strengthening of the dollar position against the euro one.

Note 3 : Assets with international financial institutions

This item, reflecting positions with the IMF and AMF, increased by 4 percent to 9,168,578 KDH, primarily in conjunction with an increase in the equivalent of SDR holdings, due to the appreciation of the dollar (+10 percent).

Position with the IMF

This includes on the assets side :

- IMF subscription - Reserve tranche, which compose the fraction (14.5 percent) of Morocco's quota in the capital of the IMF, paid by Bank Al-Maghrib. It is composed of :
  - **The available tranche** : 70.46 million SDR (967,216 KDH) paid by Bank Al-Maghrib in foreign currency. This tranche, which could be used by our country when needed, is included in the foreign exchange reserves of our Institute ;
  - **The mobilized tranche** : 14.70 million SDR (201,626 KDH) equivalent to the subscription in national currency by Bank Al-Maghrib, deposited in the IMF "Account No.1" open in the books of our Institute.

Table 3-2-9 : Position with the IMF

In thousands of dirahms	2015	2014	Change in %
Assets			
IMF subscription - Reserve tranche	1 168 843	1 107 835	6%
SDR assets	7 663 483	7 417 983	3%
Total	**8 832 326**	**8 525 819**	**4%**
Liabilities			
SDR allocations	7 706 430	7 355 033	5%
Accounts No.1 and 2	201 747	184 833	9%
Total	**7 908 177**	**7 539 866**	**5%**

- SDR holdings : This account records the equivalent of Bank Al-Maghrib's assets with the IMF. It records, in the debit side, SDR purchase transactions by the Bank and the remunerations paid by the IMF, while in the credit side, it records payments of commissions on SDR allocations on a quarterly basis and reimbursement of Morocco's borrowings. These assets strengthened substantially in 2014, as the Bank purchased 320 million SDR to restore a neutral position vis-à-vis the IMF. At the end of 2015, the equivalent of SDR holdings posted a 3 percent increase, due to the appreciation of the dollar. Expressed in SDR, they decreased by 7,933,858 SDR to 558,293,300 SDR, mainly owing to the settlement in August 2015 of the commitment fee on the IMF Precautionary and Liquidity Line (PLL), amounting to 7,940,700 SDR (equivalent to 109,536 KDH).

The SDR allocations item is registered in the liabilities side. It corresponds to the value in dirhams of the amounts of SDR allocations granted by the IMF to Morocco as a member country. In 2009, this account was credited with 5.7 billion dirhams, representing Morocco's share in the general allocation and special allocation (475.8 million SDR) granted by the IMF to member countries. Quarterly commissions are paid by the Bank to the IMF on these allocations.

In late 2015, the latter remained unchanged from the previous year, or 561.42 million SDR. The increase in their value in dirhams is due to the appreciation of the dollar, as specified above.

AMF subscription

This account represents the fraction paid by the Bank for the paid-in subscription in the capital of the AMF.

Morocco's participation in this institution amounts to 37.19 million Arab dinars, divided between

Bank Al-Maghrib and the Treasury as follows :

- 200,000 Arab dinars paid in national currency and deposited in the AMF account open in Bank Al-Maghrib books. The share paid by BAM amounts to 150,000 Arab dinars (5,895 KDH);
- 17.65 million Arab dinars subscribed in foreign currency, of which 8.17 million Arab dinars subscribed by the Bank (336,252 KDH).

It should be noted that Bank Al-Maghrib began in April 2015 to settle the first tranche (0.65 million Arab dinars) under its contribution to the AMF capital increase, whose release by member countries is scheduled over the five-year period 2014-2018;

- 19.44 million Arab dinars, of which 9.11 million attributable to Bank Al-Maghrib for the AMF capital increase by incorporation of reserves, which took place in 2005 (5.88 million Arab dinars) and in 2013 (3.23 million Arab dinars).

Note 4 : Claims on Moroccan credit institutions and similar bodies

This item comprises refinancing operations of credit institutions made as part of the monetary policy conduct, in conformity with Article 6 of the Bank's Statute.

In 2015, Bank Al-Maghrib reduced the amount of its interventions on the money market, due to the liquidity need, which was significantly down compared to 2014. The refinancing of banks moved down, at year-end, from 41,852,088 KDH to 23,016,982 KDH, including 59 percent under secured loans.

Table 3-2-10 : Structure of claims on banks

In thousands of dirahms	2015	2014	Change in %
Repurchase agreements	**9 516 982**	**23 002 088**	**-59%**
7-day advances	7 000 831	23 002 088	-70%
24-hour advances	2 516 151	-	-
Three-month repos	-	-	-
Secured loans	**13 500 000**	**18 850 000**	**-28%**
Total	**23 016 982**	**41 852 088**	**-45%**

More specifically, to cover the bank liquidity deficit, Bank Al-Maghrib intervened in the money market throughout 2015, through :

- Main operations through 7-day advances at auction at the key rate, the main instrument for implementing the monetary policy. At the end of the year, these advances stood at 7,000,831 KDH. The analysis of the infra-annual change in the average volume granted highlights the following trends:

- An increase of 1,234,260 KDH in the first quarter 2015 compared to the level recorded in December 2014, due to the restrictive effect of treasury operations ;
- A contraction of 4,298,920 KDH, between the first quarter and the second quarter 2015, which was marked by the OCP bond issue of one billion dollars on international markets;
- A second decline of 3,435,848 KDH in the third quarter 2015, mainly due to the faster pace of banks' sales of foreign banknotes to Bank Al-Maghrib during summertime;
- And finally a net reduction of 8,977,877 KDH between the last two quarters of the year, under the combined effect of low currency in circulation and high foreign currency assets.

- Secured loans whose amount stood at 13,500,000 KDH, corresponding to the partial renewal of four transactions initiated in 2014 and matured in 2015. These transactions are part of the program of supporting the financing of VSME, set up in December 2013 and renewed for a minimum period of two years, starting from December 2015. They are granted at the average key rate during the period under review ;
- On an ad hoc basis, 24-hour advances, which are accorded at a key rate plus one hundred basis points and whose amount stood at 2,516,151 KDH at year-end.

The Bank may also, under monetary regulation, use currency swap transactions, which are part of the long-term category, and intervene in the secondary market of Treasury securities.

Note 5 : Other assets

This item includes, inter alia, cash accounts and equalization accounts, which are mainly composed of expenses to be spread out over many fiscal years, expenses recognized in advance, and revenues due, and any other debtor amount pending equalization. At the end of 2015, this item posted a slight fall of 3 percent to 6,453,419 KDH.

Note 6 : Fixed assets

Table 3-2-11 : Fixed assets

In thousands of dirahms	2015	2014	Change in %
Fixed loans	712 422	660 152	8%
Equity securities	103 322	73 016	42%
Tangible and intangible fixed assets	6 181 211	6 063 447	2%
Gross fixed assets	**6 996 955**	**6 796 615**	**3%**
Depreciation and provisions	3 860 874	3 503 578	10%
Net fixed assets	**3 136 081**	**3 293 037**	**-5%**

At the end of the fiscal year under review, the Bank's net fixed assets stood at 3,136,081 KDH, or -5 percent from the previous year, following the recognition of depreciations for the fiscal year 2015, which amounted to 354,611 KDH.

Equity securities

In 2015, the Bank subscribed to the capital increase made by Casablanca Finance City Authority, which was approved by the extraordinary general meeting of March 18, 2015, amounting to 30,000 KDH, thus bringing the overall gross value of its contribution to the capital of this body to 50,000 KDH.

The Bank also paid during this year its share of 59 KDH in the capital of the Moroccan Bank Deposit Guarantee Funds Management Company (SGFG). This company was established in 2015, pursuant to Article 132 of the new Banking Law No. 103-12, which provides in Article 135 that the share capital of the management company shall be held by Bank Al-Maghrib and credit institutions members to funds managed by that company. Its mission is to manage bank deposit guarantee funds and contribute to remedy difficulties facing credit institutions.

Table 3-2-12 : Equity securities

In thousands of dirahms	2015	2014	Change in %
Securities held in Moroccan institutions (including)	**56 824**	**26 765**	**>100%**
Dar Ad-Damane	1 265	1 265	-
Maroclear	4 000	4 000	-
Casablanca Finance City Authority	50 000	20 000	>100%
Société marocaine de gestion des fonds de garantie des dépôts bancaires (Moroccan Company for the Management of Deposit Insurance Funds)	59	-	-
Securities held in foreign financial institutions	**46 499**	**46 252**	**1%**
Ubac Curaçao	23 228	23 228	-
Swift	519	519	-
Arab Monetary Fund	5 895	5 648	4%
Arab Trade Financing Program	16 856	16 856	-
Gross total of equity securities	**103 322**	**73 016**	**42%**

Tangible and intangible fixed assets

Table 3-2-13 : Tangible and intangible fixed assets

In thousands of dirahms	Gross amount 2014	Increase	Decrease	Gross amount 2015
Real properties	2 305 538	143 440	-	2 448 978
Land	232 601	-	-	232 601
Construction and works in progress	144 773	8 190	136 755	16 208
Fixtures, fittings and facilities	222 497	12 123	12	234 608
Furniture, materials, vehicles and equipment of social character	2 360 230	57 229	11 195	2 406 264
Intangible fixed assets	551 979	87 454	46 426	593 006
Others	245 829	4 356	639	249 546
Total	**6 063 447**	**312 792**	**195 028**	**6 181 211**

At the end of 2015, the gross outstanding amount of the Bank's investments in tangible and intangible fixed assets stood at 6,181,211 KDH, up 117,764 KDH compared to 2014. Investments amounted to 129,610 KDH and are broken down as follows, in particular :

- 34 percent corresponding to investments as part of the infrastructure and information system project and concern mainly the consolidated storage solution, the overhaul of the "front to back" percenttrading room solution and the purchase of servers and licenses;
- 21 percent corresponding to investment related to operating and non-operating projects and concern basically the equipment of Agadir holiday center, development of the headquarters and extension of Dar As-Sikkah print room;
- 19 percent corresponding to recurring works and equipment, including the acquisition of computer equipment;

8 percent mainly for reinforcing the information security arrangements.

Note 7 : Banknotes and coins in circulation

In accordance with Article 5 of its Statute, Bank Al-Maghrib shall issue banknotes and coins. The amount of this item covers the difference between banknotes and coins issued by the Bank and those deposited with the Bank.

At the end of 2015, currency in circulation grew by 8 percent to 205,884 204 KDH, reflecting higher demand for banknotes during this year. Month on month, it recorded, in accordance with its seasonal pattern, peaks especially in the third and fourth quarters of the year following summertime, the month of Ramadan and the celebration of religious festivities.

Note 8 : Liabilities in gold and foreign currency

These liabilities mainly comprise currency deposits of foreign banks. They grew by 29 percent to 6,767,584 KDH, due to an increase in Bank's liabilities in foreign currencies.

Note 9 : Liabilities in convertible dirhams

This item includes the Bank's liabilities in convertible dirhams towards foreign banks, international financial institutions (IMF, IBRD) and nonresidents.

The IMF "Account No.1" constitutes the major component of this entry. The assets of this account as well as those of "Account No.2" of the IMF, which are readjusted annually to take into consideration the parity of the dirham against SDR, amounted at end-2015 to 201,747 KDH.

Table 3-2-14 : Liabilities in convertible dirhams

In thousands of dirahms	2015	2014	Change in %
Liabilities to international financial institutions	**208 220**	**190 971**	**9%**
Liabilities to foreign banks	2 723	5 242	-48%
Ordinary accounts of international financial institutions	205 497	185 730	11%
Other liabilities	**9 366**	**5 222**	**79%**
Total	**217 586**	**196 194**	**11%**

Note 10 : Deposits and liabilities in dirhams

This item mainly includes:

- The current account of the Treasury, held by Bank Al-Maghrib by virtue of Article of its Statute. It is remunerated according to the requirements below, in accordance with the agreement signed between the Ministry of Economy and Finance and Bank Al-Maghrib on July 28, 2009:
  - The tranche lower or equal to 2 billion dirhams is remunerated at the rate of 7-day advances minus fifty basis points ;
  - The tranche above 2 billion dirhams and up to 3 billion dirhams is remunerated at the rate of 7-day advances minus one-hundred basis points;
  - The tranche higher than 3 billion dirhams is not remunerated.
- Current accounts of Moroccan banks, held mainly to honor their commitments regarding the required reserve, established by virtue of Article 25 of the abovementioned Statute, with a minimum amount of 2 percent of their liabilities must be respected on average over the period of observation.

Table 3-2-15 : Deposits and liabilities in dirhams

In thousands of dirahms	2015	2014	Change in %
Current account of the Treasury	3 276 541	2 117 412	55%
Current account of Moroccan banks	13 575 392	9 752 800	39%
Liquidity withdrawals	-	-	-
Deposit facilities	-	-	-
Deposits of general government and public institutions	2 571 885	2 461 356	4%
Other accounts	3 741 493	2 616 415	43%
Total	**23 165 311**	**16 947 983**	**37%**

- Deposits of general government and public institutions, including the account of Hassan II Fund for Economic and Social Development, remunerated at the rate of 7-day advances, minus 50 basis points.

This item can also accommodate, in a context of excess liquidity:

- 7-day liquidity withdrawals as unsecured deposits by tenders, remunerated at the key rate minus fifty basis points;
- 24-hour deposit facilities allowing banks to place, on their own initiative, a cash surplus. The remuneration applied to these deposits is the key rate minus one hundred basis points.

The 37 percent increase in this item to 23,165,311 KDH is mainly attributed the growth of 55 percent in the Treasury account balance, which rose to 3,276,541 KDH and 39 percent in Moroccan banks' assets, which stood at 13,575,392 KDH.

Note 11 : Other liabilities

This entry includes, mainly:

- Miscellaneous creditors, primarily consisting of tax and fiscal withholdings, other sums payable to the State, and third parties, and contributions to provident funds and institutions for social security pending settlement. They dropped by 54 percent, mainly due to the Bank's settlement of its employer special contribution for mutual funds, amounting to 333,608 KDH, constituted by annual payment of 83,402 KDH over the period 2008-2011.

Table 3-2-16 : Other liabilities

In thousands of dirahms	2015	2014	Change in %
Other securities transactions	1 086	1 086	-
Miscellaneous creditors	384 904	845 256	-54%
Equalization accounts	178 917	202 326	-12%
Amounts claimable after receipt of payment	19 128	7 157	>100%
Provisions for risks and expenses	133 926	85 516	57%
Foreign exchange reevaluation account	9 158 425	9 566 096	-4%
Total	**9 876 385**	**10 707 436**	**-8%**

- The equalization accounts, mainly composed of transactions between branches, expenses to be paid and revenues recognized in advance and any other debtor amount pending settlement;
- Amounts claimable after receipt of payment, including accounts making up the counterpart of securities presented for payment;
- Provisions for risks and expenses allowing to note the existing losses and expenses related to operations executed during the fiscal year and that are most likely realized. In 2015, these provisions were brought to 133,926 KDH through the additional provision of 50,000 KDH made by the Bank to cover liabilities of social funds, thus continuing its gradual provisioning approach of the uncovered fraction of the pension liability, which rose from 136 million dirhams to 166 million dirhams in 2015.

- Foreign exchange reevaluation account, which includes the exchange variations resulting from the assessment of assets and liabilities in gold and in foreign currency, based on the year-end average exchange rates, in accordance with the provisions of the agreement signed between Bank Al-Maghrib and the Ministry of Economy and Finance. This agreement sets the rules for implementing Article 24 of the Bank's Statute relating to the periodic evaluation of assets in gold and foreign currencies. This agreement also stipulates that in case of an insufficiency vis-à-vis the required minimum, a reserve for foreign exchange losses deducted from the net profit is constituted. The credit balance of this account can neither be posted in the revenues of the fiscal year, nor distributed or allocated to any other usage.

Note 12 : Equity capital and the like

Under Article 2 of the Bank's Statute, the capital is set at 500,000 KDH. It is wholly held by the State. It can be increased by decision of the Bank Board, after having heard the government representative and subject to approval by regulation.

The general reserve fund was established in accordance with Article 56 of the Statute of Bank Al-Maghrib, by deducing 10 percent from net profit until it reaches the amount of the capital.

Table 3-2-17 : Equity capital

In thousands of dirahms	2015	2014
Capital	**500 000**	**500 000**
Reserves	**5 001 340**	**5 001 340**
General reserve funds	500 000	500 000
Special reserve funds	4 501 340	4 501 340
Other equity capital	**6 398**	**8 639**
Retained earnings	**25 066**	**24 164**
Total	**5 532 805**	**5 534 143**

3-2-5-5 Comments on off-balance sheet items

The Bank keeps record of off-balance sheet liabilities, detailing both given and received commitments. Off-balance sheet accounts are registered to debit when the liabilities materialize on maturity or in case of realization by a debit on the balance sheet, and to credit side in the opposite case.

The off-balance sheet liabilities include liabilities in foreign currency, liabilities on securities and other liabilities.

Note 13 : Foreign exchange transactions

Table 3-2-18 : Foreign exchange transactions

In thousands of dirahms	2015	2014
Foreign exchange transactions- currency deposits	**5 820 953**	**1 971 243**
Foreign exchange transactions-arbitrage operations		
Foreign currencies receivable	80 714	307 325
Foreign currencies payable	80 669	306 441

Note 14 : Liabilities on securities

This heading records mainly securities pledged to Bank Al-Maghrib to secure various advances to banks (debt securities issued or guaranteed by the State, negotiable debt securities, private claims, etc.).

Table 3-2-19 : Liabilities on securities

In thousands of dirahms	2015	2014
Securities received on advances granted	17 604 798	22 546 127
Securities received on advances to be granted	15 425 600	11 225 200
Other guarantees received on advances granted	6 633 500	19 541 768
Advances to be granted	-	23 002 063
Foreign securities receivable	12 868 068	1 096 900
Foreign securities deliverable	8 460 222	1 799 438

Note 15 : Other liabilities

Table 3-2-20 : Other liabilities

In thousands of dirahms	2015	2014
Received market guarantees	53 158	49 786
Guarantees liabilities received for staff loans	736 090	835 443
Financing liabilities granted to the staff	39 673	63 665
Other granted liabilities	1 000	1 000

3-2-5-6 Comments on profit and loss account items

Note 16 : Interests earned on investments in gold and in foreign currency

This item is strongly correlated with levels of foreign exchange reserves and interest rates. It includes interests from the following transactions of investments in gold, SDR and foreign currency, made by the Bank as part of its mission of foreign exchange reserves management, entrusted under its Statute :

- Bond market investments (investment portfolio and portfolio of securities held for sale);
- International money market investments (Treasury portfolio);
- SDR holdings reserve tranche available with the IMF;
- Foreign securities lending;
- Gold loans.

Table 3-2-21 : Interests earned on holdings in gold and in foreign currency

In thousands of dirahms	2015	2014	Change in %
Interest received			
Investments in gold	23 560	12 931	82%
Foreign Treasury bills and similar securities	1 932 865	1 224 427	58%
Holdings and investments in foreign banks (*)	14 657	16 506	-11%
Claims on the IMF	4 079	6 434	-37%
Other interests	6 109	6 074	1%
Total	**1 981 270**	**1 266 372**	**56%**

(*) Includes interests on money market investments amounting to 16,138KDH and that earned on current accounts with foreign banks amounting to 368 KDH

Interest on investments of foreign exchange reserves closed the year 2015 with strong growth of 56 percent to 1,981,270 KDH, breaking up with the downward trend observed since several years. This change is largely driven by higher revenues in the bond segment, which totaled 1,932,865 KDH (+58 percent), thanks to the growth in outstanding investments and favorable conditions in the dollar exchange rate compartment. These conditions benefited further the Bank with the increase in the dollar's share in foreign currency assets.

The analytical breakdown of bond yields by portfolio shows :

- a significant increase in interest on the "investment" portfolio, which more than doubled (+107 percent) to 1,142,886 KDH, in connection with further strengthening of the size of this portfolio in 2015, as provided for by the foreign exchange reserves management strategy;

- an 18 percent increase in interest generated by the portfolio of securities held for sale to 789,978 KDH, mainly reflecting an increase in its average interest income.

On the monetary segment, interests generated from investment transactions was down 9 percent, as the Bank reduced their average outstanding amount to minimize the impact of negative rates in the euro area.

The Bank continued in 2015 to strengthen its gold deposits, given the attractiveness of remuneration rates, which resulted in growth of 82 percent in related interests to 23,560 KDH.

Note 17 : Interests received on claims on Moroccan credit institutions and similar bodies

These are interests received by the Bank on various advances to credit institutions as part of the monetary policy conduct (for remuneration conditions, see Note 4 of the balance sheet).

These interests dropped for the second consecutive year by 46 percent (-23 percent in 2014), to 880,708 KDH, as the Bank reduced the average volume of its liquidity injections, which moved down, year on year, from 55,622,784 KDH to 35,164,514 KDH, in view of an improvement in banks' liquidity.

Table 3-2-22 : Interests received on claims on Moroccan credit institutions and similar bodies

In thousands of dirahms	2015	2014	Change in %
Interest received			
7-day advances	483 306	1 066 828	-55%
Repurchase agreements	-	189 039	-100%
24-hour advances	5 072	6 588	-23%
Secured loans	392 036	371 040	6%
Total	**880 708**	**1 633 494**	**-46%**

By main instrument, these interests registered :

- a decline of 583,522 KDH (-55 percent) under 7-day advances, following a 47 percent decrease in their average outstanding amount (19,332,232 KDH in 2015, as against 36,266,079 in 2014 KDH);
- a slight increase of 20,996 KDH under the secured loan operations whose average outstanding amount was higher in 2015, or 15,687,361 KDH, as against 12,848,056 KDH a year earlier;
- a decline of 189,039 KDH (-100 percent) under repo transactions, an instrument which the Bank did not use in 2015, as part of the monetary policy conduct.

Note 18 : Other interests earned

This item covers mainly interests due to the Bank under loans granted to its staff. This interest amounted at the closing date to 9,977 KDH, up 18 percent compared to their level in 2014.

Note 19 : Commissions earned

Commissions are deducted by the Bank in payment of banking transactions for customers, which cover, mainly, foreign exchange operations and the centralization of the Treasury's auction operations.

In 2015, the amount of these commissions grew by 27 percent, owing to an increase of 25 percent in commissions on foreign exchange operations and 30 percent on commissions deducted by the Bank on the centralization of the Treasury's auction operations, due to the Treasury's significant resort to the primary market to finance its deficit during this year. The gross amounts raised by the Treasury reached 126.1 billion dirhams, up 60 percent from 2014 when they did not exceed 80 billion.

Table 3-2-23 : Commissions earned

In thousands of dirhams	2015	2014	Change in %
Foreign exchange commission	523 655	418 501	25%
Management of Treasury bills	70 386	53 954	30%
Other commissions	19 558	8 975	>100%
Total	**613 598**	**481 431**	**27%**

Note 20 : Other financial revenues

Other financial revenues, which mainly cover gains generated from foreign currency transactions, rose by 65 percent, to 115,263 KDH, in conjunction with :

- an increase of 19,908 KDH in gains from investment securities sales, which were made in 2015, mainly on securities in euro as part of implementing the new weights of the dirham-trading basket;
- and an increase of 22,065 KDH in deferral of discounts, taking into account the nature of investment securities comprising the portfolio.

Table 3-2-24 : Other financial revenues

In thousands of dirhams	2015	2014	Change in %
Gains from investment securities sales	43 709	23 801	84%
Deferral of discounts on foreign securities	33 918	11 854	>100%
Gains in management authorizations	31 219	27 465	14%
Other revenues	6 417	6 906	-7%
Total	**115 263**	**70 025**	**65%**

Note 21 : Sales of produced goods and services

This item includes revenues from sales of various goods produced by the Bank, which cover mainly secured documents, including the biometric passport. The selling price of these documents is fixed on the basis of data from the analytical system established by the Bank. This item also consists of changes in inventories of finished products, in-process production and commemorative coins.

At the end of 2015, this item displays a balance of 205,819 KDH, which is a slight increase of 5,555 KDH (+3 percent). Sales of secured documents (90 percent of which are related to biometric passports) and export-oriented banknotes reached respectively 161,721 KDH (+14 percent) and 46,758 KDH (+18 percent). However, inventories of finished goods and in-process production declined overall by 11,185 KDH, as against an increase of 9,416 KDH in 2014.

Note 22 : Miscellaneous revenues

Miscellaneous revenues include, inter alia, the contribution of banks to the Moroccan Gross Settlement Systems. This item showed a slight decrease of 3,095 KDH in 2015, to 37,326 KDH.

Note 23 : Reversals of provisions

Reversals of provisions in 2015 amounted to 293,809 KDH and cover mainly those constituted under the depreciation of foreign investment securities (see Table 3-2-30 of Note 32 of the PLA).

Note 24 : Noncurrent revenues

This item includes exceptional noncurrent revenues, with a significant impact both in absolute and relative figures.

In 2015, noncurrent revenues amounted to only 3,426 KDH, as against 56,752 KDH in 2014, a year with an exceptional income of 53,341 KDH corresponding to the balance of a commitment account in foreign currency prescribed.

Note 25 : Interests paid on liabilities in gold and in foreign currency

These interests were down 28 percent to 5,316 KDH, essentially due to lower commissions paid quarterly by the Bank on SDR allocations accorded by the IMF to Morocco as a member country (see Note 3 of the balance sheet), following a decrease in SDR interest rates.

Note 26 : Interests paid on deposits and liabilities in dirhams

This item covers particularly interests paid by the Bank, mainly on deposits at the account of Hassan II Fund for Economic and Social Development and the Treasury current account (for payment conditions, see Note 10 of the balance sheet).

It included the remuneration of the required reserve, which was eliminated as of December 19, 2013.

It can also include, in a context of excess liquidity, interests paid by the Bank under liquidity withdrawals, deposits facilities and swap of dirhams against currencies.

With a virtually unchanged remunerated outstanding average (-1 percent) from one year to another, the interest paid to the Treasury fell to 52,003 KDH (-23 percent), reflecting two key rate cuts in 2014.

Table 3-2-25 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Interest paid			
Required reserve account	-	-	-
Other accounts (including)	151 625	145 607	4%
Treasury account	52 003	67 119	-23%
Total	**166 054**	**170 102**	**-2%**

Note 27 : Commissions paid

These are commissions paid in exchange for financial services provided to the Bank. They amounted in 2015 to 17,104 KDH and include, inter alia, custody fees for management authorizations (3,311 KDH), custody fees for Moroccan securities (2,907 KDH) as well as foreign securities (9,922 KDH), which increased by 67 percent, following higher investments in bond securities.

Note 28 : Other financial expenses

This item covers losses on foreign currency transactions including, losses on investment securities sales (taking into account the nature of securities comprising the portfolio and deferral of premiums on investment securities.

These expenses stood at 958,008 KDH (+101 percent), due to higher deferral of premium, resulting from the acquisition in 2014 and 2015, of securities offering higher nominal yields to the market.

Table 3-2-26 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Losses in investment securities sales	381 256	339 465	12%
Deferral of premiums on foreign securities	546 955	120 197	>100%
Capital losses in management mandates	18 186	11 145	63%
Other expenses	11 612	4 674	>100%
Total	**958 008**	**475 480**	**>100%**

Note 29 : Staff expenses

This item includes mainly the salaries and wages, allowances and bonuses paid to the Bank staff, employer basic and supplementary contributions to Bank Al-Maghrib Staff Pension Fund and contributions to the Mutual Fund, various staff insurance premiums and vocational training expenses.

Personnel expenses stood at 726,640 KDH, up only 1 percent compared to 2014. This change is mainly attributed to the controlled increase in payroll, in line with the objective set by the Bank five years ago to limit the increase in this item to around 3 percent.

Table 3-2-27 : Staff expenses

In thousands of dirahms	2015	2014	Change in %
Staff salaries and social security contributions	705 680	699 217	1%
Training expenses	6 046	6 934	-13%
Other expenses	14 914	14 657	2%
Total	**726 640**	**720 808**	**1%**

Note 30 : Purchases of materials and supplies

Raw materials (paper, ink, coin blanks, electronic chips and precious metals) are used in the manufacturing of coins and banknotes, secured documents and commemorative coins. This item also includes changes in inventories of raw materials and supplies as well as rebates, discounts and payment deductions obtained on purchases, and granted to the Bank by its suppliers.

The 11 percent decrease in this item to 208,112 KDH results from the combined effect of :

- an increase in the change in inventories of materials and supplies to 34,781 KDH, as against a decrease of 56,161 KDH a year earlier, in connection with a decline in the level of these inventories in 2015;
- and a 29 percent decline in costs of purchases of materials and supplies, which is notably due to the delay of the completion of contracts relating to raw materials for fiduciary production and secured documents to 2016.

Table 3-2-28 : Purchases of materials and supplies

In thousands of dirahms	2015	2014	Change in %
Purchase of raw materials	157 924	146 306	8%
Purchase of consumable materials and supplies	26 684	22 397	19%
Other purchases	23 503	18 685	26%
Total	**208 112**	**187 389**	**11%**

Note 31 : Other external expenses

They include Bank overheads and current expenditure covering, inter alia, computer maintenance, building upkeep, rental, water and electricity consumption, donations and grants as well as various taxes.

These expenses rose by 2 percent to 307 245 KDH, mainly due to an increase in computer maintenance costs and generalization of outsourcing contracts for building maintenance at all the Bank's sites.

Note 32 : Depreciations and provisions

Depreciations

Table 3-2-29 : Depreciations

In thousands of dirahms	2015	2014
Depreciations of tangible and intangible fixed assets	**354 611**	**369 766**
Real properties (*)	115 255	116 859
Furniture and equipment	173 630	174 581
Other tangible fixed assets	48	43
Intangible fixed assets	65 678	78 283
Amortization expenses of other costs to be spread out over many fiscal years	**5 490**	**5 905**
Amortization expenses of previous fiscal years	**10 844**	**8 550**
Total	**370 944**	**384 220**

(*) Including fixtures, fittings and facilities

Provisions

Table 3-2-30 : Provisions

In thousands of dirahms	Outstanding amount 31/12/2014	Expenses	Reversals	Other changes	Outstanding amount 31/12/2015
Provisions for depreciation					
Foreign Treasury bills and similar securities	344 418	353 903	276 563	-46	421 711
Miscellaneous stocks and values	6 509	8 915	6 509		8 915
Moroccan equity securities	6 000	3 300			9 300
Foreign equity securities					
Other provisions	3 458	295	515		3 238
Provisions for risks and expenses posted under liabilities					
Provisions for risks and expenses	85 128	58 632	10 222		133 538
Other provisions	389				389
Total		**425 044**	**293 809**		

For the terms of the constitution and reversal of provisions, see Section on “Assessment Methods” and Note 11 of the balance sheet.

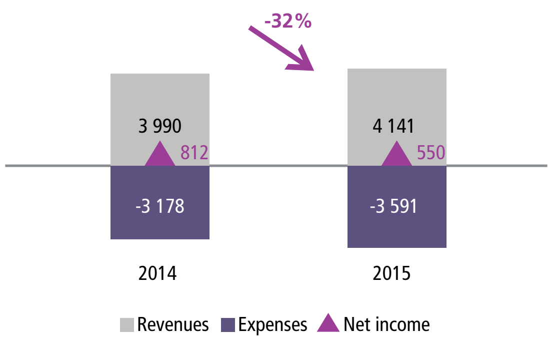
Note 33 : Noncurrent expenses

Noncurrent expenses, totaling 11,911 KDH, mainly include the amount of the solidarity social contribution on profits, calculated based on 2 percent of the Bank’s net income in 2015 (11,234 KDH).

Note 34 : Corporate tax

The tax rate is fixed at 37 percent under Article 19 of the General Tax Code, which is the taxation level applied to credit institutions under common law.

Chart 3-2-1 : Change in revenues, expenses and net income (in millions of dirhams)



3-3 Statutory Audit Report

(This is a free translation into English of our Audit report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, Moroccan law and professional auditing standards applicable in Morocco).

BANK AL-MAGHRIB
STATUTORY AUDITOR'S REPORT
FISCAL YEAR ENDED DECEMBER 31st, 2015

In accordance with our engagement as statutory auditors by the Bank's Board, we have audited the accompanying financial statements of Bank Al-Maghrib, for the year ended December 31st, 2015. Which include the balance sheet, the profit and loss account, and the attached disclosures. These statements present a net equity amounting to 5 532 805 thousands of Moroccan Dirhams, and a net profit of 550 481 thousands of Moroccan Dirhams.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatements, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the professional standards applicable in Morocco. These standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment as well as the assessment of the risk that financial statements may include material misstatements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

We certify that the financial statements mentioned in the first paragraph show, in all material respects, a fair view of the results of the operations for the year ended as well as of the financial situation and assets of Bank Al-Maghrib on December 31st, 2015 in accordance with generally accepted accounting principles in Morocco.

Without disputing the above opinion, we would note that assets and liabilities in gold and currencies have been assessed according to the principles provided in the statement A1 of the attached disclosures.

Specific Procedures and Disclosures

We have notably ensured the correspondence of the information provided in the management report with the bank's financial statements.

Casablanca, March 22nd, 2016

Mazars Audit et Conseil

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Kamal MOKDAD

Managing Partner

3-4 Approval by the Bank Board

In compliance with Article 55 of Law No 76-03 bearing Statutes of Bank Al-Maghrib, the financial statements are hereby submitted by the Governor for approval by the Board.

At its meeting on March 22, 2016, after having taken cognizance of the statutory auditor's opinion on the sincerity of the financial statements and their conformity with the information given in the Bank's management report, the Board approved the 2015 financial statements and net income distribution.

STATISTICAL APPENDICES

Table A1 MAIN INDICATORS OF THE ECONOMY

(Amounts in billions of dirhams)

	2013	2014	2015*	Percentage changes	
				2014 / 2013	2015 / 2014
Economy International					
Economic growth (in %)					
World	3.3	3.4	3.1	-	-
Euro area	-0.3	0.9	1.6	-	-
United States	1.5	2.4	2.4	-	-
United Kingdom	2.2	2.9	2.2	-	-
Brasil	3.0	0.1	-3.8	-	-
China	7.7	7.3	6.9	-	-
Inflation (in %)					
World	3.7	3.2	2.8	-	-
Euro area	1.3	0.4	0.0	-	-
United States	1.5	1.6	0.1	-	-
United Kingdom	2.6	1.5	0.1	-	-
Brasil	6.2	6.3	9.0	-	-
China	2.6	2.0	1.4	-	-
Unemployment					
Euro area	12.0	11.6	10.9	-	-
United States	7.4	6.2	5.3	-	-
United Kingdom	7.6	6.2	5.4	-	-
Brasil	5.4	4.8	6.8	-	-
China	4.1	4.1	4.1	-	-
Economy National					
National accounts					
Gross domestic product at constant prices	111.9	109.5	123.4	-2.2	12.8
Gross domestic product at current prices	897.9	923.7	982.2	2.9	6.3
Agricultural Added value	112.2	99.1	115.7	-11.7	16.8
Non-agricultural Added value	706.2	729.9	752.5	3.4	3.1
Gross national disposable income	106.8	106.7	105.9	0.0	-0.8
Final national consumption	59.5	59.9	57.8	0.7	-3.5
Gross fixed capital formation	276.5	274.0	281.5	-0.9	2.7
National gross saving	27.0	26.4	28.3	-2.1	7.2
Investment ratio (GFCF/GDP) in %	30.8	29.7	28.7	-3.7	-3.4
Saving ratio (as % of GNDI)	25.3	24.7	26.7	-2.1	8.1

(*) Provisional

Table A1 MAIN INDICATORS OF THE ECONOMY

(Amounts in billions of dirhams)

	2013	2014	2015*	Percentage changes	
				2014 / 2013	2015 / 2014
Economy National					
Unemployment rate in %	**9.2**	**9.9**	**9.7**	**0.7**	**-0.2**
Prices					
Consumer price index	112.9	113.4	115.2	0.4	1.6
Food prices indicator	121.7	120.2	123.3	-1.2	2.6
Core inflation indicator	111.4	112.7	114.2	1.1	1.3
External accounts					
Total exports FOB	184.6	200.8	215.1	8.8	7.1
Total imports CAF	381.3	388.1	366.4	1.8	-5.6
Trade balance in % of GDP	-22.09	-20.27	-15.40	-	-
Balance of Travel in % of GDP	6.41	6.42	5.95	-	-
Balance of current transfers in % of GDP	6.44	6.49	6.23	-	-
Current account balancet in % of GDP	-	-5.67	-1.92	-	-
Balance of the capital account in % of GDP	-	5.04	1.29		
Public finance(3)					
Budget balance as % of GDP	-5.09	-4.95	-4.35	-	-
Outstanding domestic treasury debt in % of GDP	47.27	48.23	49.48	-	-
Outstanding amount of the domestic debt as % of GDP	26.14	30.10	30.63	-	-
Money and monetary conditions					
Aggregate M1	628.9	660.6	706.9	5.0	7.0
Money supply (M3)	1023.2	1090.9	1148.0	6.6	5.2
Net foreign assets	150.3	181.9	224.6	21.1	23.5
Lending rates (2)	6.52	6.00	5.73	-	-
Deposits rates (2)	3.79	3.78	3.70	-	-
Key rates (2)	3.00	2.50	2.25	-	-
interbank rates (2)	3.06	2.95	2.51	-	-

(*) Provisional

(1) Excluding privatization receipts.

(2) Weighted average rates

TABLE A2.1 GROSS DOMESTIC PRODUCT CHANGES (BASE 2007)

(At last year prices) (In percentage)

	2011	2012	2013	2014	2015*
Gross domestic product	**5.2**	**3.0**	**4.5**	**2.6**	**4.5**
Primary sector	**6.7**	**-7.8**	**17.8**	**-2.3**	**13.0**
Agriculture	5.7	-9.1	17.2	-2.2	12.8
Fishing	24.8	9.7	26.8	-4.0	15.2
Secondary sector	**6.3**	**0.8**	**0.6**	**3.1**	**2.8**
Mining	5.0	-2.1	-1.2	3.4	-5.1
Industry (excluding oil refining)	6.8	1.8	-0.7	3.5	4.3
Elecricity and water	8.3	-6.7	14.9	-0.4	6.0
Building and public works	4.9	2.2	1.6	2.6	0.8
Tertiary sector (1)	**6.2**	**6.3**	**1.9**	**2.3**	**1.2**
Trade	7.4	4.1	-2.0	1.7	1.8
Hotels and restaurants	-1.1	2.6	4.7	2.2	-3.2
Transportation	7.0	2.4	1.0	3.7	2.4
Postal and telecommunications services	9.5	29.5	2.9	5.3	3.7
Financial and insurance activities	8.6	4.2	0.2	2.5	-2.2
General government and social security	9.9	5.1	3.7	2.7	0.4
Education, health and social work	1.6	7.1	5.0	1.4	0.5
Real estate, renting and services to enterprises	5.6	4.5	1.5	2.4	3.2
Other services	2.1	3.0	2.9	0.2	4.7
Added value to the base prices	**6.3**	**2.7**	**3.7**	**1.9**	**3.2**
Tax on products net of subsidies	-3.8	6.8	14.6	9.7	15.8

(1) Including non-market services provided by the general government.
(*) Provisional
Source : High Commission for Planning

TABLE A2.2 GROSS DOMESTIC PRODUCT BY BRANCH OF ACTIVITY

(At current prices) (In millions of dirhams)

	2011	2012	2013	2014	2015*
Gross domestic product	**820 077**	**847 881**	**897 923**	**923 696**	**982 223**
Primary sector	**107 594**	**104 540**	**120 228**	**107 802**	**125 685**
Agriculture	100 251	97 582	112 195	99 084	115 728
Fishing	7 343	6 958	8 033	8 718	9 957
Secondary sector	**218 240**	**223 903**	**234 973**	**244 091**	**253 717**
Mining	31 650	33 420	30 027	22 626	21 887
Industry (excluding oil refining)	127 057	129 146	139 296	151 750	156 499
Elecricity and water	13 930	12 657	15 269	16 272	20 462
Building and public works	45 603	48 680	50 381	53 443	54 869
Tertiary sector (1)	**429 475**	**453 370**	**463 212**	**477 135**	**488 776**
Trade	72 022	77 133	75 832	77 151	78 750
Hotels and restaurants	17 438	18 326	19 728	20 995	20 689
Transportation	27 901	29 453	30 524	32 417	35 412
Postal and telecommunications services	28 109	26 373	23 017	22 234	21 556
Other nonfinancial services	11 637	12 069	12 541	13 017	13 906
Added value to the base prices	**755 309**	**781 813**	**818 413**	**829 028**	**868 178**

(1) Including non-market services provided by the general government
(*) Provisional
Source : High Commission for Planning (National accounting department)

TABLE A2.3 GOODS AND SERVICES ACCOUNT

(At current prices) (In millions of dirhams)

	2011	2012	2013	2014	2015*	Percentage changes 2014/2013	Percentage changes 2015/2014
RESOURCES	**1 219 674**	**1 273 478**	**1 322 128**	**1 356 396**	**1 395 591**	**2.6**	**2.9**
Gross domestic product	820 077	847 881	897 923	923 696	982 223	2.9	6.3
Imports of goods and services	399 597	425 597	424 205	432 700	413 368	2.0	-4.5
Expenditure	**1 219 674**	**1 273 478**	**1 322 128**	**1 356 396**	**1 395 591**	**2.6**	**2.9**
Final national consumption households	484 614	508 124	533 903	553 287	567 535	3.6	2.6
Final national consumption General government	153 360	168 190	178 309	183 841	188 720	3.1	2.7
FC NPIs	3 734	4 083	4 242	4 923	5 439	16.1	10.5
Gross fixed capital formation	258 285	276 390	276 496	274 028	281 492	-0.9	2.7
Changes in stocks	35 114	20 530	34 860	23 188	15 559	-33.5	-32.9
Exports of goods and services	284 567	296 161	294 318	317 129	336 846	7.8	6.2

(*) Provisional
Source : High Commission for Planning

TABLE A2.4 GROSS NATIONAL DISPOSABLE INCOME AND ITS APPROPRIATION

(At current prices) (In millions of dirhams)

	2011	2012	2013	2014	2015*	Percentage changes 2014/2013	Percentage changes 2015/2014
Gross domestic product	820 077	847 881	897 923	923 696	982 223	2.9	6.3
Net income of property from outside	-13 833	-17 119	-12 243	-21 664	-18 358	77.0	-15.3
Gross national income	806 244	830 762	885 680	902 032	963 865	1.8	6.9
Net current transfers from outside	64 260	65 907	72 948	83 885	75 944	15.0	-9.5
Gross national disposable income	870 504	896 669	958 628	985 917	1 039 809	2.8	5.5
Final national consumption	641 708	680 397	716 454	742 051	761 694	3.6	2.6
households	484 614	508 124	533 903	553 287	567 535	3.6	2.6
General government	153 360	168 190	178 309	183 841	188 720	3.1	2.7
FC NPIs	3 734	4 083	4 242	4 923	5 439	16.1	10.5
Gross national savings	228 796	216 272	242 174	243 866	278 115	0.7	14.0

(*) Provisional
Source : High Commission for Planning

TABLE A2.5 INVESTMENT AND SAVINGS

(At current prices) (In millions of dirhams)

	2011	2012	2013	2014	2015*	Percentage changes 2014/2013	Percentage changes 2015/2014
RESOURCES	**228 794**	**216 273**	**242 173**	**243 885**	**278 124**	**0.7**	**14**
Gross national savings	228 796	216 272	242 174	243 866	278 115	0.7	14
Net capital transfers received	-2	1	-1	19	9	-2.000	-52.6
EXPENDITURE	**228 794**	**216 273**	**242 173**	**243 885**	**278 124**	**1**	**14**
Gross fixed capital formation	258 285	276 390	276 496	274 028	281 492	- 0.9	2.7
Changes in stocks	35 114	20 530	34 860	23 188	15 559	-33.5	-32.9
Financing requirement	-64 605	-80 647	-69 183	-53 331	-18 927	-22.9	-64.5

(*) Provisional
Source : High Commission for Planning

TABLE A2 6 AGRICULTURE

(area in thousands of hectars / production million quintals)

	Crop year 2013-2014			Crop year 2014-2015		
	Area	Production	Yield	Area	Production	Yield
Principal cereals	**571 4**	**67.5**	**14.8**	**372 5**	**114.6**	**21.3**
Soft wheat	2 081	37.1	17.8	2 309	56.6	24.5
Hard wheat	905	14.1	15.6	999	24.1	24.1
Barley	1 585	16.4	10.3	2 064	33.9	16.4
PULSE CROPS	**NA**	**3.2**	**NA**	**NA**	**3.5**	**NA**
Market garden crops	**NA**	**77.6**	**NA**	**NA**	**76.4**	**NA**

Source : Ministry of Agriculture and Sea Fisheries
NA : not available

TABLE A2.7 SEA FISHERIES

(In thousands of tonnes)

	2014*	2015**
Coastal fishing	**1 287**	**1 289**
Consumpting of fresh products	**325**	**380**
Processing	**954**	**908**
Conned fish	206	193
Fish meal and fish oil	342	147
Frozen	407	568

(*) revised
(**) Provisional
Source : Ministry of Agriculture and Sea Fisheries

TABLE A2.8 ENERGY PRODUCTION

	2012	2013*	2014*	2015**	Percentage changes % 2015/2014
Net local generation (1)	**26 214**	**485 26**	**519 27**	**29 440**	**7.0**
Thermal power	23 812	22 483	23 988	25 048	4.4
Hydraulic power	1 816	2 990	2 033	2 282	12.2
Wind power	728	1 215	1 768	2 380	34.6
Imports	4 841	5 400	6 010	4 974	-17.2

1) The difference between net local generation and total generation by energy source is the result of an offsetting effect between the contribution of domestic third parties and the electrical energy used by pumped-storage electricity and ancillary pumped-storage plants of the VHV-HV network.
(*) revised
(**) Provisional
Sources : Ministry of Energy and Mining Water and Environment and National Electricity Office.

TABLE A2.9 OIL REFINING

(en millions de tonnes)

	2012	2013	2014*	2015**	Percentage changes % 2015/2014
Production	6.9	6.6	6.1	2.9	-53.2
Local sales	6.1	5.4	5.3	2.5	-53.1

(*) revised
(**) Data as at July 2015
Source : ONEE

TABLE A2.10 INDICES OF MANUFACTURING PRODUCTION

(Base 100 in 2010)

	2013	2014	2015	Percentage changes	
				2014 / 2013	2015 / 2014
Food industries					
Staple foods	106.8	111.8	116.0	4.7	3.8
Manufactured tobacco	109.2	110.3	111.5	1.0	1.1
Textiles and leather industries					
Textile industry products	93.9	96.6	96.9	2.9	0.3
Clothing goods and furs	101.3	102.9	104.4	1.6	1.5
Leather, travel goods and footwear	92.0	94.1	91.0	2.3	-3.3
Chemical and parachemical industries					
woodwork products	86.9	87.5	87.4	0.7	-0.1
Paper and cardboard	97.4	96.0	96.5	-1.4	0.5
Editing products, printed or reproduced products	108.5	115.9	125.0	6.8	7.9
Coking, refining, and nuclear industries products	108.9	101.3	57.8	-7.0	-42.9
Chemical products	107.1	110.1	115.9	2.8	5.3
Rubber or plastic products	111.2	110.0	107.0	-1.1	-2.7
Other mineral non-metal products	99.2	96.6	96.7	-2.4	0.1
Mechanical and metallurgical industries					
Metal products	104.6	102.5	100.2	-2.0	-2.2
Metal works products	110.4	111.4	115.3	0.9	3.5
Machinery and equipement	95.9	98.6	96.1	2.8	-2.5
Car industry products	108.4	103.8	113.4	-4.2	9.2
Other transport equipement	118.4	123.5	129.6	4.3	4.9
Furniture, miscellaneous industries	93.8	96.8	88.8	3.2	-8.3
Electrical and electronic industries					
Electrical machines	92.4	94.5	97.3	2.3	3.0
Radio, Television and communication equipement	112.4	117.5	114.1	4.5	-2.9
Mediacl, precision, optics and clock making material	163.7	174.3	172.5	6.5	-1.0
Total manufacturing industries	**104.8**	**106.2**	**106.6**	**1.3**	**0.4**

Source : High commission for planning`

TABLE A2.11 TOURISM

	2013	2014	2015	Percentage changes 2015/2014
Total of tourist arrivals	**10 046 264**	**10 282 944**	**10 176 762**	**-1.0**
Residence tourism	**5 323 333**	**5 437 453**	**5 151 704**	**-5.3**
European Union countries	**3 994 226**	**4 115 396**	**3 825 869**	**-7.0**
France	1 782 056	1 798 190	1 563 568	-13.0
Spain	682 834	683 761	626 896	-8.3
Germany	237 852	255 124	286 328	12.2
United Kingdom	403 325	476 550	504 475	5.9
Italy	234 912	254 209	227 961	-10.3
Other European countries	**313 234**	**324 605**	**297 133**	**-8.5**
America	**294 618**	**303 550**	**333 008**	**9.7**
United States	160 033	167 267	181 468	8.5
Canada	70 923	73 251	82 837	13.1
Brazil	25 639	22 157	25 684	15.9
Middle East (1)	**164 534**	**177 233**	**198 229**	**11.8**
Maghreb	**270 227**	**213 675**	**195 214**	**-8.6**
Other African countries	**144 540**	**157 289**	**162 834**	**3.5**
Asia	**108 311**	**111 479**	**105 125**	**-5.7**
Other countries	**33 643**	**34 226**	**34 292**	**0.2**
Moroccans resident abroad	**4 722 931**	**4 845 491**	**5 025 058**	**3.7**

(1) Including Egypt
Source : Ministry of Tourism

TABLE A3.1 INDICATORS OF EMPLOYMENT AND UNEMPLOYMENT

(Population in thousands and rates in percentage)

	Urban areas			Rural areas			National		
	2014	2015	Changes in absolute value (2) 2015/2014	2014	2015	Changes in absolute value (2) 2015/2014	2014	2015	Changes in absolute value (2) 2015/2014
Population aged 15 years and over	**14 968**	**15 263**	**295**	**9 633**	**9 702**	**69**	**24 601**	**24 965**	**364**
Population aged 15 years and over	**6 307**	**6 326**	**19**	**5 506**	**5 501**	**-5**	**11 813**	**11 827**	**14**
Employed	5 373	5 402	29	5 273	5 277	4	10 646	10 679	33
Unemployed	934	924	-10	233	224	-9	1 167	1 148	-19
Activity rate (1)	**42.1**	**41.4**	**-0.7**	**57.2**	**56.7**	**-0.5**	**48.0**	**47.4**	**-0.6**
Unemployment rate	**14.8**	**14.6**	**-0.2**	**4.2**	**4.1**	**-0.1**	**9.9**	**9.7**	**-0.2**
By gender									
Men	12.8	12.6	-0.2	5.4	5.1	-0.3	9.7	9.4	-0.3
Women	21.9	21.7	-0.2	1.8	2.1	0.3	10.4	10.5	0.1
By age									
15 to 24 years	38.1	39.0	0.9	8.9	9.3	0.4	20.1	20.8	0.7
25 to 34 years	20.9	21.1	0.2	4.5	4.6	0.1	13.9	13.9	0.0
35 to 44 years	8.4	7.6	-0.8	2.7	2.3	-0.4	6.1	5.5	-0.6
45 years and over	4.4	4.5	0.1	1.5	1.3	-0.2	3.0	3.0	0.0
By diploma									
Without any diploma	8.1	7.3	-0.8	2.7	2.3	-0.4	4.7	4.1	-0.6
With diploma	19.5	19.5	0.0	10.0	10.5	0.5	17.2	17.3	0.1

(1) Labour force aged 15 and over as a percentage of the total population aged 15 and over
(2) For rates this is a change in percentage points
Source : High Commission for Planning

TABLE A3.2 EMPLOYMENT BY BRANCH OF ECONOMIC ACTIVITY (1)

(thousands of persons)

	Year		Changes	
	2014	2015	in absolute value	In percentage
Total	**10 646**	**10 679**	**+ 33**	**0.3**
Agriculture, forestry and fishing	4 194	4 162	- 32	-0.8
Industry (including handicraft)	1 176	1 191	15	1.3
Construction and public works	988	1 006	18	1.8
Other services	4 275	4 307	32	0.7
Other activities	13	13	0	0.0

(1) This concerns the employment of persons aged 15 years and above.
Source : High Commission for Planning

TABLE A 4.1 INFLATION

(base 100 in 2006)

	Inflation	Food and soft drinks	Alcoholic beverages, tobacco and narcotics	Clothes and shoes	Housing, water, gas, electricity and other fuels	Furniture, household items and routine household maintenance	Health	Transport	Communications	Leisure and culture	Education	Restaurants and hotels	Various goods and services
2011	0.9	1.4	0.0	1.6	0.5	0.8	0.3	- 0.1	- 5.4	- 0.7	4.1	1.7	2.1
2012	1.3	2.4	0.2	2.1	0.5	0.1	0.7	3.2	- 19.6	0.5	3.8	2.0	1.4
2013	1.9	2.2	5.4	1.6	1.1	0.2	0.9	3.2	- 9.2	0.4	5.5	3.2	1.3
2014	0.4	- 1.2	1.7	2.1	2.5	0.8	- 0.2	2.6	- 4.6	- 0.9	3.4	2.5	1.2
2015	1.6	2.6	4.0	0.6	3.3	0.3	- 0.3	- 3.2	0.2	0.3	2.9	2.3	0.6
2015 January	1.6	2.1	1.5	0.8	4.9	0.7	- 1.2	- 2.8	0.0	- 0.4	3.2	1.9	0.4
February	1.3	1.7	1.7	0.7	5.0	0.6	- 1.2	- 3.8	0.0	0.0	3.2	2.0	0.6
March	1.6	2.1	1.7	0.4	5.0	0.3	- 1.3	- 2.1	0.0	- 0.2	3.2	1.8	0.7
April	1.7	2.5	1.6	0.5	4.9	0.4	- 1.7	- 3.1	0.0	- 0.1	3.2	2.2	0.7
May	2.0	3.1	1.6	0.8	4.8	0.2	- 1.7	- 1.9	0.0	0.4	3.2	2.3	0.8
June	2.0	2.3	5.4	0.7	4.9	0.1	1.0	- 2.0	0.2	0.4	3.2	2.7	0.7
July	2.4	3.7	5.4	0.6	4.9	0.1	0.6	- 2.7	0.2	0.5	3.2	2.4	0.7
August	1.7	3.3	5.5	0.8	1.7	0.1	0.6	- 3.2	0.2	0.5	3.2	2.6	0.7
September	1.6	3.7	5.5	0.7	1.1	0.1	0.5	- 4.7	0.2	0.6	2.2	2.3	0.6
October	1.4	3.4	5.5	0.5	1.1	0.2	0.5	- 5.0	0.2	0.6	2.1	2.4	0.4
November	0.9	1.9	5.5	0.8	1.2	0.3	0.4	- 4.5	0.2	0.6	2.1	2.4	0.3
December	0.6	1.0	5.4	0.8	1.1	0.4	0.5	- 2.9	0.0	0.5	2.1	2.7	0.3

Source : High Commission for Planning

TABLE A4.2 CORE INFLATION

(bese 100 in 2006)

	Core Inflation	Food products in-clued in core inflation	Clothes and shoes	Housing, water, gas, electricity and other fuels (1)	Furniture, household items and routine household mainte-nance	Health (1)	Transport (1)	Communica-tions	Leisure and culture	Education	Restaurants and hotels	Various goods and services
2010	0.4	-0.6	0.5	0.8	0.8	0.0	0.3	-1.1	-0.7	4.1	2.4	1.7
2011	1.8	3.3	1.6	1.0	0.8	0.3	-0.3	-5.4	-0.7	4.1	1.7	2.1
2012	0.8	2.2	2.1	1.0	0.1	2.0	0.9	-19.6	0.5	3.8	2.0	1.4
2013	1.5	1.6	1.6	2.2	0.2	0.9	1.2	-9.2	0.4	5.5	3.2	1.3
2014	1.2	1.0	2.1	1.7	0.8	2.6	0.9	-4.6	-0.9	3.4	2.5	1.2
2015 January	113.7	121.5	112.8	112.1	108.5	109.2	106.5	59.5	96.4	138.5	121.2	113.7
February	113.7	121.5	112.7	112.2	108.5	109.0	106.7	59.5	96.4	138.5	121.3	113.9
March	113.7	121.7	112.4	112.3	108.5	109.1	106.7	59.5	96.2	138.5	121.5	114.0
April	113.8	121.9	112.3	112.5	108.6	109.2	106.6	59.5	96.3	138.5	121.9	114.0
May	114.2	122.1	112.4	112.6	108.5	109.3	106.7	59.5	96.8	138.5	122.1	114.2
June	114.5	122.2	112.4	112.7	108.5	109.3	106.7	59.6	96.8	138.5	122.7	114.2
July	114.7	122.3	112.9	112.7	108.5	109.1	106.7	59.6	96.8	138.5	122.7	114.2
August	114.6	122.1	113.2	112.9	108.6	109.1	106.9	59.6	96.8	138.5	123.1	114.2
September	114.3	122.1	113.2	113.1	108.6	109.6	106.9	59.6	96.9	141.2	123.1	114.1
October	114.3	122.3	113.2	113.1	108.7	109.7	107.1	59.6	96.9	141.4	123.3	114.1
November	114.5	122.3	113.6	113.3	108.8	110.3	107.0	59.6	96.9	141.4	123.6	114.0
Décember	114.5	122.3	114.0	113.3	108.8	110.7	106.8	59.5	96.9	141.4	124.0	114.0

(1) Not regulated products and services regulated

Source : Calculated on the basis of data from High Commission for Planing products and services.

TABLE A4.3 PRICE INDEX OF TRADABLES AND NON TRADABLE
(ANNUAL CHANGE)

Section	Price of tradable goods (CPIXT)	Price of non tradable goods (CPIXNT)
2011	2.5	1.0
2012	2.0	- 0.5
2013	1.2	1.7
2014	1.4	0.9
2015	1.4	1.3
2015 January	1.6	1.1
February	1.6	1.1
March	1.6	1.2
April	1.6	1.3
May	1.8	1.4
June	1.6	1.4
July	1.6	1.3
August	1.6	1.4
September	1.6	1.1
October	1.5	1.4
November	0.4	1.3
December	0.4	1.3

Source : Calcullated on the basis of data from Foreign Exchange Office.

TABLE A4.4 INDUSTRIAL PRODUCER PRICE INDEX

(base 100 in 2010)

	Average 2014	2015 1st quarter	2015 2nd quarter	2015 3nd quarter	2015 4th quarter	Average 2015	Percentage changes 2014/2013	Percentage changes 2015/2014
Textile manufacturing	103.1	101.3	100.3	99.5	99.7	100.2	0.5	-2.8
Furniture manufacturing	103.7	103.8	105.5	106.4	106.9	105.6	1.4	1.8
Other manufacturing industries	107.6	101.9	101.9	101.9	101.9	101.9	-5.2	-5.3
Manufacturing of other transportation materiels	100.4	100.4	100.4	100.4	100.4	100.4	-0.2	0.0
Automotive industry	98.6	99.4	99.4	100.3	100.3	99.9	-0.3	1.3
Manufacturing of machinery and equipment	103.0	103.0	103.0	103.0	103.0	103.0	1.3	0.0
Electric equipment manufacturing	105.0	105.1	104.4	106.1	105.0	105.1	-2.4	0.1
Manufacturing of wood and products of wood and cork, exept furniture; manufacture of articles of straw and plaiting materials	114.1	114.7	113.4	113.1	115.2	114.1	2.5	0.0
Manufacturing of computer, electronic and optical products	100.8	101.1	101.1	101.1	101.1	101.1	0.9	0.3
Manufacturing of metal products,exept machinery and equipment	102.0	99.5	99.1	98.8	98.5	99.0	-1.3	-2.9
Manufacturing of base metals	105.7	105.4	105.3	103.2	102.2	104.0	-0.2	-1.6
Manufacturing of other non-metallic products	107.3	107.6	107.7	107.1	107.4	107.5	1.5	0.2
Chemical industry	111.6	111.5	111.6	111.6	110.7	111.3	-11.7	-0.3
Pharmaceutical industry	98.4	96.6	96.0	94.9	94.9	95.6	-1.6	-2.8
Coking and manufacturing of refined petroleum products	122.0	77.8	89.5	78.4	67.3	78.3	-8.1	-35.8
Manufacturing of wearing apparel	103.2	106.2	106.8	106.0	105.3	106.1	1.1	2.8
Printing and reproduction of recorded media	103.5	103.5	103.5	103.5	103.5	103.5	0.3	0.0
Manufacturing of paper and cardboard	100.6	100.4	100.3	100.2	100.0	100.2	1.0	-0.4
Manufacturing of rubber and plastic products	108.8	111.1	111.4	111.4	111.5	111.4	2.4	2.4
Manufacturing of leather and related products exept leather clothing	108.0	108.0	107.9	108.0	108.1	108.0	0.9	0.0
Food industries	108.6	108.5	107.7	107.2	107.7	107.8	-0.7	-0.7
Manufacturing of tabacco products	108.6	110.4	112.6	117.0	117.0	114.3	2.1	5.2
Beverages manufacturing	116.5	116.6	116.6	116.6	116.6	116.6	1.0	0.1
Overall	**108.5**	**103.7**	**104.9**	**103.5**	**102.2**	**103.6**	**-2.8**	**-4.6**

Source : High commission for planning`

Table A5.1 IMPORTS BY MAIN PRODUCTS

(Weight in thousands of tonnes, Value in millions of dirhams)

	2014*		2015**		Changes				Structure 2015 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL IMPORTS	**48 847**	**388 080**	**47 488**	**366 365**	**-1 359**	**-2.8**	**-21 715**	**-5.6**	**100**	**100**
Foodstuffs, beverages and tobacco	**10 922**	**41 749**	**8 720**	**35 685**	**-2 201**	**-20.2**	**-6 064**	**-14.5**	**18.4**	**9.7**
Wheat	5 161	12 696	3 215	8 551	-1 946	-37.7	-4 144	-32.6	6.8	2.3
Cake and other residues from the food industry	1 582	4 654	1 321	3 622	-261	-16.5	-1 032	-22.2	2.8	1.0
Mays	2 094	4 247	2 081	4 174	-13	-0.6	-73	-1.7	4.4	1.1
Raw or refined sugar	772	2 882	923	3 362	151	19.6	481	16.7	1.9	0.9
Tea	59	1 591	64	1 921	5	9.2	330	20.8	0.1	0.5
Other	1 253	15 680	1 115	14 053	-138	-11.0	-1 626	-10.4	2.3	3.8
Energy and lubricants	**21 138**	**92 777**	**20 906**	**66 255**	**-232**	**-1.1**	**-26 523**	**-28.6**	**44.0**	**18.1**
Crude oil	4 834	28 288	2 690	10 937	-2 145	-44.4	-17 351	-61.3	5.7	3.0
Gas oils and fuel oils	4 538	31 577	5 706	25 884	1 168	25.7	-5 693	-18.0	12.0	7.1
Oil gas and other hydrocarbons	3 338	19 215	3 433	13 169	95	2.9	-6 046	-31.5	7.2	3.6
Coal, coke ans similar solid fuels	7 938	6 179	7 815	6 018	-124	-1.6	-161	-2.6	16.5	1.6
Electrical energy	0	3 135	0	3 016	0	-	-119	-3.8	0.0	0.8
Other	490	4 384	1 262	7 231	772	157.7	2 847	64.9	2.7	2.0
Raw animal and vegeTable products	**1 757**	**11 834**	**1 798**	**11 440**	**41**	**2.3**	**-393**	**-3.3**	**3.8**	**3.1**
Crude soybean oil or unrefined	437	3 281	448	3 260	11	2.6	-22	-0.7	0.9	0.9
wood in the rough,squard or saws	719	2 871	746	2 766	27	3.8	-105	-3.7	1.6	0.8
Seeds, spores, and fruits ensemener	2	689	132	1 225	130	5 814.2	536	77.9	0.3	0.3
Inedible animal byproducts	13	577	15	622	2	15.0	45	7.7	0.0	0.2
Cotton	37	624	26	415	-11	-30.2	-209	-33.5	0.1	0.1
Other	550	3 792	431	3 153	-118	-21.5	-639	-16.8	0.9	0.9
Raw mineral products	**5 175**	**8 204**	**5 545**	**9 233**	**369**	**7.1**	**1 029**	**12.5**	**11.7**	**2.5**
Sulfur	4 377	5 701	4 526	6 564	149	3.4	863	15.1	9.5	1.8
Scrap, waste,scrao copper,iron, steel, and other minerals	421	1 351	582	1 511	161	38.3	160	11.8	1.2	0.4
Synthetic textile fibers	35	586	35	567	0	1.2	-19	-3.2	0.1	0.2
Sand,quartz, kaolin, and other clay	155	161	167	167	12	7.9	6	3.5	0.4	0.0
Synthetic rubber	4	89	5	106	1	16.7	17	19.5	0.0	0.0
Other raw products of mineral origin	183	316	230	319	46	25.3	3	0.8	0.5	0.1

Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Weight in thousands of tonnes, Value in millions of dirhams)

	2014*		2015**		Changes				Structure 2015 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Semi-finished products	**7 944**	**82 219**	**8 606**	**86 270**	**661**	**8.3**	**4 051**	**4.9**	**18.1**	**23.5**
Plastic materials	679	11 606	755	12 174	76	11.2	568	4.9	1.6	3.3
Chemical products	1 601	8 245	1 586	9 097	-14	-0.9	852	10.3	3.3	2.5
Fiber and cotton yarns	499	5 074	523	5 439	24	4.8	365	7.2	1.1	1.5
Wire, rods, and sections of iron or non-alloy steel	677	4 389	570	3 564	-107	-15.8	-824	-18.8	1.2	1.0
Semi-finished products of iron or non-alloy steel	581	2 665	954	3 581	374	64.3	916	34.4	2.0	1.0
Wire, rods and sections of copper	57	3 443	58	3 452	2	2.9	9	0.3	0.1	0.9
Ammonia	808	3 320	824	3 521	17	2.1	201	6.1	1.7	1.0
Flat rolled products of iron or non-alloy steel	304	2 798	409	3 391	105	34.6	593	21.2	0.9	0.9
Electronic devices (transistors)	1	2 270	1	2 182	0	-22.9	-88	-3.9	0.0	0.6
Pipe fittings and metallic construction	97	2 212	104	2 627	7	7.6	415	18.8	0.2	0.7
Natural and chemical fertilizers	639	2 293	738	2 626	100	15.6	333	14.5	1.6	0.7
Other	2 004	33 905	2 083	34 616	79	3.9	711	2.1	4.4	9.4
Agricultural finished capital goods	**37**	**2 042**	**38**	**2 166**	**0**	**1.1**	**125**	**6.1**	**0.1**	**0.6**
Cultivators and africultural tractors	18	1 140	18	1 170	-1	-4.0	31	2.7	0.0	0.3
Agricultural machines and tools	19	898	20	993	1	6.2	95	10.5	0.0	0.3
Other agricultural finished capital goods	0	4	0	3	0	-62.2	-1	-14.8	0.0	0.0
Industrial finished capital goods	**776**	**79 959**	**773**	**84 959**	**-3**	**-0.4**	**5 000**	**6.3**	**1.6**	**23.2**
Industrial vehicles	84	6 907	103	8 950	19	23.2	2 043	29.6	0.2	2.4
Machines and miscellaneous equipment	60	5 636	65	6 001	4	7.4	365	6.5	0.1	1.6
Electrical switch gear	27	7 415	30	7 138	2	8.7	-277	-3.7	0.1	1.9
Wires and cables for electricity	39	6 251	49	8 140	10	26.0	1 889	30.2	0.1	2.2
Piston engines, other engines and their parts	49	4 310	40	4 315	-9	-18.2	4	0.1	0.1	1.2
Parts and spare parts of industrial vehicules	85	4 999	44	2 912	-41	-48.2	-2 087	-41.7	0.1	0.8

Table A5.1 IMPORTS BY MAIN PRODUCTS (continued)

(Wheight in thousands of tonnes, Value in millions of dirhams)

	2014*		2015**		Changes				Structure 2015 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Information processing automatic machines and their parts	8	3 592	4	2 516	-4	-47.7	-1 076	-29.9	0.0	0.7
Pumps and compressors	21	2 322	16	1 747	-4	-21.2	-576	-24.8	0.0	0.5
Cushion and pneumatic tires	50	2 492	52	2 514	3	5.4	22	0.9	0.1	0.7
Sorting,crushing, grinding or agglomerating machines	18	986	16	819	-2	-9.8	-167	-17.0	0.0	0.2
Parts of planes and other air or space vehicules	2	2 479	2	3 187	0	10.9	707	28.5	0.0	0.9
Other	334	32 570	351	36 722	18	5.2	4 152	12.7	0.7	10.0
Finished consumer goods	**1 097**	**69 037**	**1 103**	**70 266**	**6**	**0.6**	**1 229**	**1.8**	**2.3**	**19.2**
Passenger cars	83	10 077	92	10 800	9	10.2	724	7.2	0.2	2.9
Spare parts	61	3 758	69	4 439	9	14.0	681	18.1	0.1	1.2
Pharmaceutical products	8	5 189	8	5 485	0	3.7	296	5.7	0.0	1.5
Textile fibers	46	5 992	47	5 825	1	1.7	-167	-2.8	0.1	1.6
Hosiery	48	3 880	50	3 872	2	3.5	-8	-0.2	0.1	1.1
Plastic articles	87	4 094	84	4 035	-3	-3.7	-59	-1.4	0.2	1.1
Textile fibers and cotton	24	2 719	24	2 635	0	-1.4	-84	-3.1	0.1	0.7
Telecommunications receivers	15	2 830	12	2 471	-3	-18.8	-359	-12.7	0.0	0.7
Seats, furniture, mattresses and li ghting articles(consumption)	84	2 654	87	2 859	3	3.4	205	7.7	0.2	0.8
Other	640	27 846	630	27 844	-10	-1.6	-2	0.0	1.3	7.6
Industrial gold	**0**	**260**	**0**	**90**	**0**	**-53.3**	**-169**	**-65.2**	**0.0**	**0.0**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

Table A5.2 EXPORTS BY MAIN PRODUCTS

(Wheight in thousands of tonnes, Value in millions of dirhams)

	2014*		2015**		Changes				Structure 2015 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
TOTAL	**25 747**	**200 808**	**24 626**	**215 111**	**-1 121**	**-4.4**	**14 303**	**7.1**	**100.0**	**100.0**
Foodstuffs beverages and tobacco	**2 649**	**35 755**	**2 803**	**39 886**	**153**	**5.8**	**4 130**	**11.6**	**11.4**	**18.5**
Canned fish	163	6 135	169	6 349	6	3.4	214	3.5	0.7	3.0
Crustaceans molluscs and shellfish	101	6 197	122	7 534	22	21.5	1337	21.6	0.5	3.5
Fresh tomato	485	4 040	417	4 273	-68	-14.0	233	5.8	1.7	2.0
Citrus fruits	519	3 146	559	3 529	40	7.7	384	12.2	2.3	1.6
Canned fruits and vegeTables	363	3 031	371	3 389	8	2.2	358	11.8	1.5	1.6
Other	1 018	13 206	1 164	14 811	146	14.3	1 605	12.2	4.7	6.9
Energy and lubricants	**920**	**6 549**	**540**	**3 177**	**-380**	**-41.3**	**-3 371**	**-51.5**	**2.2**	**1.5**
Petrleum oil and lubricants	618	5 168	467	2 927	-151	-24.5	-2 242	-43.4	1.9	1.4
Diesel oil and fuel oil	217	1 041	33	144	-184	-84.7	-898	-86.2	0.1	0.1
Paraffin and other oil derivates	82	314	31	91	-52	-62.7	-223	-71.0	0.1	0.0
Gasoline	3	25	2	11	-1	-40.7	-14	-55.8	0.0	0.0
Other energy products	0	0	7	5	7	72 404.5	5	6 310.8	0.0	0.0
Raw animal and vegeTable products	**207**	**3 481**	**264**	**4 783**	**57**	**27.5**	**1302**	**37.4**	**1.1**	**2.2**
Plants and their parts	39	638	40	750	2	3.9	111	17.4	0.2	0.3
Bowels and fish oil	40	652	53	989	13	32.5	337	51.6	0.2	0.5
crude or refined olive oil	22	419	34	856	12	53.6	438	104.5	0.1	0.4
Agar-agar	1	216	1	237	0	-2.1	21	9.8	0.0	0.1
Inedible animal sub-products	15	282	26	501	11	68.4	219	77.8	0.1	0.2
Other crude or refined vegeTable oils	1	221	10	375	9	748.9	154	69.6	0.0	0.2
Other	89	1 053	100	1 075	11	12.9	22	2.1	0.4	0.5
Raw mineral products	**11 644**	**14 034**	**11 398**	**15 935**	**-245**	**-2.1**	**1901**	**13.5**	**46.3**	**7.4**
Phosphates	8 738	8 203	8 525	9 979	-213	-2.4	1776	21.7	34.6	4.6
Zinc ore	129	1 928	87	1 743	-42	-32.4	-185	-9.6	0.4	0.8
Barium sulfate	1 170	1 151	1 067	1 189	-103	-8.8	38	3.3	4.3	0.6
Copper ore	86	830	123	1 041	37	42.9	211	25.4	0.5	0.5
Lead ore	48	562	49	573	1	2.7	11	2.0	0.2	0.3
Other	1 473	1 360	1 547	1 411	74	5.0	51	3.7	6.3	0.7

Table A5.2 EXPORTS BY MAIN PRODUCTS (continued)

Weight in million of tonnes / Value in millions dirhams)

	2014*		2015**		Changes				Structure 2015 in %	
					Weight		Value			
	Weight	Value	Weight	Value	Absolute	%	Absolute	%	Weight	Value
Semi-finished	**9 613**	**48 467**	**8 795**	**49 615**	**-818**	**-8.5**	**1 149**	**2.4**	**35.7**	**23.1**
Phosphate derivatives	6 895	30 074	6 387	34 325	-508	-7.4	4 250	14.1	25.9	16.0
Electronic devices (transistors)	2	4 198	2	3 895	0	-13.6	-303	-7.2	0.0	1.8
Oil residual products and ralated materials	505	3 574	227	1 133	-278	-55.1	-2 441	-68.3	0.9	0.5
Raw silver and semi-manufactured silver products	0	952	0	1 015	0	12.9	62	6.5	0.0	0.5
Flat-rolled products of iron or non-alloy steel	55	455	60	471	4	8.1	16	3.5	0.2	0.2
Other semi-finished	2 156	9 213	2 119	8 777	-37	-1.7	-436	-4.7	8.6	4.1
Agricultural finished capital goods	**1**	**60**	**1**	**63**	**0**	**-16.0**	**3**	**5.4**	**0.0**	**0.0**
Other agricultural finished capital goods	0	10	0	8	0	-52.3	-2	-17.1	0.0	0.0
agricultural machines and tools	0	2	0	3	0	-7.0	1	42.8	0.0	0.0
Motor cultivators and agricultural tractors	0	48	0	52	0	5.2	4	8.2	0.0	0.0
Industrial finished capital goods	**211**	**33 875**	**236**	**37 734**	**25**	**11.9**	**3 859**	**11.4**	**1.0**	**17.5**
Wires and cables for electricity	120	18 555	138	22 229	17	14.6	3 674	19.8	0.6	10.3
Electronic under-systems	12	4 980	13	4 810	2	13.2	-170	-3.4	0.1	2.2
Parts of aircrafts and other aerial or space vehicles	1	3 175	2	3 609	0	24.2	434	13.7	0.0	1.7
Industrial vehicls	22	1 694	19	1 510	-4	-17.6	-184	-10.9	0.1	0.7
Turbo-jets and turboprop aircraft parts thereof	0	30	**0**	**31**	0	40.9	1	1.7	0.0	0.0
Other	55	5 441	65	5 545	10	17.4	104	1.9	0.3	2.6
Finished consumer goods	**502**	**57 755**	**589**	**62 988**	**87**	**17.4**	**5 233**	**9.1**	**2.4**	**29.3**
Clothing	59	20 151	61	20 087	2	4.1	-65	-0.3	0.2	9.3
Passenger cars	205	17 850	267	22 593	62	30.1	4 743	26.6	1.1	10.5
Hosiery	46	7 379	44	6 965	-2	-4.7	-414	-5.6	0.2	3.2
Shoes	11	2 157	12	2 228	0	3.0	70	3.3	0.0	1.0
Blankets,linen and other made-up textile articles	9	2 028	11	2 477	2	25.8	450	22.2	0.0	1.2
Other consumer finished goods	171	8 190	194	8 638	23	13.3	448	5.5	0.8	4.0
Industrial gold	**0**	**832**	**0**	**929**	**0**	**-20.9**	**97**	**11.7**	**0.0**	**0.4**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Office

Table A5.3 GEOGRAPHICAL DISTRIBUTION OF FOREIGN TRADE

(In millions of dirhams)

	Imports CIF		Exports FOB		Balance	
	2014*	2015**	2014*	2015**	2014*	2015**
Total	**388 080**	**366 365**	**200 808**	**216 395**	**-187 272**	**-149 970**
EUROPE	**238 475**	**233 332**	**135 872**	**148 456**	**-102 603**	**-84 876**
European Union	**198 501**	**193 188**	**127 175**	**137 430**	**-71 326**	**-55 758**
Spain	52 192	46 393	41 404	43 660	-10 788	-2 733
France	51 765	50 979	43 894	48 782	-7 871	-2 197
Italy	19 299	20 027	8 593	9 522	-10 706	-10 505
Germany	20 108	21 267	5 722	5 564	-14 386	-15 703
Great Britain	6 981	7 994	5 998	6 006	-983	-1 988
Netherlands	7 846	6 784	5 557	6 652	-2 289	-132
Belgium-Luxembourg Economic Union	8 234	6 026	3 666	3 620	-4 568	-2 406
Other European countries	**39 974**	**40 144**	**8 697**	**11 026**	**-31 277**	**-29 118**
Russia	16 335	15 816	1 757	1 649	-14 578	-14 167
Turkey	14 096	15 491	4 593	6 658	-9 503	-8 832
ASIE	**82 002**	**70 902**	**23 292**	**24 922**	**-58 710**	**-45 980**
Middle East countries	**39 216**	**24 973**	**4 396**	**6 281**	**-34 820**	**-18 692**
Saudi Arabia	21 082	9 689	921	1 198	-20 160	-8 492
Other Asian coutries	**42 786**	**45 929**	**18 896**	**18 641**	**-23 890**	**-27 288**
China	29 496	30 764	2 273	2 375	-27 223	-28 389
Iraq	7 210	3 641	83	107	-7 127	-3 534
Japan	2 899	2 795	1 830	1 605	-1 069	-1 190
India	4 260	3 902	7 274	8 558	3 014	4 656
AMERICA	**44 382**	**41 440**	**19 657**	**18 157**	**-24 725**	**-23 283**
United States	26 970	23 780	7 188	7 612	-19 782	-16 168
Canada	2 923	3 879	1 349	2 009	-1 574	-1 870
Brazil	4 599	6 095	9 164	6 491	4 565	396
Other	9 890	7 686	1 956	2 045	-7 934	-5 641
AFRICA	**22 112**	**19 853**	**20 802**	**23 908**	**-1 310**	**4 055**
Maghreb-Arab Union countries	**13 086**	**9 583**	**4 531**	**5 238**	**-8 555**	**-4 345**
Algeria	11 164	7 694	1 770	1 922	-9 394	-5 772
Tunisia	1 730	1 848	885	1 066	-845	-782
Libya	185	35	306	667	121	632
Mauritania	7	6	1 570	1 583	1 563	1 577
Other	**9 026**	**10 270**	**16 271**	**18 670**	**7 245**	**8 400**
OCEANIA AND OTHER	**1 109**	**838**	**1 185**	**952**	**76**	**114**

(*) Revised
(**) Preliminary
Source : Foreign Exchange Control Office

TABLE A5.4 BALANCE OF PAYMENT

(In millions of dirhams)

	2015		
	Credit	Debit	Balance
CURRENT TRANSACTIONS ACCOUNT			
GOODS AND SERVICES	**319 846.5**	**396 991.2**	**-77 144.7**
GOODS	**180 452.3**	**319 685.7**	**-139 233.4**
General goods	180 000.0	319 602.3	-139 602.3
Net trade exports	135.3	-	135.3
Non-monetary gold	317.0	83.4	233.6
SERVICES	**139 394.2**	**77 305.5**	**62 088.7**
Manufacturing services performed on physical inputs detained by third parties	12 194.0	48.0	12 146.0
Maintenance and repairing services not included elsewhere	2 309.6	830.0	1 479.6
Transportation	26 899.2	29 511.0	-2 611.8
Sea transportation	7 960.4	20 199.7	-12 239.3
Air transportation	14 938.2	7 154.1	7 784.1
Other transportation	3 933.8	2 001.1	1 932.7
Postal and mail services	66.8	156.1	-89.3
Travel	**58 611.4**	**13 670.9**	**44 940.5**
Business travels	2 637.5	1 149.8	1 487.7
Personal travels	55 973.9	12 521.1	43 452.8
Construction	5 338.8	5 901.0	-562.2
Insurance and pension services	1 125.1	663.9	461.2
Financial services	619.8	1 418.1	-798.3
Fees for intellectual property usage, not included elsewhere	32.4	933.6	-901.2
Telecommunication, computer and information services	13 996.4	1 854.4	12 142.0
Other services to businesses	12 793.5	13 070.2	-276.7
Personal, cultural and leisure services	693.7	322.9	370.8
Goods and services of the general government, not included elsewhere	4 780.3	9 081.5	-4 301.2
PRIMARY INCOME	**5 107.4**	**23 519.9**	**-18 412.5**
Investment income	4 609.8	23 484.7	-18 874.9
Direct investments	2 709.8	13 873.8	-11 164.0
Portfolio investments	1.6	3 823.5	-3 821.9
Other investments	130.7	5 787.4	-5 656.7
Reserve assets	1 767.7	-	1 767.7
Other primary income	497.6	35.2	462.4
SECONDARY INCOME	**80 932.0**	**4 204.4**	**76 727.6**
Public	5 250.9	732.7	4 518.2
Private	75 681.1	3 471.7	72 209.4
CAPITAL ACCOUNT	**6.1**	**-**	**6.1**
Financing capacity (+) / need(-)			**-18 823.5**

Source : Foreign Exchange Office

TABLE A5.4 BALANCE OF PAYMENT (continued)

(In millions of dirhams)

	2015		
	Net asset purchases	Liability net increase	Balance
FINANCIAL ACCOUNT			
DIRECT INVESTMENTS	**6 337.0**	**30 878.0**	**-24 541.0**
Shares of investment funds	6 725.0	21 010.0	-14 285.0
Debt instruments	-388.0	9 868.0	-10 256.0
PORTFOLIO INVESTMENTS	**-1 464.0**	**11 431.0**	**-12 895.0**
FINANCIAL DERIVATIVES	**-2 439.6**	**-1 900.3**	**-539.3**
OTHER INVESTMENTS	**-148.4**	**16 958.8**	**-17 107.2**
Other equity	290.2	0.0	290.2
Currency and other deposits	3 201.2	-3 299.6	6 500.8
Loans	0.0	14 900.0	-14 900.0
Trade credits and other advances	-3 639.8	5 358.4	-8 998.2
RESERVE ASSETS	**42 378.7**	**0.0**	**42 378.7**
TOTAL CHANGE IN ASSETS/LIABILITIES	**44 663.7**	**57 367.5**	**-12 703.8**
Financing capacity (+) / need (–)			**-12 703.8**
Net errors and omissions			6 119.7

Source : Foreign Exchange Office.

TABLE A5.5 INTERNATIONAL INVESTMENT POSITION

(In millions of dirhams)

	2014			2015*		
	Asset	Liability	Balance	Asset	Liability	Balance
Direct investments	**37 860.7**	**462 903.9**	**-425 043.2**	**49 068.4**	**520 669.4**	**-471 601.0**
Equity and shares of investment funds	34 432.2	434 486.7	-400 054.5	41 168.2	444 065.0	-402 896.8
Direct investor in direct investment firms	34 432.2	434 486.7	-400 054.5	41 168.2	444 065.0	-402 896.8
Debt instruments	3 428.5	28 417.2	-24 988.7	7 900.2	76 604.4	-68 704.2
Direct investor's claims on direct investment firms	3 428.5	28 417.2	-24 988.7	3 950.1	38 302.2	-34 352.1
Portfolio investments	**10 916.1**	**95 797.1**	**-84 881.0**	**9 563.2**	**102 753.4**	**-93 190.2**
Equity and shares of investment funds	10 822.3	28 282.4	-17 460.1	9 546.3	25 698.0	-16 151.7
Deposit-taking institutions other than central bank	1 049.1	10 876.7	-9 827.6	5 844.2	10 779.9	-4 935.7
Other sectors	9 773.2	17 405.7	-7 632.5	3 702.1	14 918.1	-11 216.0
Other financial corporations	2 254.1	1 281.8	972.3	3 542.1	1 412.9	2 129.2
Nonfinancial corporations, households and NPISH	7 519.1	16 123.9	-8 604.8	160.0	13 505.2	-13 345.2
Debt securities	93.8	67 514.7	-67 420.9	16.9	77 055.4	-77 038.5
Deposit-taking institutions other than the central bank	93.8	2 712.7	-2 618.9	0.0	2 971.4	-2 971.4
General government	0.0	47 072.0	-47 072.0	0.0	46 188.0	-46 188.0
Other sectors	0.0	17 730.0	-17 730.0	16.9	27 896.0	-27 879.1
Other financial corporations	0.0	0.0	0.0	16.9	0.0	16.9
Nonfinancial corporations, households and NPISH	0.0	17 730.0	-17 730.0	0.0	27 896.0	-27 896.0
Financial derivatives (other than reserves) and employees stock-options	**886.3**	**1 214.2**	**-327.9**	**1 147.6**	**502.4**	**645.2**
Other investments	**50 363.9**	**335 861.9**	**-285 498.0**	**55 994.6**	**351 996.8**	**-296 002.2**
Other equity	988.1	0.0	988.1	1 285.5	0.0	1 285.5
Currency and other deposits	24 229.8	47 544.4	-23 314.6	32 336.9	44 156.2	-11 819.3
Central bank	0.0	3 738.7	-3 738.7	773.4	3 359.8	-2 586.4
Deposit-taking institutions other than the central bank	23 260.0	43 805.7	-20 545.7	29 551.7	40 796.4	-11 244.7
Other sectors	969.8	0.0	969.8	2 011.8	0.0	2 011.8
Other financial corporations	5.0	0.0	5.0	990.6	0.0	990.6
Nonfinancial corporations, households and NPISH	964.8	0.0	964.8	1 021.2	0.0	1 021.2
Loans	269.0	228 988.5	-228 719.5	374.2	248 126.2	-247 752.0
Deposit-taking institutions other than the central bank	269.0	4 921.4	-4 652.4	374.2	4 671.5	-4 297.3
General government	0.0	94 380.0	-94 380.0	0.0	94 976.0	-94 976.0
Other sectors	0.0	129 687.1	-129 687.1	0.0	148 478.7	-148 478.7
Other financial corporations	0.0	723.5	-723.5	0.0	1 152.7	-1 152.7
Nonfinancial corporations, households and NPISH	0.0	128 963.6	-128 963.6	0.0	147 326.0	-147 326.0
Trade credits and advances	24 877.0	51 974.0	-27 097.0	21 998.0	52 008.0	-30 010.0
Other sectors	24 877.0	51 974.0	-27 097.0	21 998.0	52 008.0	-30 010.0
Other financial corporations	24 877.0	51 974.0	-27 097.0	21 998.0	52 008.0	-30 010.0
Nonfinancial corporations, households and NPISH	0.0	7 355.0	-7 355.0	0.0	7 706.4	-7 706.4
Special drawing rights (allocations)	184 515.0	0.0	184 515.0	227 913.5	0.0	227 913.5
Reserve assets	**7 692.0**	**0.0**	**7 692.0**	**7 473.5**	**0.0**	**7 473.5**
Monetary gold	7 316.0	0.0	7 316.0	7 556.1	0.0	7 556.1
Special drawing rights	923.0	0.0	923.0	967.2	0.0	967.2
IMF reserve position	168 584.0	0.0	168 584.0	211 916.7	0.0	211 916.7
Other reserve assets	284 542.0	895 777.1	-611 235.1	343 687.3	975 922.0	-632 234.7
Total assets/liabilities	**284 542.0**	**895 777.1**	**-611 235.1**	**343 687.3**	**975 922.0**	**-632 234.7**

(*) Preliminary
Source : Foreign Exchange Office.

Table A6.1 TREASURY REVENUE AND EXPENDITURE

(In millions of dirhams)

	January - December 2014*		January - December 2015**		Changes in % Realization
	Realization	Implementa-tion rate of finance bill	Realization	Implemanta-tion rate of finance bill	
CURRENT REVENUE(1)	**234 944**	**101.2**	**233 716**	**97.3**	**-0.5**
Fiscal revenue	**198 186**	**96.8**	**205 788**	**98.5**	**3.8**
Direct taxes	77 593	100.6	80 760	98.8	4.1
Customs duties	7 738	100.2	7 715	106.1	-0.3
Indirect taxes(2)	97 276	92.5	100 637	95.9	3.5
Registration fees and stamp duties	15 579	106.3	16 676	112.1	7.0
Non-fiscal revenue	**33 587**	**136.8**	**24 981**	**88**	**-25.6**
State monopolies	9 781	90.2	8 956	94.1	-8.4
Miscellaneous revenues	23 806	173.7	16 025	85	-32.7
Receipts of certain special Treasury accounts	**3 171**	**105.1**	**2 947**	**98.2**	**-7.1**
EXPENDITURE	**286 030**	**100.8**	**282 091**	**98.2**	**-1.4**
Current expenditure	**231 723**	**96.5**	**223 547**	**94**	**-3.5**
Administrative expenses	152 259	97.2	159 700	97.2	4.9
Personnel expenses	101 505	97.9	102 669	97.3	1.1
Other goods and services	50 754	95.8	57 031	96.9	12.4
Interest on the public debt	24 788	103.6	27 289	102.7	10.1
Domestic	21 052	102.3	23 304	102.3	10.7
Foreign	3 736	111.6	3 985	105.3	6.7
Subsidization	32 648	93.3	13 977	61	-57.2
Transfers to local authorities	22 028	89.9	22 581	93.8	2.5
CURRENT BALANCE	**3 221**		**10 169**		
Capital expenditure	**54 307**	**124.2**	**58 544**	**118.9**	**7.8**
Special Treasury accounts balance	**5 396**	**105.8**	**5 630**	**112.6**	**4.3**
Budget deficit	**- 45 690**		**- 42 745**		
CHANGE IN ARREARS	**- 2 091**		**- 6 873**		
FINANCING REQUIREMENT	**- 47 781**		**- 49 618**		
NET FINANCING	**47 781**		**49 618**		
Foreign financing	**9 293**		**54**		
Foreign borrowing	17 685		8 422		
Amortization	- 8 392		- 8 369		
Domestic financing	**36 442**		**49 522**		
Privatization	**2046**		**43**		

(*) Revised
(**) Preliminary
(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

Table A6.2 TREASURY CURRENT REVENUE

(In millions of dirhams)

	January - December 2014*	January - December 2015**	Percentage change
FISCAL REVENUE	**198 186**	**205 788**	**3.8**
Direct taxes	**77 593**	**80 760**	**4.1**
Corporation tax	41 480	41 319	-0.4
Income tax	33 985	36 848	8.4
Other direct taxes	2 128	2 593	21.9
Customs duties	**7 738**	**7 715**	**-0.3**
Indirect taxes	**97 276**	**100 637**	**3.5**
Value added tax (V.A.T)	73 427	75 271	2.5
Domestic	26 999	29 501	9.3
Imports	46 428	45 770	-1.4
Domestic taxes on consumption	23 849	25 366	6.4
Petroleum products	13 918	15 312	10.0
Tobacco products	8 478	8 587	1.3
Other domestic taxes	1 453	1 467	1.0
Registration fees and stamp duties	**15 579**	**16 676**	**7.0**
NON-FISCAL REVENUE(1)	**33 587**	**24 981**	**-25.6**
Monopolies	9 781	8 956	-8.4
Miscellaneous revenues	23 806	16 025	-32.7
RECEIPTS OF CERTAIN SPECIAL TREASURY ACCOUNTS	**3 171**	**2 947**	**-7.1**
TOTAL CURRENT REVENUE	**234 944**	**233 716**	**-0.5**

(*) Revised
(**) Preliminary
(1) excluding privatization
Source : Ministry of Economy and Finance

TABLE A6.3 ESTIMATED GENERAL BUDGET

(In millions of dirhams)

	Finance Act 2013	Finance Act 2014	Finance Act 2015
CURRENT REVENUE (1)	**234 685**	**232 231**	**240 197**
Tax revenue	**203 486**	**204 686**	**208 819**
Direct taxes	77 546	77 167	81 750
Customs duties	9 099	7 721	7 272
Indirect taxes (2)	103 004	105 142	104 927
Registration fees and stamp duties	13 837	14 655	14 870
Non-tax revenue	**27 999**	**24 545**	**28 378**
State monopolies	12 600	10 841	9 517
Miscellaneous revenues	15 399	13 704	18 861
Receipts of certain special Treasury accounts	**3 200**	**3 000**	**3 000**
EXPENDITURE	**282 204**	**283 891**	**287 154**
Current expenditure	**234 733**	**240 150**	**237 919**
Administrative expenses	148 262	156 703	164 374
Personnel expenses	98 000	103 700	105 509
Interest on the public debt	22 399	23 935	26 560
Domestic	18 772	20 587	22 776
Foreign	3 627	3 347	3 784
Subsidization	40 000	35 000	22 900
Transfers to local authorities	24 072	24 512	24 084
CURRENT ACCOUNT BALANCE	**-48**	**-7 919**	**2 279**
Capital expenditure	**47 471**	**43 741**	**49 235**
Special Treasury accounts balance	4 000	5 100	5 000
BUDGET BALANCE	**-43 519**	**-46 561**	**-41 957**
CHANGE IN ARREARS	**10 000**	**-7 984**	**0**
FINANCING REQUIREMENT	**-33 519**	**-54 545**	**-41 957**
NET FINANCING	**33 519**	**54 545**	**49 445**
Foreign financing	**23 609**	**21 794**	**21 589**
Foreign borrowing	28 117	26 112	25 989
Amortization	-4 508	-4 318	-4 400
Domestic financing	**9 910**	**32 751**	**20 368**
Privatization	**0**	**0**	**0**

(1) Excluding privatization revenues
(2) Including the share of the VAT receipts paid to local authorities
Source : Ministry of Economy and Finance

TABLE A7.1 MAIN FOREIGN EXCHANGE RATES QUOTED BY THE BANK AL-MAGHRIB

- Transfer exchange rate -

End of period		2014		2015												
		Annual average	Dec.	Janv.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	Annual average
1 euro - EUR	Buying rate	11.143	10.937	10.786	10.768	10.670	10.855	10.784	10.856	10.818	10.878	10.866	10.809	10.628	10.747	10.821
	Selling rate		11.002	10.851	10.832	10.734	10.920	10.849	10.921	10.883	10.943	10.931	10.874	10.692	10.812	
1 dollar - USD	Buying rate	8.449	9.0154	9.5298	9.5917	9.9262	9.7233	9.8235	9.7228	9.7753	9.6909	9.7084	9.7883	10.0440	9.8760	9.796
	Selling rate		9.0695	9.5871	9.6494	9.9859	9.7820	9.8825	9.7812	9.8341	9.7491	9.7668	9.8471	10.1040	9.9354	
REER(*)		86.685	87.314		87.447			87.765			87.346			87.948		87.126
NEER(*)		101.738	101.841		101.450			100.640			101.832			102.678		101.650

(*) Quarterly data

Table A7.2 DEVELOPMENT OF THE EXCHANGE MARKET ACTIVITY

(In millions of dirhams)

Monthly totals	Annual average 2014	2015												Annual average 2015
		Janv.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	
Spot operations														
Currency-againt-currency sale/purchase operations with foreign correspondants	38 385.5	52 203.9	63 838.7	130 028.3	143 333.8	196 627.8	143 615.2	118 326.5	69 519.6	99 384.1	94 941.0	62 821.5	81 855.9	104 708.0
Interbank sale/purchase operations againts the dirham	10 996.8	13 309.6	10 373.6	12 237.5	8 769.1	10 148.2	9 441.0	12 632.9	8 305.1	8 457.0	10 039.7	10 785.5	19 677.3	11 181.4
Currency investments abroad	6 965.8	8 652.8	7 146.4	9 971.5	8 195.9	6 380.9	7 247.3	8 121.6	7 437.1	9 978.1	11 284.2	10 707.5	11 283.9	8 867.3
Currency sale by BAM to the banks	1 321.5	330.4	0.0	324.4	0.0	7.4	3.8	330.6	2.8	2.0	0.5	0.9	1 856.5	238.3
Forward operations														
Forward purchase of currency by banks customers (import coverage)	5 745.9	5 325.7	3 421.3	7 190.4	4 228.0	6 407.7	5 870.8	6 084.9	5 365.2	5 155.9	7 177.6	5 420.4	6 405.7	5 671.1
Forward sale of currency by banks customers (export cover)	2 684.1	2 696.0	2 021.5	3 046.8	3 270.2	2 484.3	2 247.0	2 292.6	2 699.0	1 747.3	2 653.9	4 481.1	3 172.1	2 734.3

Table A7.3 BANK LIQUIDITY DEVELOPMENTS

(In millions of dirhams)

Monthly totals	Dec. 2014 Change	Monthly Outstanding amounts 2015 (1)											
		Jan	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.
Notes and coins	-1 044	804	-1 878	201	1 072	1 345	1 964	4 187	5 340	3 739	- 269	- 2 223	-66
Treasury's net position (2)	494	798	- 674	239	- 470	- 376	- 26	- 312	1 749	-898	102	213	16
Bank Al-Maghrib net foreign exchange holdings	3 336	2 200	- 742	349	1 576	8 350	1 629	3 841	7 524	6 486	3 307	3 419	2 191
Other net factors	- 472	- 3 374	-1 345	-77	-693	2 345	53	26	- 2 471	930	1 234	-708	1 871
Bank's structural liquidity position(3)	4 403	- 1 179	- 883	310	- 658	8 973	- 307	- 632	1 463	2 779	4 912	5 147	4 144
Reserve requirement	26	53	26	21	-17	40	57	216	92	- 31	37	-52	-36
Surplus or liquidity requirement	4 376	- 1 232	- 908	290	- 641	8 933	- 364	- 848	1 371	2 810	4 875	5 199	4 180
Bank Al-Maghrib money market interventions	**- 3 400**	**- 2 180**	**980**	**750**	**- 1 250**	**- 6 050**	**- 450**	**1 790**	**- 2 540**	**- 3 750**	**- 3 390**	**- 5 860**	**- 2 750**
Facilities on Bank Al-Maghrib's initiative	- 3 750	- 1 830	980	750	- 1 250	- 6 050	- 450	1 250	- 2 000	- 3 750	- 3 850	- 5 400	- 2 750
7-days advance on call for tenders	- 2 250	450	1 550	750	- 1 250	- 6 050	- 450	1 250	- 2 000	- 3 750	- 1 850	- 4 900	- 2 750
Facilities on bank's initiative	350	-350	0	0	0	0	0	540	-540	0	460	-460	0

(1) Monthly oustanding amounts calculated on the basis of end-of-week averages

2) The Treasury's net position is the difference between, on the one hand, the total of advances granted to the Treasury and the treasury bonds - open market transactions held by Bank Al-Maghrib, and on the` other hand, the total of accounts of the Treasury and Hassan II Fund for economic and social development . As the new statutes of Bank Al-Maghrib restrictes financial assistance to the state to cash facilities, the TNP is particularity influenced by movements at the level of the Treasury's account and that of Hassan II fund for economic and social development

(3) Bank's structural liquidity position is the net effect of autonomous factors on bank treasuries It is calculated as follows :

BSLP = Net foreign assets of Bank Al-Maghrib + Treasury's net position + Other net factors - Notes and coins in circulation

TABLE A7.4 MONEY MARKET RATES IN 2015

(Percent per annum, monthly average)

	Bank Al-Maghrib's intervention rate				Interbank market rate	
	7-days advances	Liquidity withdrawals	24-hours advances	Deposit facility	Monthly average	Month end
January	2.50	2.00	3.50	1.50	2.51	2.54
February	2.50	2.00	3.50	1.50	2.51	2.52
March	2.50	2.00	3.50	1.50	2.51	2.51
April	2.50	2.00	3.50	1.50	2.50	2.52
May	2.50	2.00	3.50	1.50	2.52	2.50
June	2.50	2.00	3.50	1.50	2.50	2.50
July	2.50	2.00	3.50	1.50	2.51	2.52
August	2.50	2.00	3.50	1.50	2.51	2.50
September	2.50	2.00	3.50	1.50	2.50	2.56
October	2.50	2.00	3.50	1.50	2.51	2.52
November	2.50	2.00	3.50	1.50	2.53	2.50
December	2.50	2.00	3.50	1.50	2.51	2.54

TABLE A7.5 INTEREST RATES OF DEPOSITS WITH BANKS

(Percent per annum)

	2014		2015	
	January -June	July- December	January -June	July- December
Deposits with banks				
Current account	Unremunerate	Unremunerate	Unremunerate	Unremunerate
Savings accounts(1)	3.62	3.01	2.43	2.12
Other accounts	Free rate	Free rate	Free rate	Free rate
National Savings Fund books (2)	2.53	2.53	1.70	1.48

(1) Since january 2005,the minimum rate on savings books has been equal to the 52-week Treasury bills issued by tender during the previous half year minus 50 basis points.weight average rate on the 52-week tresury bills issued.

(2) The deposit rate on savings accounts of the National Savings Fund books is equal to the rate of 52-week Treasury bonds issued by auction, decreased by 50 basis points and multiplied by 0.7.

TABLE A7.6 DEPOSIT RATES IN 2015

(Percent per annum, monthly average)

	6-month deposits weighted average interest rate	12- month deposits weighted average interest rates	6 and 12-month deposits weighted average interest rate
January	3.65	3.89	3.78
February	3.70	3.83	3.77
March	3.58	3.84	3.73
April	3.50	3.89	3.68
May	3.57	3.80	3.69
June	3.72	3.80	3.75
July	3.54	3.82	3.70
August	3.58	3.78	3.68
September	3.57	3.63	3.61
October	3.46	3.71	3.59
November	3.47	3.69	3.59
December	3.44	3.94	3.79

Table A7.7 WEIGHTED AVERAGE RATES OF TREASURY BILLS ISSUED BY TENDER

(Percent per annum, monthly average)

Years		13-weeks bills	26-weeks bills	52-weeks bills	2-years bills	5-years bills	10-years bills	15-years bills	20-years bills	30-years bills
2014	January	3.35	3.55	3.79	4.26	4.93	5.64	5.94	-	-
	February	3.30	3.45	3.67	4.07	4.58	5.53	5.93	-	-
	March	3.25	3.34	3.44	3.77	4.36	5.21	5.75	5.96	-
	April	3.10	3.20	3.27	3.47	4.04	-	5.36	-	-
	May	3.08	3.15	3.29	3.23	3.87	4.54	4.93	5.72	-
	June	3.06	3.09	3.20	-	3.82	4.39	-	5.60	-
	July	3.03	-	3.14	-	3.82	-	-	-	-
	August	3.03	-	-	-	3.80	-	-	5.57	-
	September	2.85	-	3.14	-	3.79	-	-	5.56	-
	October	2.79	2.85	2.93	3.14	3.50	-	4.49	-	5.69
	November	2.75	2.78	2.83	2.99	3.26	3.86	4.22	4.60	-
	Décember	2.50	2.75	2.74	2.93	3.23	3.64	4.20	-	-
2015	January	2.49	2.49	2.55	2.61	3.00	3.39	3.95	4.35	5.00
	February	2.43	-	2.49	2.57	2.94	3.21	3.83	4.05	4.94
	March	2.53	2.50	2.54	-	3.00	-	-	-	5.00
	April	2.60	-	2.70	-	3.29	-	-	-	5.00
	May	2.53	2.60	2.70	2.91	3.27	-	4.08	-	5.01
	June	2.48	2.51	2.60	2.81	3.17	3.66	4.05	-	-
	July	2.50	-	2.56	2.67	3.14	3.17	4.05	4.45	5.00
	August	2.53	-	2.60	2.76	3.17	3.60	4.05	4.43	5.01
	September	2.51	-	2.63	2.80	3.20	4.07	4.07	-	-
	October	2.50	-	2.61	2.81	3.16	3.61	-	4.42	4.99
	November	2.50	2.55	2.61	2.79	3.15	3.61	4.06	4.41	5.00
	December	2.51	-	2.57	2.80	3.12	-	4.03	-	-

TABLE A7.8 INTEREST RATES OFFERED ON NEGOTIABLE INSTRUMENTS OF INDEBTEDNESS

(Percent per annum)

	2014	2015
Certificates of deposit		
Month of 32 days	3.60 at 4.05	0
32 days to 92 days	2.95 at 3.75	2.52 at 2.85
93 days to 182 days	2.95 at 4.10	2.60 at 3.5
183 days to 365 days	3.10 at 4.70	2.70 at 4.20
366 days to 2 years	3.00 at 4.50	2.95 at 3.75
More than 2 years up to 3 years	3.54 at 4.28	3.10 at 3.28
More than 3 years up to 5 years	3.70 at 5.53	3.48 at 3.80
More than 5 years up to 10 years	-	3.02 at 3.50
Financing companies bonds		
More than 2 years up to 3 years	3.53 at 4.16	3.31 at 3.57
More than 3 years up to 5 years	3.68 at 4.90	3.44 at 4.89
More than 5 years up to 10 years	-	-
Commercial paper		
Month of 32 days	3.10 at 6.50	3.00 at 4.80
32 days to 92 days	3.65 at 6.50	2.90 at 5.75
93 days to 182 days	3.40 at 6.50	2.90 at 5.75
183 days to 365 days	3.99 at 5.95	4.00 at 5.75
366 days to 2 years	3.10	-
More than2 years up to 3 years	-	-
More than 3 years up to 5 years	-	-
More than 5 years up to 10 years	-	-

(-) No emission.

TABLE A7.9 INTEREST RATES OF NOTES AND BONDS ISSUED ON THE BOND MARKET(1)

(Percent per annum)

	2014	2015
less than 3 years	5.87	5
5 years	4.00 - 6.38	3.97 - 5.67
7 years	4.16 - 5.40	3.40 - 4.42
8 years	4.76 - 5.55	-
10 years	3.55 - 5.64	3.23 - 5.30
15 years	4.32 - 6.17	4.45 - 4.97
20 years	6.45 - 6.58	4.80 - 5.34
25 years	-	4.89-4.99

(1) Min and Max
(-) No emission
Source : Maroclear

TABLE A7.10 LENDING RATES

(in percentage, monthly average)

Periods / rates	March-14	June-14	Sept-14	Dec-14	March-15	June-15	Sept-15	Dec-15
Global	**5.96**	**5.98**	**6.03**	**6.03**	**5.81**	**5.93**	**5.67**	**5.49**
By economic purpose								
Overdraft facilities	5.87	5.96	5.97	6.08	5.77	5.95	5.65	5.48
Equipment loans	6.08	5.44	6.01	5.42	5.11	5.04	5.35	4.76
Real-estate loans	6.01	5.94	5.94	6.05	5.98	5.92	5.68	5.76
Consumer loans	7.41	7.35	7.37	7.17	7.27	7.18	7.08	7.12
By agent								
Business	8.47	7.80	8.21	8.36	8.42	8.43	8.33	8.45
Individuals	6.37	6.31	6.34	6.20	6.28	6.14	6.11	6.14
Individual entrepreneurs	5.89	5.91	5.97	5.98	5.72	5.83	5.60	5.42

TABLE A7.11 MAXIMUM AGREED INTEREST RATE OF CREDIT INSTITUTIONS(1)

(in percentage)

Periods / rates	April 2012 - March-13	April 2013- March 2014	April 2014 - March 2015	April 2015 - March 2016
Maximum interest rate agreed	14.19	14.30	14.39	14.38

(1) The maximum conventional interest rate (TMIC) is calculated for the period from October 2006 to March 2007, based on interest rates for consumer loans in 2005, plus 200 basis points. Starting from 2007, it is revised annually on April 1 of each year, depending on variation recorded during the previous calendar year in the deposit rate on 6-month and 1-year deposits.

Table A 8.1 MAIN MONETARY INDICATORS

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
M1	660.6	647.4	645.9	652.0	652.4	659.1	669.0	676.7	681.9	685.3	679.8	682.3	706.9	2.7	5.0	7.0
M2	790.6	778.5	777.8	784.6	785.4	792.3	803.1	811.6	817.2	821.7	817.2	820.1	845.3	3.6	5.5	6.9
M3	**1 086.2**	**1 063.8**	**1 069.3**	**1 074.2**	**1 080.5**	**1 082.2**	**1 110.6**	**1 106.9**	**1 117.0**	**1 114.2**	**1 115.8**	**1 122.1**	**1 148.0**	**3.1**	**6.2**	**5.7**
LI	**479.4**	**479.9**	**488.7**	**490.4**	**497.3**	**489.6**	**504.2**	**524.7**	**515.7**	**525.5**	**524.7**	**527.7**	**545.2**	**7.2**	**17.5**	**13.7**
Currency in circulation	179.4	179.3	178.8	178.4	179.9	181.5	181.8	188.2	190.8	197.1	193.2	191.7	192.6	4.7	4.7	7.4
Banking depositsof monetary nature[(1)]																
Demand deposits wih banks	435.0	423.6	418.5	424.5	422.5	427.0	439.1	439.8	440.8	440.7	439.5	442.1	465.3	4.0	4.4	7.0
Time accounts and fixed-term bills	159.3	155.4	156.1	155.1	165.2	162.7	166.4	165.0	166.1	165.1	167.6	168.2	171.0	4.2	4.4	7.4
Money market UCITS	61.5	56.3	62.4	60.2	55.8	55.1	67.3	60.2	61.0	60.4	57.1	61.0	62.5	4.2	0.4	1.5
Net international reserves	**181.9**	**183.7**	**183.1**	**182.5**	**191.6**	**194.3**	**195.9**	**199.7**	**210.4**	**213.6**	**218.8**	**220.8**	**224.6**	**3.5**	**22.4**	**23.5**
Net claims on central government [(2)]	**143.7**	**146.9**	**147.7**	**152.7**	**153.0**	**154.6**	**152.2**	**152.5**	**154.2**	**157.5**	**153.5**	**156.0**	**148.0**	**19.0**	**-3.7**	**3.0**
Claims on the economy	**890.2**	**876.9**	**877.7**	**879.1**	**868.2**	**867.7**	**898.5**	**893.2**	**882.4**	**883.9**	**882.9**	**885.1**	**904.2**	**3.4**	**3.7**	**1.6**
Loans of other depository corprations	**775.7**	**765.5**	**766.6**	**771.1**	**759.8**	**759.5**	**783.8**	**779.7**	**770.7**	**772.9**	**770.5**	**772.9**	**791.3**	**3.8**	**2.5**	**2.0**
Banks loans	763.4	755.2	753.7	758.3	753.9	752.2	776.7	770.3	762.6	764.5	761.7	764.9	785.0	3.9	2.2	2.8
By economic purpose																
Real-estate loans	236.8	238.3	238.6	239.7	238.8	239.3	240.0	240.7	241.1	240.6	241.0	241.7	240.9	4.8	2.7	1.7
Overdraft facilities [(3)]	180.7	176.5	173.6	172.1	173.0	168.8	180.5	178.5	175.0	173.5	169.7	169.9	171.8	-5.6	3.1	-4.9
Equipment loans	145.8	144.2	144.3	145.6	142.7	142.8	144.0	142.9	141.8	142.7	142.5	144.2	146.0	1.5	4.6	0.1
Consumer loans	44.1	44.1	44.5	44.8	45.2	45.6	45.8	46.0	46.1	46.2	46.3	46.3	46.3	1.9	9.2	4.9
Miscellaneous claims	103.5	100.0	100.1	103.6	100.1	101.1	110.9	106.6	102.4	104.2	105.0	105.4	122.6	16.2	-12.1	18.4
Nonperforming loans	52.5	52.1	52.6	52.4	54.0	54.6	55.6	55.6	56.3	57.3	57.2	57.4	57.4	23.8	20.2	9.3
By economic sector																
Other financial corporations	93.0	89.1	89.8	94.1	91.5	91.7	104.0	99.2	94.2	95.4	96.7	97.7	111.3	19.3	-11.4	19.8
Public sector [(4)]	48.4	47.8	47.6	47.6	48.0	47.9	48.8	47.1	47.9	47.2	47.3	48.7	51.9	7.6	9.2	7.2
Private sector	622.0	618.3	616.3	616.6	614.4	612.6	623.9	624.0	620.5	622.0	617.8	618.5	621.8	1.3	4.1	0.0

(1) All deposits opened by money-holding sectors with the banking system except regulated deposits and guarantee deposits
(2) Central government
(3) Including debtor accounts
(4) Excluding the central government

Table A 8.2 MONETARY AGGREGATES

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
Currency in circulation[1]	**179.4**	**179.3**	**178.8**	**178.4**	**179.9**	**181.5**	**181.8**	**188.2**	**190.8**	**197.1**	**193.2**	**191.7**	**192.6**	**4.7**	**4.7**	**7.4**
Bank notes and coins in circulation	191.5	189.3	188.5	189.2	191.5	191.8	193.6	200.5	203.1	210.2	204.6	203.4	205.9	5.6	5.2	7.5
Banks' cash holdings	12.0	10.0	9.8	10.8	11.6	10.3	11.8	12.2	12.3	13.1	11.3	11.7	13.2	20.9	12.6	10.0
Bank money	**481.2**	**468.1**	**467.1**	**473.6**	**472.6**	**477.6**	**487.3**	**488.5**	**491.1**	**488.2**	**486.6**	**490.6**	**514.3**	**2.0**	**5.2**	**6.9**
Demand deposits with BAM	1.8	3.1	4.2	5.0	4.4	4.1	3.9	4.3	4.2	3.8	3.5	3.0	2.7	-3.9	-0.9	48.6
Demand deposits with banks	435.0	423.6	418.5	424.5	422.5	427.0	439.1	439.8	440.8	440.7	439.5	442.1	465.3	4.0	4.4	7.0
Demand deposits with the Treasury	44.4	41.4	44.5	44.1	45.7	46.4	44.3	44.4	46.2	43.7	43.6	45.5	46.2	-14.9	13.2	4.3
M1	**660.6**	**647.4**	**645.9**	**652.0**	**652.4**	**659.1**	**669.0**	**676.7**	**681.9**	**685.3**	**679.8**	**682.3**	**706.9**	**2.7**	**5.0**	**7.0**
Demand deposits	130.0	131.1	131.9	132.6	133.0	133.2	134.1	134.9	135.3	136.4	137.4	137.8	138.4	8.1	8.1	6.4
Comptes d'épargne auprès des banques	130.0	131.1	131.9	132.6	133.0	133.2	134.1	134.9	135.3	136.4	137.4	137.8	138.4	8.1	8.1	6.4
M2	**790.6**	**778.5**	**777.8**	**784.6**	**785.4**	**792.3**	**803.1**	**811.6**	**817.2**	**821.7**	**817.2**	**820.1**	**845.3**	**3.6**	**5.5**	**6.9**
Other monetary assets	295.6	285.3	291.5	289.6	295.0	290.0	307.4	295.3	299.9	292.6	298.6	302.0	302.7	1.8	8.1	2.4
Time accounts and fixed-term bills with banks	159.3	155.4	156.1	155.1	165.2	162.7	166.4	165.0	166.1	165.1	167.6	168.2	171.0	4.2	4.4	7.4
Money market UCITS	61.5	56.3	62.4	60.2	55.8	55.1	67.3	60.2	61.0	60.4	57.1	61.0	62.5	4.2	0.4	1.5
Deposits in foreign currencies [2]	35.0	35.1	34.0	36.3	35.4	34.6	35.7	35.5	37.5	35.8	41.3	40.2	39.3	-8.7	51.5	12.3
Securities sold under repurchase agreements	4.8	2.6	3.2	3.5	4.4	4.4	4.0	3.0	3.3	1.2	2.4	3.0	2.9	-38.8	-	-41.1
Certificates of deposit of a residual maturity of 2 years or less	23.2	23.4	23.3	22.4	23.5	22.8	22.3	20.9	20.4	20.1	19.5	18.6	18.5	-1.2	-20.8	-20.3
Time accounts with the treasury	5.5	5.8	5.4	5.1	5.4	4.6	5.0	4.6	5.1	4.9	6.0	6.0	6.0	20.5	58.8	10.0
Other deposits[3]	6.3	6.7	7.1	6.9	5.3	5.6	6.8	6.1	6.4	5.1	4.7	4.9	2.6	-16.8	-	-58.9
M3	**1 086.2**	**1 063.8**	**1 069.3**	**1 074.2**	**1 080.5**	**1 082.2**	**1 110.6**	**1 106.9**	**1 117.0**	**1 114.2**	**1 115.8**	**1 122.1**	**1 148.0**	**3.1**	**6.2**	**5.7**

(1) Currency in circulation = banknotes and coins in circulation - banks' cash holdings
(2) Demand and time deposits in foreign currencies with banks
(3) Loans made by banks from financial corporations

Table A 8.3 LIQUID INVESTMENT AGGREGATES

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
LI 1	**305.0**	**299.7**	**304.5**	**306.2**	**309.7**	**307.4**	**306.9**	**324.0**	**317.9**	**327.4**	**324.7**	**328.0**	**344.6**	**11.1**	**12.3**	**13.0**
Negotiable Treasury bonds	**296.1**	**291.4**	**296.4**	**297.6**	**300.9**	**298.0**	**297.1**	**313.7**	**308.2**	**317.3**	**313.4**	**317.5**	**334.6**	**13.0**	**11.0**	**13.0**
Other financial corporations	295.2	290.4	296.1	297.0	299.3	297.7	296.2	312.8	308.2	316.0	312.3	317.0	331.5	12.4	11.8	12.3
Nonfinancial corporations	0.9	1.0	0.4	0.6	1.6	0.4	0.9	1.0	0.1	1.2	1.1	0.5	3.1	-	-67.4	248.7
Bonds of finance companies	**5.2**	**4.8**	**4.7**	**5.1**	**5.3**	**5.9**	**6.8**	**7.0**	**6.9**	**7.1**	**7.9**	**7.5**	**7.0**	**-58.7**	**-**	**35.6**
Other financial corporations	5.2	4.8	4.7	5.1	5.3	5.9	6.8	7.0	6.9	7.1	7.9	7.5	7.0	-58.7	-	35.6
Commercial paper	**2.8**	**2.6**	**2.5**	**2.5**	**2.3**	**2.3**	**2.1**	**2.2**	**1.6**	**2.1**	**1.9**	**1.7**	**1.2**	**20.6**	**66.8**	**-58.3**
Other financial corporations	2.6	2.5	2.4	2.3	2.2	2.2	1.9	2.1	1.5	2.0	1.7	1.6	1.0	17.5	65.3	-61.5
Contractual UCITS	**1.0**	**0.9**	**0.9**	**1.1**	**1.1**	**1.2**	**1.0**	**1.1**	**1.1**	**1.1**	**1.5**	**1.4**	**1.8**	**-23.6**	**28.7**	**82.6**
Other financial corporations	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-54.4	7.1	-41.3
Nonfinancial corporations	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.8	0.7	1.5	32.9	94.8	232.0
Individuals and Moroccans living abroad	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.5	0.4	0.2	3.3	-5.6	-42.0
LI 2	**144.5**	**147.9**	**151.0**	**151.2**	**155.5**	**149.9**	**164.8**	**167.8**	**165.7**	**166.1**	**168.3**	**167.9**	**170.3**	**0.1**	**31.2**	**17.8**
Bond UCITS	**144.5**	**147.9**	**151.0**	**151.2**	**155.5**	**149.9**	**164.8**	**167.8**	**165.7**	**166.1**	**168.3**	**167.9**	**170.3**	**0.1**	**31.2**	**17.8**
Other financial corporations	103.8	106.3	108.5	108.6	111.7	107.6	108.5	111.3	109.9	110.1	111.6	111.3	122.1	-2.6	36.2	17.7
Nonfinancial corporations	24.8	25.4	26.0	26.0	26.7	25.8	40.6	40.9	40.3	40.4	41.0	40.9	32.7	6.4	23.9	31.7
Individuals and Moroccans living abroad	15.9	16.2	16.6	16.6	17.1	16.5	15.7	15.7	15.5	15.5	15.7	15.7	15.4	7.5	14.6	-2.8
LI 3	**30.0**	**32.2**	**33.2**	**33.0**	**32.1**	**32.3**	**32.4**	**32.8**	**32.1**	**31.9**	**31.7**	**31.7**	**30.3**	**0.9**	**13.1**	**1.3**
Equity UCITS and diversified UCITS	**30.0**	**32.2**	**33.2**	**33.0**	**32.1**	**32.3**	**32.4**	**32.8**	**32.1**	**31.9**	**31.7**	**31.7**	**30.3**	**0.9**	**13.1**	**1.3**
Other financial corporations	23.5	25.3	26.1	25.9	25.2	25.4	25.8	26.1	25.5	25.4	25.2	25.2	23.7	-1.1	4.2	0.7
Nonfinancial corporations	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1	1.2	-9.5	50.6	24.7
Individuals and Moroccans living abroad	5.5	5.9	6.1	6.1	5.9	5.9	5.5	5.6	5.5	5.5	5.5	5.5	5.5	21.1	67.7	-0.4
LI	**479.4**	**479.9**	**488.7**	**490.4**	**497.3**	**489.6**	**504.2**	**524.7**	**515.7**	**525.5**	**524.7**	**527.7**	**545.2**	**7.2**	**17.5**	**13.7**

Table A 8.4 M3 COUNTERPARTS

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
Claims on the economy	**890.2**	**876.9**	**877.7**	**879.1**	**868.2**	**867.7**	**898.5**	**893.2**	**882.4**	**883.9**	**882.9**	**885.1**	**904.2**	**3.4**	**3.7**	**1.6**
Claims of BAM	0.8	0.8	0.8	0.8	1.2	1.2	1.3	1.3	1.3	1.5	1.4	0.9	0.9	10.6	-9.8	16.7
Claims of ODC	889.4	876.0	876.9	878.3	867.0	866.5	897.3	891.9	881.1	882.4	881.5	884.1	903.2	3.4	3.7	1.6
Net claims on central govern-ment	**143.7**	**146.9**	**147.7**	**152.7**	**153.0**	**154.6**	**152.2**	**152.5**	**154.2**	**157.5**	**153.5**	**156.0**	**148.0**	**19.0**	**-3.7**	**3.0**
Net claims of BAM	-0.1	-2.9	-0.6	-2.0	-0.7	-1.3	-1.5	-1.5	-0.7	-0.5	-1.0	-0.6	-1.2	76.8	-	-
Net claims of ODC	143.8	149.8	148.3	154.6	153.6	155.9	153.7	154.0	154.9	158.1	154.5	156.6	149.2	18.8	-3.1	3.7
NIR	**181.9**	**183.7**	**183.1**	**182.5**	**191.6**	**194.3**	**195.9**	**199.7**	**210.4**	**213.6**	**218.8**	**220.8**	**224.6**	**3.5**	**22.4**	**23.5**
Non-monetary liabilities	**165.5**	**172.2**	**167.1**	**166.5**	**166.0**	**164.7**	**164.7**	**168.5**	**168.1**	**168.1**	**167.0**	**168.9**	**169.2**	**2.0**	**5.1**	**2.3**
DC capital and reserves	**124.0**	**127.1**	**125.5**	**125.5**	**126.6**	**124.8**	**122.6**	**123.8**	**125.2**	**125.4**	**127.4**	**126.7**	**127.7**	**5.6**	**2.7**	**2.9**
BAM	15.9	16.9	16.7	16.0	16.4	16.5	16.3	15.9	16.3	16.6	16.9	15.9	15.2	-11.7	-2.3	-4.2
ODC	108.1	110.2	108.8	109.5	110.2	108.4	106.2	107.9	108.9	108.8	110.5	110.7	112.4	8.9	3.5	4.0
DC non-monetary liabilities	**41.4**	**45.1**	**41.6**	**41.0**	**39.4**	**39.9**	**42.1**	**44.6**	**42.9**	**42.7**	**39.6**	**42.2**	**41.5**	**-8.2**	**12.9**	**0.2**
Deposits excluded from M3	7.6	6.4	6.6	6.9	6.5	6.5	6.9	8.4	7.2	7.0	6.1	6.5	6.7	-5.1	7.0	-12.0
Loans	9.3	9.3	8.3	8.5	8.2	8.3	8.3	8.3	6.8	6.9	6.9	7.2	7.2	7.1	11.8	-22.0
Securities other than equity exclud from M3	24.3	29.1	26.3	25.2	24.1	24.6	26.5	27.5	28.6	28.5	26.3	28.2	27.3	-14.1	15.5	12.7
Others liabilities	0.3	0.4	0.4	0.4	0.6	0.5	0.4	0.4	0.4	0.3	0.3	0.3	0.3	-6.2	7.6	-17.2
Others counterparts of M3	**35.9**	**28.7**	**27.9**	**26.3**	**33.6**	**30.4**	**28.6**	**30.0**	**38.1**	**27.3**	**27.7**	**29.1**	**40.5**	**-49.7**	**49.5**	**12.9**
Counterparts of deposits with the Treasury	49.8	47.2	49.8	49.2	51.1	51.1	49.3	49.0	51.2	48.7	49.7	51.5	52.3	-12.8	16.9	4.9
Others nets items	-8.2	-13.9	-16.0	-22.5	-18.5	-21.8	-22.4	-17.7	-16.3	-21.5	-22.2	-20.6	-13.5	-	-42.9	64.4
ODC net claims on nonresidents	0.1	1.1	-0.4	4.8	6.2	6.5	7.2	4.1	8.7	5.7	6.0	4.2	8.3	-	-	-
SDR allocations and other li-abilities	7.4	7.6	7.7	7.8	7.8	7.7	7.7	7.8	7.8	7.8	7.9	7.8	7.8	-3.4	4.5	4.8
Other external assets BAM (2)	1.6	1.9	2.2	2.6	2.6	2.3	2.3	2.3	2.3	2.2	2.0	1.8	1.2	-6.8	-64.0	-26.4
Total counterparts3)	**1 086.2**	**1 063.8**	**1 069.3**	**1 074.2**	**1 080.5**	**1 082.2**	**1 110.6**	**1 106.9**	**1 117.0**	**1 114.2**	**1 115.8**	**1 122.1**	**1 148.0**	**3.1**	**6.2**	**5.7**

(1) Composed of consolidation adjustments and the net balance of various elements
(2) BAM's foreign assets and liabilities excluded from the NIR.
(3) Total of counterparts = Net international reserves + net claims on central government + claims on the economy - non-monetary resources + other M3 counterparts.

Table A 8.5 net international reserves

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
Net international reserves(1)	**181.9**	**183.7**	**183.1**	**182.5**	**191.6**	**194.3**	**195.9**	**199.7**	**210.4**	**213.6**	**218.8**	**220.8**	**224.6**	**3.5**	**22.4**	**23.5**
Official reserve assets(2)	**185.6**	**187.8**	**186.9**	**186.1**	**197.0**	**199.3**	**200.8**	**204.9**	**214.8**	**217.9**	**223.1**	**224.9**	**227.9**	**5.9**	**19.5**	**22.8**
Monetary gold	7.7	8.6	8.2	8.3	8.3	8.3	8.1	7.5	7.8	7.8	8.0	7.6	7.5	-30.2	10.8	-2.8
Foreign curencies	2.6	4.8	6.5	8.5	5.3	2.7	2.7	5.3	11.0	7.1	6.2	5.0	4.0	-7.7	60.1	54.7
Deposits and securities included in official3)	167.1	166.0	163.7	160.7	174.7	179.6	181.3	183.5	187.6	194.6	200.3	203.7	208.0	9.5	17.0	24.5
Reserve position in the IMF	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-3.2	4.4	4.8
SDR holdings	7.3	7.5	7.6	7.7	7.7	7.7	7.7	7.6	7.5	7.5	7.5	7.6	7.6	-16.0	-	3.3
Short term foreign liabilities in foreign currencies(B)	**3.7**	**4.2**	**3.8**	**3.6**	**5.3**	**5.0**	**4.8**	**5.3**	**4.4**	**4.3**	**4.4**	**4.1**	**3.3**	**-**	**-44.6**	**-10.4**
Other foreign assets	**1.6**	**1.9**	**2.2**	**2.6**	**2.6**	**2.3**	**2.3**	**2.3**	**2.3**	**2.2**	**2.0**	**1.8**	**1.2**	**-6.8**	**-64.0**	**-26.4**
Other external liabilities	**7.4**	**7.6**	**7.7**	**7.8**	**7.8**	**7.7**	**7.7**	**7.8**	**7.8**	**7.8**	**7.9**	**7.8**	**7.8**	**-3.4**	**4.5**	**4.8**
Allocations of SDRs	7.4	7.6	7.6	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.7	7.8	7.7	-3.2	4.4	4.8
Net claims of other depositary corporations on non residents	**0.1**	**1.1**	**-0.4**	**4.8**	**6.2**	**6.5**	**7.2**	**4.1**	**8.7**	**5.7**	**6.0**	**4.2**	**8.3**	**-**	**-**	**-**
Claims on non residents	**31.3**	**32.3**	**31.7**	**34.9**	**37.2**	**34.8**	**33.8**	**33.8**	**36.0**	**33.3**	**33.0**	**33.6**	**38.1**	**-0.1**	**11.6**	**21.7**
Assets in foreign currencies	0.6	0.4	0.4	0.5	0.4	0.4	0.4	1.3	1.0	0.9	0.5	0.4	0.5	11.0	-14.4	-22.6
Deposits	9.4	11.0	10.5	13.5	15.5	14.0	12.6	11.5	14.0	9.8	10.3	10.9	14.0	-5.2	3.5	49.2
Loans	6.0	5.6	5.5	5.2	5.8	4.9	5.5	5.3	5.0	5.9	5.7	5.8	6.3	43.7	48.8	5.8
Securities other than equities	0.3	0.3	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.3	-80.7	-38.8	14.9
Shares and other equity	**14.9**	**14.8**	**14.9**	**15.1**	**14.9**	**15.0**	**14.8**	**15.3**	**15.4**	**16.2**	**16.1**	**16.0**	**16.8**	**9.3**	**9.5**	**12.9**
Other claims	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**	**-5.3**	**-14.3**	**7.3**
Liabilities to non residents	**31.2**	**31.2**	**32.1**	**30.1**	**31.0**	**28.3**	**26.6**	**29.7**	**27.3**	**27.5**	**27.0**	**29.4**	**29.8**	**16.5**	**5.6**	**-4.6**
Deposits	23.4	23.4	24.2	21.9	23.1	20.0	19.0	22.1	19.7	20.0	19.4	21.1	22.8	9.6	-0.4	-2.3
Loans (4)	3.7	3.5	3.7	3.7	3.7	3.7	3.3	3.3	3.2	3.3	3.3	4.0	3.5	1.7	-	-6.1
Money market UCITS	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	-21.2	-78.0	71.9
Other liabilities	3.9	4.1	4.1	4.3	4.1	4.5	4.1	4.1	4.1	4.1	4.1	4.1	3.1	-	4.1	-20.9

(1) Official reserve assets excluding BAM's short term liabilities towards non-residents.
(2) Foreign assets made at BAM's immediate disposal and under its effective control.
(3) As of May 2012, BAM carried out foreign currency investments in resident banks; their amounts was excluded from the official reserve assets.
(4) Financial and subordinated loans.

Table A 8.6 NET CLAIMS ON CENTRAL GOVERNMENT

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
DC net claims on central government	**143.7**	**146.9**	**147.7**	**152.7**	**153.0**	**154.6**	**152.2**	**152.5**	**154.2**	**157.5**	**153.5**	**156.0**	**148.0**	**19.0**	**-3.7**	**3.0**
Net claims of BAM	**-0.1**	**-2.9**	**-0.6**	**-2.0**	**-0.7**	**-1.3**	**-1.5**	**-1.5**	**-0.7**	**-0.5**	**-1.0**	**-0.6**	**-1.2**	**76.8**	**-**	**-**
Claims	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.6**	**4.6**	**4.9**	**5.0**	**5.0**	**5.0**	**4.8**	**9.9**	**-16.1**	**5.2**
Loans	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-9.5	-9.7	-
Other (1)	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.9	1.0	1.0	1.0	0.8	-	-45.5	44.8
Liabilities	**4.6**	**7.4**	**5.1**	**6.5**	**5.2**	**5.8**	**6.1**	**6.1**	**5.6**	**5.6**	**6.0**	**5.6**	**6.0**	**3.1**	**1.1**	**28.4**
Account of Hassan II Fund for Economic and Social Development	0.6	0.0	0.4	0.8	0.4	1.5	2.7	0.2	0.2	0.5	0.9	0.5	0.5	-56.6	-	-18.2
Treasury current account	2.1	4.4	2.4	3.6	2.7	2.2	1.4	3.5	3.5	3.2	2.9	3.0	3.3	-22.9	-4.3	54.7
Net claims of ODC	**143.8**	**149.8**	**148.3**	**154.6**	**153.6**	**155.9**	**153.7**	**154.0**	**154.9**	**158.1**	**154.5**	**156.6**	**149.2**	**18.8**	**-3.1**	**3.7**
Claims	**156.9**	**166.2**	**162.2**	**165.8**	**168.5**	**167.9**	**173.2**	**169.5**	**171.5**	**173.8**	**172.1**	**178.4**	**165.3**	**19.9**	**-4.4**	**5.4**
Loans	22.4	22.4	22.3	22.5	23.2	23.3	21.5	21.1	21.0	21.7	21.6	21.6	21.8	2.1	-11.8	-2.7
Portfolio of treasury Bills	127.9	138.9	136.7	139.4	141.5	140.5	146.7	143.3	145.7	146.3	144.6	150.7	137.6	25.7	-4.3	7.6
Banks	115.5	122.8	120.2	121.2	123.4	122.2	124.9	123.2	124.0	122.7	123.9	126.5	116.3	22.9	-0.2	0.7
Money market funds	12.3	16.1	16.5	18.3	18.0	18.3	21.8	20.1	21.7	23.6	20.7	24.2	21.3	47.9	-30.8	72.6
Other (1)	6.6	5.0	3.2	3.8	3.9	4.0	5.0	5.1	4.9	5.8	5.9	6.0	5.9	-10.9	28.0	-10.9
Liabilities (2)	**13.1**	**16.5**	**13.9**	**11.1**	**14.9**	**12.0**	**19.5**	**15.5**	**16.6**	**15.7**	**17.6**	**21.8**	**16.2**	**30.9**	**-16.4**	**23.8**
Conterparts of deposits with Treasury	**49.8**	**47.2**	**49.8**	**49.2**	**51.1**	**51.1**	**49.3**	**49.0**	**51.2**	**48.7**	**49.7**	**51.5**	**52.3**	**-12.8**	**16.9**	**4.9**

((1) Sums owed to the State. including down payments on income taxes and VAT recoverable
(2) Composed mainly of sums owed to the state as wellas pecial guarantee funds for guaranteeing loans granted.

Table A 8.7 CLAIMS ON THE ECONOMY

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Janv.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
Claims of DC	**890.2**	**876.9**	**877.7**	**879.1**	**868.2**	**867.7**	**898.5**	**893.2**	**882.4**	**883.9**	**882.9**	**885.1**	**904.2**	**3.4**	**3.7**	**1.6**
Claims of ODC	**889.4**	**876.0**	**876.9**	**878.3**	**867.0**	**866.5**	**897.3**	**891.9**	**881.1**	**882.4**	**881.5**	**884.1**	**903.2**	**3.4**	**3.7**	**1.6**
Loans of ODC	**775.7**	**765.5**	**766.6**	**771.1**	**759.8**	**759.5**	**783.8**	**779.7**	**770.7**	**772.9**	**770.5**	**772.9**	**791.3**	**3.8**	**2.5**	**2.0**
Bank loans	**763.4**	**755.2**	**753.7**	**758.3**	**753.9**	**752.2**	**776.7**	**770.3**	**762.6**	**764.5**	**761.7**	**764.9**	**785.0**	**3.9**	**2.2**	**2.8**
By economic purpose																
Cash advances (1)	180.7	176.5	173.6	172.1	173.0	168.8	180.5	178.5	175.0	173.5	169.7	169.9	171.8	-5.6	3.1	-4.9
Equipment loans	145.8	144.2	144.3	145.6	142.7	142.8	144.0	142.9	141.8	142.7	142.5	144.2	146.0	1.5	4.6	0.1
Real-estate loans	**236.8**	**238.3**	**238.6**	**239.7**	**238.8**	**239.3**	**240.0**	**240.7**	**241.1**	**240.6**	**241.0**	**241.7**	**240.9**	**4.8**	**2.7**	**1.7**
Home loans	170.1	170.5	171.4	172.5	173.3	174.3	175.1	175.6	176.2	176.7	177.3	178.4	179.5	6.3	6.2	5.5
Loans to real-estate developers	64.7	65.1	64.3	63.9	62.3	61.5	61.2	61.8	61.3	60.4	60.8	60.2	58.2	0.6	-5.6	-10.2
Consumer loans	**44.1**	**44.1**	**44.5**	**44.8**	**45.2**	**45.6**	**45.8**	**46.0**	**46.1**	**46.2**	**46.3**	**46.3**	**46.3**	**1.9**	**9.2**	**4.9**
Various claims on customers	**103.5**	**100.0**	**100.1**	**103.6**	**100.1**	**101.1**	**110.9**	**106.6**	**102.4**	**104.2**	**105.0**	**105.4**	**122.6**	**16.2**	**-12.1**	**18.4**
Non performing loans	**52.5**	**52.1**	**52.6**	**52.4**	**54.0**	**54.6**	**55.6**	**55.6**	**56.3**	**57.3**	**57.2**	**57.4**	**57.4**	**23.8**	**20.2**	**9.3**
By economic sector																
Other financial corpotayions	93.0	89.1	89.8	94.1	91.5	91.7	104.0	99.2	94.2	95.4	96.7	97.7	111.3	19.3	-11.4	19.8
Public sector	**48.4**	**47.8**	**47.6**	**47.6**	**48.0**	**47.9**	**48.8**	**47.1**	**47.9**	**47.2**	**47.3**	**48.7**	**51.9**	**7.6**	**9.2**	**7.2**
Local governments	13.3	13.2	13.3	13.4	12.7	12.8	13.2	13.3	13.4	13.4	13.5	13.6	14.1	6.4	7.7	6.6
Public nonfinancial corporation	35.1	34.6	34.2	34.3	35.3	35.1	35.5	33.9	34.5	33.8	33.8	35.2	37.7	8.1	9.8	7.4
Private sector	**622.0**	**618.3**	**616.3**	**616.6**	**614.4**	**612.6**	**623.9**	**624.0**	**620.5**	**622.0**	**617.8**	**618.5**	**621.8**	**1.3**	**4.1**	**0.0**
Private nonfinancial corporation	345.8	341.3	338.9	338.9	335.0	332.3	342.6	341.5	337.6	338.2	333.8	333.4	334.6	-3.5	3.5	-3.2
Other resident sectors	276.2	277.0	277.4	277.7	279.5	280.3	281.3	282.5	283.0	283.8	284.0	285.1	287.2	8.1	4.7	4.0
Securities	**88.9**	**86.2**	**86.1**	**82.7**	**82.6**	**82.5**	**87.4**	**87.0**	**85.1**	**83.7**	**84.9**	**85.1**	**84.7**	**-0.1**	**13.2**	**-4.7**
Securities other than shares	20.6	21.2	21.8	21.0	20.1	20.0	19.3	19.2	19.0	19.0	19.3	20.0	18.8	-5.1	-2.3	-8.7
Banks	9.3	9.4	9.7	9.7	9.1	9.4	8.9	9.4	9.4	9.2	9.9	10.5	8.7	-6.2	-9.5	-6.5
Money UCITS	11.3	11.8	12.0	11.3	10.9	10.6	10.5	9.8	9.6	9.7	9.4	9.5	10.1	-4.1	4.5	-10.6
Shares and other equity	68.3	65.0	64.4	61.7	62.6	62.6	68.1	67.8	66.0	64.7	65.6	65.1	65.9	2.0	19.0	-3.5
Banks	68.0	64.8	64.1	61.5	62.3	62.3	67.9	67.7	65.7	64.4	65.3	64.8	65.4	1.8	18.9	-3.9
Other (2)	**24.8**	**24.4**	**24.1**	**24.5**	**24.6**	**24.4**	**26.0**	**25.2**	**25.4**	**25.8**	**26.1**	**26.1**	**27.3**	**3.9**	**10.4**	**9.8**
Claims of BAM	**0.8**	**0.8**	**0.8**	**0.8**	**1.2**	**1.2**	**1.3**	**1.3**	**1.3**	**1.5**	**1.4**	**0.9**	**0.9**	**10.6**	**-9.8**	**16.7**
Loans	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	2.0	1.4	7.9

(1) Incliding debtor accounts
(2) Composed mainly by the counterparty of deposits with AL Barid-Bank

TABLE A 8.8 CROSS CLASSIFICATION OF BANK LOANS BY ECONOMIC PURPOSE AND BY INSTITUTIONAL SECTOR (1)

(In billions of dirhams)

	2014	2015												Annual change (%)		
		Jan.	Feb.	Mar	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec.	2013	2014	2015
Bank loans	**763.4**	**755.2**	**753.7**	**758.3**	**753.9**	**752.2**	**776.7**	**770.3**	**762.6**	**764.5**	**761.7**	**764.9**	**785.0**	**3.9**	**2.2**	**2.8**
Accounts receivable and cash advances	**180.7**	**176.5**	**173.6**	**172.1**	**173.0**	**168.8**	**180.5**	**178.5**	**175.0**	**173.5**	**169.7**	**169.9**	**171.8**	**-5.6**	**3.1**	**-4.9**
Other financial corporations	3.1	2.5	2.9	2.5	2.7	3.0	4.7	5.1	3.7	2.1	1.9	2.3	2.9	-	-22.5	-4.0
Public nonfinancial corporations	7.6	7.3	7.6	5.9	8.0	7.5	8.2	6.2	6.7	7.3	7.8	8.3	8.7	4.3	-3.6	14.8
Private nonfinancial corporations	150.5	147.1	144.6	144.8	143.7	140.1	149.9	149.3	146.3	145.4	141.2	140.5	140.8	-10.7	5.5	-6.4
Households	19.3	19.3	18.2	18.5	18.3	17.9	17.4	17.6	18.0	18.4	18.5	18.5	19.1	26.9	-6.4	-0.9
Equipmentloans	**145.8**	**144.2**	**144.3**	**145.6**	**142.7**	**142.8**	**144.0**	**142.9**	**141.8**	**142.7**	**142.5**	**144.2**	**146.0**	**1.5**	**4.6**	0.1
Local governments	13.3	13.2	13.3	13.4	12.7	12.8	13.2	13.3	13.4	13.4	13.5	13.6	14.1	6.4	7.7	6.6
Public nonfinancial corporations	25.6	25.0	25.0	26.1	24.9	25.2	25.5	25.9	26.0	25.1	25.1	26.2	26.2	1.8	36.4	2.5
Private nonfinancial corporations	94.1	93.1	93.1	93.5	92.3	92.4	92.2	91.1	89.8	91.6	91.2	91.4	91.1	-0.9	-1.6	-3.2
Real estate loans (2)	**236.8**	**238.3**	**238.6**	**239.7**	**238.8**	**239.3**	**240.0**	**240.7**	**241.1**	**240.6**	**241.0**	**241.7**	**240.9**	**4.8**	**2.7**	**1.7**
Private nonfinancial corporations	64.0	65.1	64.7	65.3	63.5	62.8	62.4	63.3	63.6	62.8	62.7	62.4	62.7	7.4	0.3	-2.1
Households	172.8	173.1	173.9	174.4	175.4	176.5	177.5	177.5	177.6	177.9	178.4	179.2	178.2	3.7	3.7	3.1
Housing loans	151.5	151.9	152.6	153.5	154.2	155.1	155.8	156.2	156.7	157.1	157.7	158.6	159.7	5.1	6.0	5.4
Loans to real estate developers	20.4	20.3	20.4	20.0	20.3	20.5	20.7	20.1	20.0	19.7	19.7	19.7	17.9	-3.2	-11.2	-12.2
Consumer loans	**44.1**	**44.1**	**44.5**	**44.8**	**45.2**	**45.6**	**45.8**	**46.0**	**46.1**	**46.2**	**46.3**	**46.3**	**46.3**	**1.9**	**9.2**	**4.9**
Sundry claims on customers	**103.5**	**100.0**	**100.1**	**103.6**	**100.1**	**101.1**	**110.9**	**106.6**	**102.4**	**104.2**	**105.0**	**105.4**	**122.6**	**16.2**	**-12.1**	**18.4**
Other financial corporations	89.2	85.9	86.2	90.9	88.1	88.1	98.6	93.4	89.8	92.6	94.1	94.7	107.7	17.2	-11.2	20.7
Public nonfinancial corporations	2.1	2.4	1.7	2.4	2.0	2.0	2.0	1.9	2.0	1.5	1.1	0.8	3.0	38.3	-61.4	43.9
Private nonfinancial corporations	7.4	6.9	6.9	5.5	5.2	6.3	6.2	6.4	6.0	5.4	5.2	5.4	6.0	-15.5	-7.6	-18.4
Pending claims	**52.5**	**52.1**	**52.6**	**52.4**	**54.0**	**54.6**	**55.6**	**55.6**	**56.3**	**57.3**	**57.2**	**57.4**	**57.4**	**23.8**	**20.2**	**9.3**
Other financial corporations	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	18.4	41.5	-1.3
Private nonfinancial corporations	29.3	28.5	29.0	29.2	29.7	30.1	31.3	31.0	31.3	32.4	33.0	33.1	33.6	14.8	25.1	14.6
Households	22.5	22.9	22.9	22.5	23.1	23.3	23.5	23.9	24.2	24.1	23.5	23.6	23.2	36.4	13.6	2.8

(1) Some gaps may be observed between the total of certain loan categories and their breakdown by institutional sector.These gaps are due to the lack of detailed-enough information on loans granted by banks to public nonfinancial corporations and to central governments bodies.

(2) Since 2007, the growth in real estate development loans has been partly amplified by the reclassifications carried out by banks,at the request of Bank Al-Maghrib,wherebyadvances granted to real estate developers were included in real estate development loans,after they were originally included in cash advances.

Table A 8.9 POSITION OF OFCS TOWARDS CENTRAL GOVERNMENT

(In billions of dirhams)

	2012	2013		2014				2015				Annual change (%)		
	Dec.	June	Dec.	Mar	June	Sept.	Dec.	Mar	June	Sept.	Dec.	2013	2014	2015
OFCs claims on central government	**129.9**	**138.2**	**147.7**	**163.0**	**164.0**	**161.8**	**177.3**	**186.6**	**183.5**	**193.1**	**205.6**	**13.7**	**20.0**	**16.0**
Securities issued by central government and held by OFCs	**125.3**	**133.7**	**142.8**	**158.8**	**160.1**	**157.0**	**172.0**	**181.8**	**179.3**	**188.4**	**200.8**	**14.0**	**20.4**	**16.7**
Caisse de Dépôts et de Gestion	26.9	28.5	30.9	31.6	30.5	29.7	29.6	28.4	29.5	30.0	30.3	14.8	-4.1	2.3
Non-monetary mutuals funds	76.5	81.8	83.4	98.5	101.2	99.0	111.0	123.0	118.0	125.6	137.5	9.0	33.1	23.9
Bond funds	72.9	77.0	78.9	94.0	95.9	93.6	105.6	116.9	111.4	118.8	130.8	8.2	33.8	23.8
Diversified funds	2.2	2.5	3.1	3.1	4.1	4.0	4.2	4.9	5.2	5.4	5.2	43.3	34.1	23.7
Insurance and reinsurance companies	11.3	12.7	15.5	15.4	15.3	15.3	18.7	18.4	18.2	19.2	19.2	36.3	20.8	2.9
Pension fund **(1)**	9.9	9.9	11.9	11.9	11.9	11.9	11.4	11.4	12.4	12.4	12.4	19.7	-4.5	9.5
Other claims(2)	**4.6**	**4.5**	**4.9**	**4.2**	**3.9**	**4.7**	**5.3**	**4.8**	**4.2**	**4.7**	**4.8**	**7.3**	**7.6**	**-9.7**
Insurance and reinsurance companies	1.8	1.1	1.9	1.7	1.4	1.7	2.0	1.8	1.6	1.9	1.9	6.8	2.9	-5.4
Caisse de Dépôts et de Gestion	0.7	1.5	1.1	0.8	0.9	1.3	1.4	1.3	0.7	0.9	1.0	70.0	24.8	-28.6
Finance companies	2.1	1.9	1.8	1.7	1.6	1.6	1.9	1.7	1.8	1.9	1.8	-13.6	3.0	-1.2
Off-shore banks	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.0	0.1	0.1	0.1	95.8	-23.4	39.6
OFCs liabilities towards central government	**7.4**	**7.2**	**8.4**	**6.7**	**7.6**	**6.8**	**7.4**	**6.6**	**6.7**	**7.0**	**7.5**	**12.8**	**-11.3**	**0.3**
Deposits with the Deposit and management fund	2.3	2.9	3.0	2.5	3.2	2.6	2.5	2.3	2.4	2.3	2.4	32.7	-15.5	-4.2
Other liabilities (3)	5.2	4.3	5.4	4.2	4.5	4.2	4.9	4.2	4.3	4.6	5.0	4.0	-8.9	2.6
Caisse de Dépôts et de Gestion	2.3	1.9	2.2	2.1	1.9	2.1	2.2	2.2	2.2	2.3	2.3	-0.9	-0.9	3.4
Finance companies	1.7	1.8	1.9	2.0	1.9	1.9	2.0	2.0	2.0	2.2	2.0	13.9	4.1	-0.1
Off-shore banks	1.2	0.6	1.2	0.1	0.6	0.1	0.6	0.0	0.0	0.0	0.6	-2.4	-47.5	6.2

(1) Those belonging to the financial sector,namely caisse Interprofessionnelle Marocaine de retraite and cassie Nationale de Retraittes et d 'Assurance.

(2) Amounts due by the state as deposits for income taxes and recoverable value added.

(3) Amounts due to the state and to the insurance solidarity fund.

Table A 8.10 POSITION OF OTHER FINANCIAL CORPORATIONS TOWARDS HOUSEHOLDS

(In billions of dirhams)

	2012	2013		2014				2015				Annual change (%)		
	Dec	June	Dec	Mar	June	Sept.	Dec	Mar	June	Sept.	Dec	2013	2014	2015
OFCs claims on households	**57.0**	**58.5**	**58.0**	**59.1**	**60.2**	**56.4**	**56.0**	**57.3**	**56.7**	**57.3**	**58.7**	**1.8**	**-3.5**	**4.8**
Loans granted by finance companies	**48.6**	**48.8**	**48.8**	**48.7**	**49.5**	**45.6**	**45.7**	**45.4**	**45.6**	**45.5**	**46.9**	**0.4**	**-6.4**	**2.7**
Consumer loans	30.6	30.9	30.8	30.4	30.7	26.9	26.6	26.2	26.4	26.6	26.9	0.5	-13.7	1.2
Leasing	9.5	9.5	9.6	9.4	9.9	9.9	10.1	10.0	10.0	10.3	10.6	1.1	5.5	5.0
Loans granted by microcredits associations	**4.6**	**4.9**	**4.9**	**5.3**	**5.3**	**5.5**	**5.5**	**5.6**	**5.8**	**6.0**	**5.9**	**6.0**	**11.1**	**8.6**
Loans to micro bisiness	4.0	4.2	4.4	4.4	4.7	4.8	4.9	5.0	5.2	5.2	5.3	9.3	12.5	8.7
Housing loans	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-7.1	7.7	4.8
Advances and settlement accounts of insurance companies(1)	**3.6**	**4.1**	**4.1**	**4.3**	**4.6**	**4.6**	**4.6**	**4.7**	**4.9**	**4.9**	**4.9**	**13.7**	**12.7**	**8.2**
Advances and settlement accounts of pension funds(2)	**0.0**	**0.5**	**0.1**	**0.6**	**0.6**	**0.6**	**0.1**	**1.5**	**0.2**	**0.7**	**0.7**	**-**	**9.5**	**-**
OFCs liabilities to households	**173.0**	**179.3**	**186.7**	**190.2**	**194.0**	**201.9**	**210.3**	**214.0**	**216.6**	**220.4**	**220.3**	**7.9**	**12.6**	**4.8**
Insurance technical provisions	**101.0**	**105.0**	**105.8**	**108.0**	**110.2**	**111.1**	**111.9**	**114.2**	**116.6**	**119.7**	**119.7**	**4.7**	**5.8**	**7.0**
Life insurance	52.3	53.6	54.8	55.8	56.7	57.9	59.1	60.2	61.4	63.0	63.0	4.9	7.8	6.6
Non-life insurance	48.8	51.4	50.9	52.3	53.6	53.2	52.7	54.0	55.2	56.7	56.7	4.5	3.5	7.5
Technical provisions of pension funds	**40.6**	**40.6**	**44.7**	**44.7**	**44.7**	**44.7**	**50.0**	**50.0**	**51.6**	**51.6**	**51.6**	**10.0**	**12.0**	**3.1**
pension	38.8	38.8	42.8	42.8	42.8	42.8	48.1	48.1	51.5	51.5	51.5	10.3	12.3	7.0
Annuities	1.7	1.7	1.8	1.8	1.8	1.8	1.9	1.9	0.1	0.1	0.1	4.4	4.2	-95.9
Securities issued by non-money market funds	**15.9**	**15.8**	**17.4**	**18.6**	**20.0**	**21.8**	**21.6**	**23.0**	**21.6**	**21.3**	**21.0**	**9.7**	**24.2**	**-2.7**
Bond funds	12.9	12.8	13.9	15.1	16.2	17.8	15.9	16.6	15.7	15.5	15.4	7.5	14.6	-2.8
Equity funds	1.9	1.9	2.4	2.4	2.4	2.6	3.5	3.8	3.3	3.2	3.0	28.1	45.1	-13.8
Diversified funds	0.8	0.8	0.9	0.9	1.1	1.1	2.0	2.3	2.3	2.3	2.5	5.4	-	22.6
Contractual funds	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	3.3	-5.6	-42.0
Other liabilities	**15.6**	**17.9**	**18.9**	**18.9**	**19.2**	**24.4**	**26.8**	**26.8**	**26.9**	**27.9**	**28.0**	**21.2**	**41.7**	**4.8**
Guarantee deposits with finance companies	**4.5**	**4.5**	**4.6**	**4.6**	**4.8**	**5.0**	**5.3**	**5.2**	**5.2**	**5.5**	**5.9**	**3.2**	**15.8**	**10.6**
Regulated deposits with the Deposit and management fund(3)	**9.6**	**11.6**	**12.5**	**12.3**	**12.4**	**17.3**	**19.5**	**19.5**	**19.7**	**20.4**	**20.1**	**29.9**	**56.1**	**3.2**

(1) Composed mainly of third-party funds of notaries and bar associations as well as consignment deposits
(2) those belonging to the financial sector,namely caisse Interprofessionnelle Marocaine de retraite and cassie Nationale de Retraittes et d 'Assurance.
(3) Composed mainly of third-party funds of notaries and bar associations as well as consignment deposits

Table A 8.11 POSITION OF OTHER FINANCIAL CORPORATIONS TOWARDS NONFINANCIAL CORPORATIONS

(In billions of dirhams)

	2013	2014				2015				Annual change (%)		
	Dec.	Mar	June	Sept.	Dec.	Mar	June	Sept.	Dec.	2013	2014	2015
OFCs claims on private nonfinancial corporations	**140.3**	**146.3**	**145.4**	**147.1**	**145.3**	**150.8**	**149.0**	**145.9**	**150.1**	**-1.8**	**3.6**	**3.3**
Loans	**66.6**	**66.4**	**68.5**	**67.2**	**68.7**	**67.8**	**68.0**	**66.1**	**70.8**	**1.2**	**3.1**	**3.1**
Finance companies	**48.4**	**49.4**	**49.0**	**49.5**	**50.5**	**49.6**	**50.4**	**49.7**	**51.1**	**0.3**	**4.3**	**1.2**
Factoring loans	4.6	5.8	5.5	6.3	6.0	5.6	6.0	5.5	5.6	-3.6	30.5	-6.2
Leasing	40.5	39.9	39.6	39.2	40.7	40.3	40.6	40.5	41.6	0.4	0.3	2.2
Offshore banks	**13.3**	**12.4**	**14.3**	**12.2**	**12.4**	**11.7**	**10.5**	**9.0**	**10.7**	**-2.4**	**-6.5**	**-13.6**
Cash advances	8.1	7.7	10.0	7.9	8.7	8.2	7.2	5.9	7.7	3.3	6.8	-11.5
Equipment loans	3.9	4.2	3.8	3.9	3.4	3.1	2.9	2.9	2.8	-11.8	-14.5	-16.7
Caisse de Dépôts et de Gestion	**4.2**	**3.8**	**4.5**	**4.8**	**5.0**	**5.7**	**6.3**	**6.7**	**8.2**	**30.0**	**20.0**	**64.8**
Cash advances	2.7	2.2	2.3	2.4	2.6	2.4	2.9	3.1	4.6	21.4	-3.5	79.4
Equipment loans	1.5	1.5	2.2	2.4	2.4	3.3	3.5	3.5	3.6	49.4	62.1	49.4
Securities held by OFCs	**68.9**	**74.8**	**71.3**	**74.5**	**71.5**	**77.5**	**75.0**	**73.9**	**73.5**	**-5.2**	**3.7**	**2.8**
Securities other than shares	**23.7**	**25.9**	**23.0**	**24.0**	**22.4**	**26.2**	**22.4**	**22.7**	**22.3**	**-3.1**	**-5.4**	**-0.3**
Non-money market UCITS	13.7	16.1	13.3	14.2	13.1	16.9	14.3	14.2	13.9	-0.4	-4.6	6.3
Bond funds	12.9	15.2	12.2	13.1	11.9	15.6	12.8	12.8	12.5	2.0	-7.9	4.7
Insurance and reinsurance companies	6.9	7.0	7.0	7.1	6.1	6.0	6.0	6.3	6.3	-19.2	-12.3	4.3
Caisse de Dépôts et de Gestion	1.8	1.7	1.5	1.6	1.6	1.6	1.6	1.6	1.5	0.8	-7.3	-5.9
Pension fund(1)	1.1	1.1	1.1	1.1	1.6	1.6	0.6	0.6	0.6	-	39.4	-65.6
Shares	**45.3**	**48.9**	**48.4**	**50.5**	**49.1**	**51.3**	**52.6**	**51.2**	**51.1**	**-6.2**	**8.4**	**4.2**
Insurance and reinsurance companies	20.0	20.4	20.7	20.8	20.4	21.6	22.8	22.4	22.4	-13.8	1.9	9.9
Non-money market UCITS	10.5	11.8	11.6	12.6	12.4	13.4	12.8	11.9	11.4	-11.7	17.7	-8.4
Equity funds	8.7	9.6	9.4	10.3	10.1	10.9	10.3	9.6	9.2	-5.5	16.3	-8.7
Diversified funds	1.4	1.6	1.6	1.7	1.7	1.9	1.8	1.8	1.7	-11.8	28.9	-4.4
Pension fund(1)	8.7	8.7	8.7	8.7	9.2	9.2	9.2	9.2	9.2	8.0	5.8	0.1
Caisse de Dépôts et de Gestion	5.7	6.0	5.9	6.4	6.4	6.8	6.9	6.8	7.5	36.7	11.7	17.3
Other claims	**4.8**	**5.2**	**5.6**	**5.3**	**5.2**	**5.5**	**6.0**	**5.8**	**5.8**	**9.2**	**8.3**	**12.6**
Inssurance companie's settlement accounts(2)	3.5	3.9	4.3	4.0	3.7	4.1	4.4	4.3	4.3	13.0	6.4	15.1
Pension fund	1.3	1.3	1.3	1.3	1.5	1.5	1.6	1.6	1.6	0.2	13.4	6.2
Claims of OFCs on public nonfinancial corporations	**15.6**	**17.2**	**18.6**	**17.7**	**17.7**	**18.3**	**18.2**	**18.7**	**18.6**	**16.0**	**13.4**	**5.3**
Securities other than shares	**14.4**	**15.5**	**16.8**	**16.4**	**15.6**	**16.1**	**15.9**	**16.5**	**16.4**	**17.9**	**7.9**	**5.2**
Non-money market UCITS	7.8	8.9	10.1	9.7	9.7	10.1	9.8	10.2	10.2	1.6	23.5	4.9
Bond funds	7.2	8.3	9.4	9.0	9.1	9.5	9.1	9.5	9.4	4.3	25.4	3.7
Insurance and reinsurance companies	4.8	4.8	4.9	4.9	4.4	4.5	4.5	4.7	4.7	63.8	-8.5	6.3
Liabilities of OFCs to private non financial corporations	**27.7**	**29.8**	**32.9**	**32.5**	**34.9**	**35.4**	**49.9**	**51.5**	**43.9**	**5.0**	**26.2**	**25.8**
Securities issued by non-money market funds	**20.9**	**22.4**	**24.1**	**25.3**	**26.2**	**27.5**	**42.2**	**42.1**	**35.3**	**6.1**	**25.5**	**34.8**
Bond funds	20.0	21.6	23.2	24.4	24.8	26.0	40.6	40.4	32.7	6.4	23.9	31.7
Equity UCITS	0.4	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.6	-9.4	26.6	22.2
Diversified UCITS	0.3	0.3	0.3	0.3	0.5	0.5	0.5	0.5	0.6	-9.6	82.9	27.2
Contractual UCITS	0.2	0.2	0.2	0.2	0.4	0.5	0.6	0.6	1.5	32.9	94.8	232.0
Insurance technical provisions	**3.1**	**3.1**	**3.2**	**3.2**	**3.2**	**3.2**	**3.3**	**3.4**	**3.4**	**4.5**	**3.6**	**7.3**
Deposits	**3.6**	**4.1**	**5.6**	**3.9**	**5.4**	**4.6**	**4.2**	**5.9**	**5.1**	**-0.2**	**49.3**	**-6.6**
Factoring accounts with finance companies	**0.9**	**1.5**	**1.2**	**1.1**	**1.2**	**1.0**	**1.2**	**1.4**	**1.2**	**-6.0**	**38.1**	**0.9**
Guarantee deposits with finance companies	**0.4**	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**	**0.4**	**0.4**	**0.6**	**24.6**	**-11.3**	**71.0**
Foreign-currency-denomited with off-shore banks	**1.8**	**1.8**	**3.2**	**1.9**	**3.1**	**2.7**	**2.2**	**3.6**	**2.6**	**15.4**	**74.6**	**-17.5**
Liabilities of OFCs to public nonfinancial corporations	**3.6**	**3.6**	**3.7**	**3.7**	**3.7**	**3.8**	**3.9**	**4.0**	**4.0**	**6.0**	**2.4**	**8.2**
Insurance technical provisions	3.1	3.1	3.2	3.2	3.2	3.2	3.3	3.4	3.4	4.5	3.6	7.3

(1) Those belonging to the financial sector,namely caisse Interprofessionnelle Marocaine de retraite and cassie Nationale de Retraittes et d 'Assurance.
(2) Composed primarily of receivable, unpaid or pre-doubtful premiums and returned receipts

Table A 8.12 BALANCE SHEET OF OTHER FINANCIAL CORPORATIONS

(In billions of dirhams)

	2013	2014				2015				Annual change (%)		
	Dec	Mar	June	Sept.	Dec	Mar	June	Sept.	Dec	2013	2014	2015
Finance companies												
Assets	**105.3**	**106.0**	**106.3**	**105.8**	**106.8**	**106.0**	**107.1**	**108.2**	**110.2**	**-0.4**	**1.5**	**3.2**
Claims on depository corporations	1.8	1.8	1.7	1.4	1.3	1.2	1.7	3.0	2.6	-19.3	-24.4	92.4
Loans	97.6	98.6	98.8	97.9	99.3	98.2	99.2	98.6	101.1	0.0	1.8	1.8
Securities	0.7	0.6	0.7	1.2	0.8	1.2	1.1	1.1	1.2	-4.5	3.8	50.3
Claims on nonresidents	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	28.8	-29.5	-31.4
Fixed assets	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.4	-1.8	-1.4	3.3
Other assets	3.6	3.5	3.5	3.8	3.8	3.9	3.7	4.0	3.9	0.2	7.2	1.7
Liabilities	**105.3**	**106.0**	**106.3**	**105.8**	**106.8**	**106.0**	**107.1**	**108.2**	**110.2**	**-0.4**	**1.5**	**3.2**
Loans from depository corporations	56.9	56.6	55.9	53.3	53.9	53.6	53.4	53.4	57.8	8.8	-5.3	7.2
Deposits	6.5	6.9	7.2	7.0	7.5	7.3	7.3	7.8	8.3	-1.0	16.4	9.9
Securities other than shares	17.5	16.2	15.7	15.6	16.8	17.1	17.0	17.0	17.2	-23.8	-4.1	2.7
Liabilities to the central government (1)	1.9	2.0	1.9	1.9	2.0	2.0	2.0	2.2	2.0	13.9	4.1	-0.1
Liabilities to nonresidents	0.1	0.2	0.2	0.4	0.3	0.3	0.3	0.4	0.4	-44.8	-	8.2
Shares and other equity securities	10.7	11.0	10.5	10.8	11.0	11.3	11.0	11.3	11.7	6.0	2.8	5.9
Other liabilities	11.7	13.1	15.0	16.8	15.2	14.3	16.1	16.1	12.9	-2.4	30.3	-15.3
Microcredit associations												
Assets	**5.9**	**6.2**	**6.3**	**6.5**	**6.7**	**6.7**	**7.0**	**7.2**	**7.1**	**5.3**	**12.3**	**7.1**
Cash and deposits	0.7	0.6	0.6	0.6	0.8	0.8	0.8	0.9	0.8	17.8	28.0	-0.9
loans	4.9	5.3	5.3	5.5	5.5	5.6	5.8	6.0	5.9	6.0	11.1	8.6
Fixed assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	39.4	-6.1	-9.5
Other assets	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	-51.8	8.4	18.4
Liabilities	**5.9**	**6.2**	**6.3**	**6.5**	**6.7**	**6.7**	**7.0**	**7.2**	**7.1**	**5.3**	**12.3**	**7.1**
Loans from nonresidents	0.5	0.5	0.4	0.5	0.7	0.7	0.8	1.0	1.0	-6.4	63.4	31.9
Loans from residents	2.9	2.9	3.0	3.1	3.1	3.0	3.0	2.9	2.9	1.4	5.2	-5.1
Shares and other equity securities	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.3	2.3	14.8	8.6	11.2
Other liabilities	0.7	1.0	0.8	0.8	0.8	0.9	0.9	1.0	0.9	6.7	18.9	19.8
Offshores banks												
Assets	**38.0**	**39.4**	**43.7**	**39.1**	**41.4**	**42.4**	**40.1**	**37.9**	**41.0**	**7.2**	**9.1**	**-0.9**
Claims on nonresidents	7.2	6.7	7.0	7.3	9.1	10.3	9.9	9.9	9.3	53.7	27.6	1.9
Claims on depository corporations	15.0	16.1	18.4	16.1	16.6	17.2	15.9	15.0	17.5	-6.6	10.6	5.5
Loans	14.3	13.2	14.8	13.1	13.4	11.7	10.5	9.4	10.8	4.9	-6.5	-19.0
Securities	1.3	3.2	3.4	2.4	2.0	2.8	3.6	3.5	3.2	53.4	53.1	60.5
Fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-6.9	-3.0	28.2
Other assets	0.2	0.2	0.1	0.3	0.3	0.3	0.2	0.2	0.1	-5.0	59.8	-51.3
Liabilities	**38.0**	**39.4**	**43.7**	**39.1**	**41.4**	**42.4**	**40.1**	**37.9**	**41.0**	**7.2**	**9.1**	**-0.9**
Liabilities to nonresidents	18.1	18.5	20.6	18.8	19.5	19.0	15.5	12.3	17.1	7.7	7.5	-12.1
Liabilities to depository corporations	17.0	17.1	18.0	17.2	17.4	19.1	21.2	19.8	19.9	10.4	2.5	14.2
Foreign-currency-denominated deposits by residents	1.8	1.8	3.2	1.9	3.2	2.7	2.2	3.6	2.6	15.3	76.7	-18.5
Shares and other equity securities	0.7	0.8	0.8	0.8	0.9	1.2	1.0	1.1	1.1	8.6	29.8	22.4
Other liabilities	0.4	1.2	1.1	0.3	0.4	0.4	0.2	1.2	0.3	-64.0	26.3	-25.6

Table A 8.13 CHANGE IN THE INTERBANK MARKET

(In millions of dirhams)

	2014	2015												Average
	Average	Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec	
Averge outstanding amounts	7 010	13 061	12 748	13 953	11 123	9 228	8 172	10 552	8 623	7 683	10 380	9 024	12 634	10 598
Average exchanged volume	3 465	3 952	7 086	7 379	4 339	5 432	4 820	7 385	2 336	2 511	2 180	3 242	5 234	4 658

Table A 8.14 SUBSCRIPTIONS TO TREASURY BILLS BY TENDER

Maturités	TOTAL 2014	2015												
		Jan.	Feb.	March	April	May	June	July	Aug	Sept.	Oct.	Nov.	Dec	TOTAL
Total subscriptions	**110 169**	**11 900**	**13 990**	**9 314**	**8 680**	**16 784**	**10 600**	**13 444**	**14 651**	**11 589**	**5 824**	**25 573**	**6 174**	**148 523**
Short-term	**14 000**	**3 000**	**3 248**	**6 917**	**7 030**	**4 283**	**3 280**	**500**	**803**	**3 300**	**380**	**2 666**	**1 164**	**36 571**
13 Weeks	1 800	500	1 024	3 000	1 050	700	250	450	583	1 300	100	450	500	9 907
26 Weeks	2 950	600	0	1 450	0	750	730	0	0	0	0	984	0	4 514
52 Weeks	9 250	1 900	2 224	2 467	5 980	2 833	2 300	50	220	2 000	280	1 232	664	22 150
Moyen term	**36 054**	**5 100**	**4 497**	**1 700**	**1 150**	**11 330**	**6 380**	**7 872**	**10 295**	**5 970**	**2 772**	**14 133**	**3 889**	**75 088**
2 Years	15 010	3 100	2 697	0	0	4 010	3 980	1 200	4 290	4 820	720	4 296	2 789	31 902
5 Years	21 044	2 000	1 800	1 700	1 150	7 320	2 400	6 672	6 005	1 150	2 052	9 837	1 100	43 186
Long term	**60 115**	**3 800**	**6 245**	**697**	**500**	**1 171**	**940**	**5 072**	**3 553**	**2 319**	**2 672**	**8 774**	**1 121**	**36 864**
10 Years	16 911	1 000	2 065	0	0	0	840	2 379	1 229	0	433	4 924	0	12 870
15 Years	19 619	1 000	1 950	0	0	220	100	331	30	2 319	0	2 465	1 121	9 536
20 Years	23 085	300	803	0	0	0	0	200	1 850	0	833	435	0	4 421
30 Years	500	1 500	1 427	697	500	951	0	2 162	444	0	1 406	950	0	10 037

Table A9.1 OUTSTANDING TO TREASURY BILLS BY TENDER

((In millions of dirhams)

Maturity	2014						2015					
	Banks	C.D.G.(1)	Insurance companies and pension institutions	UCITS	Other	TOTAL	Banks	C.D.G.(1)	Insurance companies and pension institutions	UCITS	Other	TOTAL
Total	**97 433**	**29 158**	**124 527**	**116 215**	**58 724**	**426 057**	**115 605**	**29 068**	**124 530**	**140 042**	**60 859**	**470 104**
Short-term	**7 555**	**0**	**2 046**	**4 862**	**408**	**14 871**	**10 121**	**636**	**2 889**	**11 492**	**2 345**	**27 483**
45 days		0	0	0	0	0	0	0	0	0	0	0
13 weeks	6	0	82	358	4	450	400	0	0	650	0	1 050
26 weeks	899	0	403	344	54	1 700	844	0	0	140	0	984
52 weeks	6 650	0	1 561	4 160	350	12 721	8 877	636	2 889	10 702	2 345	25 449
Moyen term	**55 657**	**1 773**	**35 543**	**51 417**	**20 624**	**165 013**	**66 200**	**620**	**29 387**	**62 744**	**23 768**	**182 719**
2 years	33 140	592	11 474	16 632	7 953	69 791	24 569	92	5 225	19 787	9 366	59 040
5 years	22 517	1 181	24 069	34 784	12 671	95 222	41 631	528	24 162	42 957	14 402	123 679
Long-term	**34 221**	**27 385**	**86 938**	**59 937**	**37 692**	**246 173**	**39 284**	**27 811**	**92 255**	**65 806**	**34 747**	**259 902**
10 years	12 619	4 931	29 216	28 616	21 040	96 422	13 688	4 306	21 104	33 194	15 241	87 533
15 years	13 439	21 085	35 559	22 314	9 534	101 931	17 152	22 135	37 479	21 595	11 730	110 092
20 years	7 003	1 330	20 752	8 563	6 898	44 545	7 529	1 330	23 448	9 538	7 121	48 966
30 years	1 161	40	1 411	443	220	3 275	914	40	10 224	1 479	655	13 312

(1) Excluding the outstanding amount of provident funds treasury bills by the C.D.G.

Table A9.2 OUTSTANDING AMOUNTS OF NEGOTIABLE DEBT SECURITIES

(by category of initial subcribers)

Securities types	2014					2015				
	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total	Credit institutions and CDG	Insurance companies and pension institutions	UCITS	Other	Total
Total	**14 080**	**2 786**	**51 194**	**5 351**	**73 410**	**9 621**	**1 755**	**44 083**	**2 456**	**57 915**
Certificates of deposit	9 763	1 973	38 117	5 236	55 088	6 685	1 026	31 150	2 324	41 184
Bills of financing companies	3 584	712	9 190	-	13 486	2 817	704	10 939		14 460
Commercial paper	734	100	3 888	115	4 836	120	25	1 994	133	2 271
Total	**11 781**	**738**	**48 835**	**4 968**	**66 322**	**8 322**	**701**	**30 217**	**2 449**	**41 688**
Certificates of deposit	9 005	170	33 470	4 853	47 498	3 624	470	14 971	2 180	21 245
Bills of financing companies	1 172	448	5 882	-	7 502	1 120	106	3 753	-	4 979
Commercial paper	1 604	120	9 484	115	11 322	3 578	125	11 492	270	15 464

Table A9.3 BOND MARKET

	2014	2015				2015
		Q1	Q2	Q3	Q4	
Outstanding	**95 762**	**97 007**	**100 576**	**98 778**	**101 690**	**101 690**
Public sector	**32 744**	**34 110**	**35 175**	**37 675**	**38 875**	**38 875**
Banks	5 903	6 903	6 829	7 829	9 029	9 029
Non-financial corporations	26 841	27 207	28 347	29 847	29 847	29 847
Private sector	**63 018**	**62 896**	**65 401**	**61 103**	**62 815**	**62 815**
Banks	19 400	19 400	22 200	22 200	23 200	23 200
Other financial corporations	3 496	3 696	3 101	3 101	3 731	3 731
Non-financial corporations	40 123	39 801	40 101	35 803	35 884	35 884
Bonds issued	**16 684**	**2 800**	**4 400**	**4 197**	**3 745**	**15 142**
Public sector	**4 700**	**1 600**	**1 300**	**2 500**	**1 200**	**6 600**
Financial corporations	2 000	1 000	0	1 000	1 200	3 200
Non-financial corporations	2 700	600	1 300	1 500	0	3 400
Private sector	**11 984**	**1 200**	**3 100**	**1 697**	**2 545**	**8 542**
Financial corporations	2 660	200	2 800	0	1 630	4 630
Other Financial corporations	460	200	0	0	630	830
Non-financial corporations	9 324	1 000	300	1 697	915	3 912

Table A9.4 STOCK EXCHANGES INDICATORS (1)

Period	Turnover	Market capitalisation	MASI (*)	MADEX (**)
2004 December	30 004.4	206 517	4 521.98	3 522.38
2005 December	48 041.3	252 326	5 539.13	4 358.87
2006 December	36 528.1	417 092	9 479.61	7 743.81
2007 December	137 479.4	586 328	12 694.97	10 464.34
2008 December	59 360.1	531 750	10 984.29	9 061.02
2009 December	36 791.2	508 893	10 443.81	8 464.47
2010 December	29 615.7	579 020	12 655.20	10 335.25
2011 December	18 885.8	516 222	11 027.65	9 011.57
2012 December	16 213.8	445 268	9 359.19	7 614.04
2013 Decembers	18 278.6	451 113	9 114.14	7 418.05
2014 January	3 168.4	450 964	9 121.28	7 413.90
February	2 312.8	467 145	9 442.36	7 686.07
March	2 906.7	469 184	9 519.21	7 758.36
April	5 244.7	468 033	9 471.64	7 736.46
May	2 844.0	469 350	9 494.79	7 750.76
June	3 082.2	456 461	9 226.63	7 511.99
July	2 667.7	459 827	9 331.09	7 624.15
August	3 538.5	469 544	9 544.69	7 802.72
September	2 340.8	497 008	10 080.80	8 253.63
October	2 726.6	510 073	10 352.05	8 485.24
November	5 549.3	493 898	9 975.71	8 158.63
December	13 429.6	484 448	9 620.11	7 842.76
2015 January	3 062.2	514 140	10 222.56	8 379.11
February	3 674.0	527 097	10 460.62	8 577.13
March	4 826.8	517 947	10 269.75	8 428.42
April	2 028.7	501 327	9 937.38	8 145.46
May	2 376.7	493 199	9 711.36	7 947.39
June	3 622.3	486 715	9 578.34	7 837.34
July	5 398.8	496 267	9 740.01	7 983.10
August	1 288.6	476 594	9 345.70	7 642.40
September	1 048.9	458 429	9 114.29	7 445.70
October	1 496.9	457 646	9 081.80	7 399.12
November	2 980.8	458 357	9 093.21	7 421.15
December	20 286.6	453 316	8 925.71	7 255.21

(1) As of January 3, 2011, and to comply with the international standards, the Casablanca Stock Exchange has modified the transaction volumes disclosure. The latter are communicated based on only one side of the transaction (buying) instead of two-way (buying and selling)
Source : Casablanca Stock Exchange.

Table A9 5 INDEX OF REAL ESTATE ASSETS PRICES

	Index of real estate assets prices			Number of transactions		
	2014	2015	Changes (%) 2015/2014	2014	2013	Changes (%) 2015/2014
Overall	**111.3**	**112.0**	**0.6**	**129 732**	**126 217**	**-2.7**
Residential	**110.2**	**111.2**	**0.9**	**95 924**	**92 565**	**-3.5**
Apartments	106.3	107.1	0.8	88 177	85 354	-3.2
Houses	127.8	129.2	1.1	5 567	5 251	-5.7
Villas	125.0	126.3	1.0	2 180	1 960	-10.1
Urban Land	**115.1**	**115.9**	**0.7**	**23 936**	**23 865**	**-0.3**
Commercial property	**115.3**	**112.9**	**-2.1**	**9 872**	**9 787**	**-0.9**
Commercial local	116.1	113.7	-2.1	8 731	8 611	3.1
Offices	113.6	109.9	-3.2	1 141	1 176	-1.4

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LIST OF ABBREVIATIONS

ANRT : Agence Nationale de Réglementation des Télécommunications (National Telecommunication Regulatory Agency)

BAM : Bank Al-Maghrib

BEAC : Banque des Etats de l'Afrique Centrale (Bank of Central African States)

BMCI : Banque Marocaine pour le Commerce et l'Industrie

CDG : Caisse de Dépôt et de Gestion (Deposit and Management Fund)

CNSS : Caisse Nationale de Sécurité Sociale (National Social Security Fund)

CPI : Consumer Price Index

DH : Moroccan dirham

DTEF : Direction du Trésor et des Finances Extérieures (Department of Treasury and External Finance)

ECB : European Central Bank

Euribor : Euro Interbank Offered Rate

FDI : Foreign direct investment

FED : U.S. Federal Reserve

FTSE : Financial Times Stock Exchanges

GCC : Golf Cooperation Council

GDP : Gross domestic product

HCP	: Haut commissariat au plan (High Commission for Planning)
HP	: Hodrick Prescott
IAM	: Itissalat Al-Maghrib
IFS	: International Financial Statistics
IMF	: International Monetary Fund
ISO	: International Organization for Standardization
JLEC	: Jorf Lasfar Energy Compagny
LI	: Liquid investments
Libor	: London Interbank Offered Rate
MASI	: Moroccan All Shares Index
Mb/d	: Million barrels per day
MSCI	: Morgan Stanley Capital International
MSCI ACWI	: Morgan Stanley Capital International, All Country World Index
MSCI EAFE	: Morgan Stanley Capital International, Europe, Australasia and the Far East.
MSCI EM	: Morgan Stanley Capital International, Emerging Markets
MSCI FM	: Morgan Stanley Capital International, Frontier Markets
NIR	: Net international reserves
OCP	: Office chérifien des phosphates (National Phosphates Office)
OHSAS	: Occupational Health and Safety Advisory Services
ONEE	: Office National de l'Electricité et de l'Eau Potable (National Office for Electricity and Drinking Water)
OPEC	: Organization of the Petroleum Exporting Countries
PER	: Price Earnings Ratio
REPI	: Real Estate Price Index
QE	: Quantitative easing
QSE	: Quality, Security, Environment
SAMIR	: Société Anonyme Marocaine de l'Industrie du Raffinage
SDR	: Special drawing rights
SPBL	: Structural position of banking liquidity
SRBM	: Système des Règlements Bruts du Maroc (Moroccan Real-Time Gross Settlement System)
VAT	: Value added tax
VSMEs	: Very small, small and medium-sized enterprises
UE	: European Union
UNCTAD	: United Nations Conference on Trade and Development
VECM	: Vector Error Correction Model
WDI	: World Development Indicators

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