بنك المغرب
BANK AL-MAGHRIB

ANNUAL REPORT
ON THE CONTROL, ACTIVITY AND RESULTS
OF CREDIT INSTITUTIONS

2012

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GOVERNOR'S FOREWORD

In 2012, domestic growth slowed down to 2.7 percent from 5 percent a year earlier. This decline actually reflects the negative recessionary effects of the international economic environment, particularly in the Euro area, combined with unfavorable domestic weather conditions.

In this regards, with the absence of inflationary pressures, Bank Al-Maghrib continued its accommodative monetary policy. It lowered its key rate to 3 percent as well as requirement reserves ratio to 4 percent, and expanded the collateral while relaxing the eligibility criteria. The Central Bank also established a new instrument for refinancing banks in order to encourage them to increase lending to very small and medium-sized enterprises.

In this context, the banking system remained resilient, supported by its diversified activities and stronger development regionally and continentally.

Banks made it possible to meet the financing needs of businesses and households, albeit at a slower pace than in previous years. The outstanding loans granted by the sector increased by no more than 5.3 percent, as against nearly 11 percent in 2011. This deceleration particularly affected loans to corporations (+4 percent), due to lower demand and a more risk-sensitive credit policy, amid difficult economic conditions. In contrast, loans to households continued to grow following the trend seen in the past three years (+9 percent).

At the same time, the volume of non-performing loans showed a further increase of 9 percent year on year. This change reflects the difficulties experienced by corporations operating mainly in the sectors that are the most exposed to international competition and to the impact of lower external demand. On the opposite, the quality of exposures to households improved. Overall, the average ratio of banks' non-performing loans reached 5 percent.

Despite the 49 percent rise in the risk cost, absorbing 28 percent of the gross operating income, the shrinking of the overall intermediation margin to 3.21 percent and the contraction of the trading income, banks maintained a satisfactory profitability level. In fact, their net banking income was up 7.5 percent and their aggregate net profit remained at the same level, as in 2011, generating a return on assets of 1 percent.

On a consolidated basis, the total balance sheet of the eight banking groups expanded by 8.4 percent, reaching 135 percent of GDP. Their aggregate net income-group share grew by 2 percent.

The contribution of the foreign activities of the three major banking groups appreciated to 15 percent and 19 percent in terms of loans and deposits, respectively. Similarly, the profits generated by these activities improved to 16 percent of their overall net income.

From the prudential point of view, banks reinforced their capital, as the capital adequacy ratio and the Tier one ratio, on a consolidated basis, rose on average to 12.9 percent and 10.2 percent, respectively, as against 12.4 percent and 9.8 percent a year earlier. The strengthening of these ratios is consistent with the expected compliance with the new prudential requirements, expected to come into force by June 2013.

Following the publication of the new Basel III standards, Bank Al-Maghrib has set out a relevant implementation plan, giving priority to the redefinition of capital and to the implementation of the new short-term liquidity ratio. These two reforms are being largely discussed with professionals, and are the subject of impact studies to assess banks' ability to implement them without hindering the financing of the economy.

Given the persistent pressures on bank liquidity, Bank Al-Maghrib continued to closely monitor banks' liquidity position, in particular liquidity buffers and resources diversification policy. The outstanding amount of bond debt issued by banks, composed of certificates of deposits and subordinated debts, further increased to 9 percent of total collected resources.

Also, particular attention has been given to the quality of banks' loan portfolio in an unfavorable economic environment. Many banks have been invited to raise the level of provisions to cover the non-performing loans and macro-prudential provisions.

In 2012, banks submitted to Bank Al-Maghrib the results of the first regulatory stress tests for credit, concentration, liquidity, market and country risks. As a prospective tool for bank soundness assessment, these stress tests will strengthen the supervision process conducted under Pillar 2 of Basel II.

The Central Bank continued to closely monitor the development strategy of certain banking groups internationally. In this context, it strengthened the supervision of bank subsidiaries by introducing new reporting and increasing the information's sharing with regulators in host countries.

At the macro-prudential level, the Central Bank monitored systemic risks and sought to preserve financial sector stability. To this end, an internal financial stability committee was established. At the cross-sectoral level, this committee ensured coordination with the Coordinating Committee of Financial Sector Supervisory Authorities and the Crisis Management Committee, which was subject to a protocol signed in 2012 between regulatory authorities.

The Financial Stability Committee conducted in 2012 its first assessment exercises on financial system vulnerabilities based on a risk mapping, a scoring system and stress testing tools. Vulnerabilities and relevant mitigation measures were discussed with other regulators, within the Coordinating Committee, to provide comprehensive responses to the identified risks.

The promotion of financial inclusion, which the Central Bank included in its strategic priorities, remained at the center of actions carried out to develop financial services. The population's access to these services has been improved, as the rate of bancarization reached about 57 percent at end-2012. To better assess the effectiveness of the financial inclusion policy, new indicators were designed, taking into account the latest international standards related to this field.

Meanwhile, the Central Bank has taken the initiative to coordinate public financial education actions, as part of a long-term national strategy supported by a Foundation, created for this purpose in January 2013. This Foundation aims at promoting the principles and good practices in financial education, and raising public awareness about the importance of a good knowledge about financial services and ways to protect them against associated risks. The annual awareness campaign, launched in 2012, for children and youth is one of the first milestones of this strategy. Other short-term actions targeting, in addition to schools, universities, micro-businesses and very small and medium enterprises (vSMEs), as part of partnerships, will form the bedrock of this national project.

In the same vein, the Central Bank worked together with the banking system and other partners for the establishment of an observatory on the financing environment and conditions of vSMEs. This tool aims to define a common, shared and holistic vision at the national level for funding and supporting this category of businesses.

The Central Bank also sought to strengthen arrangements for protecting credit institutions' customers, in the light of the legal reforms launched in our country to be in line with the best standards in this area. In this regard, the Central Bank assisted these institutions in implementing the provisions of the Consumer Protection Act and the Personal Data Protection Act. In addition, the Central Bank monitored banks' implementation of its recommendations to improve the handling of customers' complaints, issued in early 2012. Bank Al-Maghrib started with the banking system an in-depth reflection on the banking mediation mechanism, established in 2009, in order to strengthen its means and expand its powers in the light of current legal developments, while capitalizing on the assessment of the process currently in place.

Regarding the financial hub, Casablanca Finance City has been implemented to highlight and strengthen the inducements of the business projects. However, its full success remains dependent upon the realization of the overall vision of integration and mutually beneficial co-development with the countries in the region, particularly those of Sub-Saharan Africa. It is also conditional upon the development of our capital market, especially the Stock Exchange, so that it meets the best international standards, in such a way as to be a major player in the regional integration.

HIGHLIGHTS OF 2012

January 20 : Participation of Bank Al-Maghrib in the first meeting of the Regional Committee for MENA, under the Financial Stability Board, in Abu Dhabi.

March 16-21 : First session of "Child Finance Days" organized by Bank Al-Maghrib, in collaboration with other partners.

March 20 : Biannual meeting of the Governor with the Moroccan Bankers Association (GPBM).

April 4 : First meeting of Bank Al-Maghrib's Financial Stability Committee.

April 4 : Biannual meeting of the Coordinating Committee of Financial Sector Supervisory Authorities.

April 11 : Meeting of the Credit Institutions Committee.

April 13 : Conclusion of a partnership agreement between Luxembourg for Finance (LFF) and the Moroccan Financial Board.

April 26 : Participation of Bank Al-Maghrib in the 15th plenary meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF), in Jeddah.

July 12 : Seventh Eurosystem Seminar in Casablanca, bringing together the Central Banks' governors of the northern and southern shores of the Mediterranean, on "Financial Stability and Macro-prudential Supervision".

September 13-14 : Participation of Bank Al-Maghrib in the international conference of banking supervisors, organized in Istanbul by the Turkish Central Bank and the Basel Committee.

September 20 : Meeting of French-speaking banks in Marrakech, organized by the GPBM, on "Supporting vSE and SMEs".

October 1 : Participation of Bank Al-Maghrib in the second meeting of the Regional Committee for MENA, under the Financial Stability Board, in Kuwait.

October 4 : Conclusion of a partnership agreement between the City of London and the Moroccan Financial Board.

October 11-12 : First international symposium on microfinance in Morocco, organized in Skhirat by Mohammed VI Support Centre for Solidarity-Based Microfinance (CMS), in partnership with the National Federation of Microcredit Associations (FNAM).

October 17-18 : Participation of Bank Al-Maghrib in the 10th meeting of the Group of French-Speaking Banking Supervisors (GSBF), in Tunis.

November 5-6 : Participation of Bank Al-Maghrib in the symposium of the 50th anniversary of the Central Bank of West African States (BCEAO), in Dakar.

November 23 : Participation of Bank Al-Maghrib in the symposium of the 40th anniversary of the Bank of Central African States (BEAC), in Malabo.

November 27 : Second meeting of Bank Al-Maghrib's Financial Stability Committee.

November 27 : Biannual meeting of the Coordinating Committee of Financial Sector Supervisory Authorities.

November 27 : The 15th plenary meeting of the Middle East and North Africa Financial Action Task Force (MENAFATF) in Marrakech.

November 28 : Biannual meeting of the Governor with the GPBM.

KEY FIGURES OF THE BANKING SYSTEM

1 - Structure of the banking system

- Number of credit institutions and similar entities : 86

- Banks : 19
- Finance companies : 36
- Offshore banks : 6
- Microcredit associations : 13
- Funds transfer companies : 10
- Other institutions : 2

- Network :

- In Morocco : 5,447 branches, or 5,900 inhabitants per branch
  5,476 automated teller machines
- Abroad : 25 subsidiaries, 10 branches and 59 representative offices

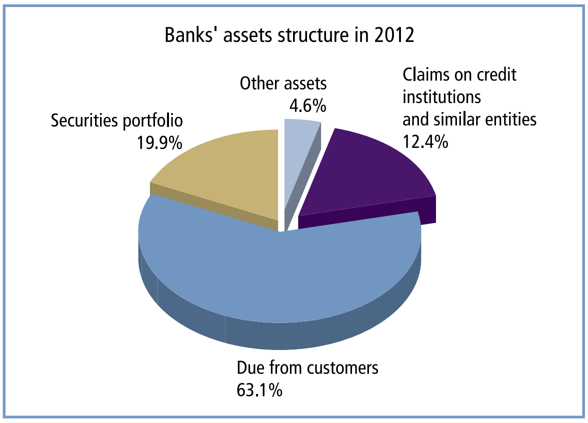
- Staff of credit institutions and similar entities : about 48.600

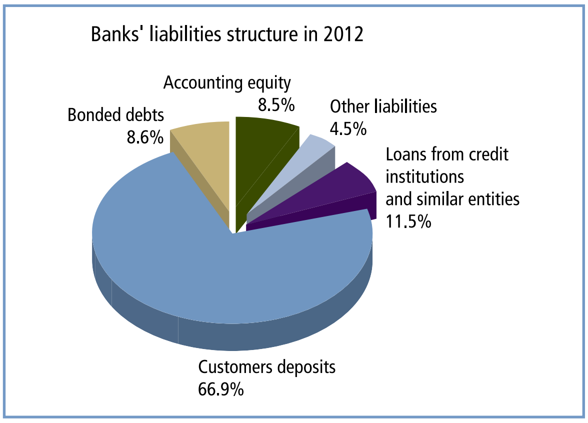
2 - Banks' activity and profitability indicators

(billion of dirhams)

	2010	2011	2012
Total of Balance sheet	886	971	1041
Loans (net of provisions) (1)	601	668	704
Customers deposits	648	677	697
Equity (excluding profit for the year)	74	78	88
Net banking income	32.8	35.9	38.6
Gross operating income	17.9	18.7	20.4
Net income	9.7	10.1	9.9
Average yield of assets	5.18%	5.22%	5.16%
Average cost of liabilities	1.93%	1.93%	1.95%
Average operating ratio	46.4%	48.0%	47.5%
Return on assets (ROA)	1.2%	1.1%	1.0%
Return on equity (ROE)	14.2%	13.4%	11.8%
Non-performing loans rate (NPL)	4.8%	4.8%	5.0%
NPL coverage ratio	70.1%	69.0%	68.0%

(1) Including loans to finance companies

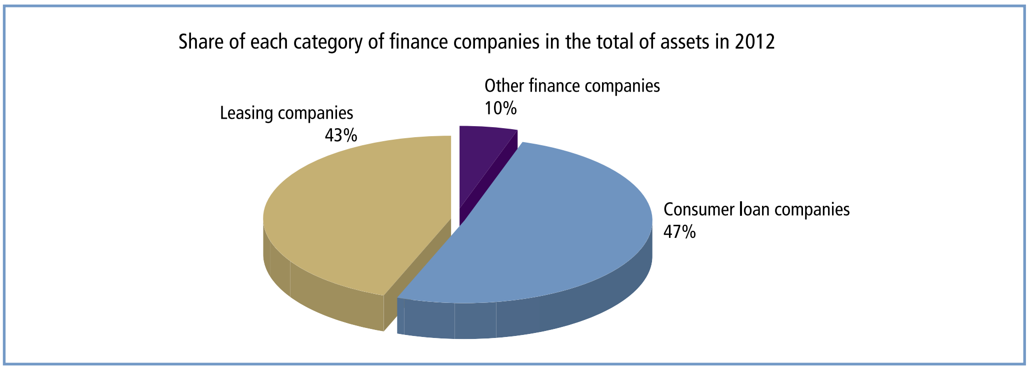




3 - Finance companies' activity and profitability indicators

(billion of dirhams)

	2010	2011	2012
Total of Balance sheet	84.6	90.3	98
Loans (net of provisions)	78.6	84.4	90.3
Net banking income	4.6	4.9	5
Gross operating income	2.9	3.1	3.2
Net income	1.1	1.3	1.5
NPL rate	10.1%	9.8%	9.7%
Return on assets (ROA)	1.4%	1.5%	1.5%
Return on equity (ROE)	14.0%	16.4%	16.8%



4 - Microcredit associations' activity and profitability indicators

(billion of dirhams)

	2010	2011	2012
Total of Balance sheet	5.7	5.6	5.4
Outstanding loans	4.7	4.6	4.6
NPL rate	6.2%	4.3%	6.7%
Net income	0.03	0.11	0.17

5 - Activity and profitability indicators of the eight banking groups, on a consolidated basis

(billion of dirhams)

	2010	2011	2012
Total of Balance sheet	930	1 027	1 114
Loans (net of provisions)	625	708	760
Customers deposits	652	691	725
Equity - group share	80	86	97
Net banking income	43	45	49
Gross operating income	22	23	25
Net income - group share	10.5	11	11
Average operating ratio	47.7%	49.1%	48.6%
Return on assets (ROA)	1.1%	1.1%	1.0%
Return on equity (ROE)	13.1%	12.7%	11.5%

PART 1

Legal and Regulatory Environment and Banking Supervision Activities

I. LEGAL AND REGULATORY ENVIRONMENT

In 2012, the last year of its third three-year Strategic Plan, Bank Al-Maghrib continued its efforts to adapt the legal and regulatory framework applicable to credit institutions and similar entities in order to enhance the banking sector's soundness and maintain financial stability.

In this regard, the Central Bank has duly worked towards finalizing the Banking Act reform, continuing the implementation of Basel II and to be prepared for the Basel III approach.

1 - BANKING ACT REFORM

At the end of 2012, the Bank finalized, in consultation with the Ministry of Economy and Finance, the draft Banking Act and its adoption will depend upon the examination and the decision of the Parliament. After the General Secretariat of the Government put it to public consultation, the comments made resulted in clarifications made public by the authorities. Some proposals were integrated in the final drafting of this text.

The main areas of the Banking Act reform are, as follows :

1.1 - Banking supervision scope

Under the draft banking act, Bank Al-Maghrib's power is extended to granting and withdrawing licenses to microcredit associations and offshore banks, developing relevant regulations and handling difficulties facing such institutions.

Faced with the development of electronic payment channels (prepaid cards, mobile banking, online payment, etc.) and the multiplication of actors in this market, this draft text creates the status of payment institution for entities other than banks, which would be entitled, after approval, to provide payment services.

It also introduces the status of financial conglomerate to monitor risks that may weigh on the financial sector, through holdings that control both banks and institutions belonged to other compartments of this sector. These conglomerates would be subject to the provisions of the Law relating mainly to governance, accounting and prudential requirements.

As part of the development of the Casablanca Stock Exchange and to fill the legal vacuum concerning investment service delivery (management of financial instruments, consultancy and assistance in wealth management and financial management, financial engineering, etc.), the new draft law defines those services that may be provided either by banks or by specialized institutions which would be supervised by the market authority.

1.2 - Participatory banks

The provisions of the draft law would lay the groundwork for a new banking industry based on the principle of profit and loss sharing, whence the term "participatory banks". These institutions are required to comply with the precepts of Shariaa. The contours of Shariaa-based governance would be defined by compliance bodies, which take account of the Moroccan specificity regarding the issuance of religious consultations "Fatwa".

1.3 - Banking governance' rules

The draft text specifies that the boards of directors should include independent members. It also contains provisions allowing Bank Al-Maghrib to oppose any appointment of a person within the governing, management or administration bodies of a credit institution, if it considers that the mandates held in other institutions may impede the normal performance of his duties.

The draft text stipulates the obligation to establish audit committee in charge of assessing internal control systems and committees responsible for monitoring the risk identification and management process. These committees should work under the Board of directors or the Supervisory Board, as appropriate, and include independent directors.

1.4 - Macro-prudential stability framework

Taking account of the lessons learned from the recent global financial crisis, the missions of the current Coordinating Committee of Financial Sector Supervisory Authorities have been enhanced to include systemic risk monitoring. In the future Banking Act to come, this Commission would become the coordinating and systemic risk supervisory committee, and would continue to be chaired by the Governor of Bank Al-Maghrib. In addition to other regulators, the Commission would include the Treasury Director.

In order to converge towards the best practices, the management of the collective deposit guarantee fund should be entrusted to an external management company under the control of Bank Al-Maghrib, whose board of directors would consist of the Central Bank and the credit institutions' members. In addition, the new provisions aim to strengthen the ability of the deposit guarantee system to compensate depositors in case of bank failure.

The draft includes new provisions for special treatment of any institution considered as systemic, mainly through the appointment, in accordance with an emergency procedure, of an interim administrator and the sale of its non-performing assets to an ad hoc structure (bad bank) or its demerger.

1.5 - Customers' protection

In order to further facilitate the resolution of disputes between credit institutions and their customers and to strengthen the protection of customers' interests, the draft requires credit institutions to adhere to a banking mediation system. It also requires them to have an internal arrangement for an efficient and transparent handling of customers' complaints, tailored to their size, structure, and nature.

1.6 - Harmonization of the Banking Act with other legal texts

The draft provides for bridges between the competition authorities and Bank Al-Maghrib. Hence, if these authorities are approached regarding the concentration of disputes concerning, directly or indirectly, a credit institution, they should obtain in advance Bank Al-Maghrib's reasoned views.

Similarly, when Bank Al-Maghrib, while reviewing a request for approval or an application for merger-absorption between two or several credit institutions, believes that the proposed transaction can or is likely to constitute a breach of the Competition Act, it shall adjourn the decision on this application and require the reasoned view of the competition authority.

The bill also includes provisions to harmonize the Banking Act with the laws on the fight against money laundering and on personal data protection.

2 - BASEL III REFORM

The Central Bank started to implement in 2012 the "Basel III Reform", which consolidates measures developed by the Basel Committee in response to the international financial crisis that began in 2007.

This reform aims to improve the banking sector's ability to absorb shocks arising from financial or economic stress and reduce the risk of spillover to the real economy. The measures published in this regard by the Basel Committee are diverse, enhancing both the banks' micro-prudential monitoring regulations and the macro-prudential instruments to prevent the formation of systemic risks.

To ensure the convergence of the Moroccan prudential framework with these standards, the Bank opted for a gradual approach focusing on two major Basel III reforms on equity and the liquidity coverage ratio (LCR).

2.1 - Equity

In order to strengthening the banks' financial base, Bank Al-Maghrib raised in 2012 the equity requirements, by increasing the minimum solvency ratio to 12 percent and applying a minimum core equity ratio of 9 percent.

In 2012, the Central Bank also prepared a draft circular to transpose the Basel Committee's standards to strengthen the quality and quantity of regulatory equity. This draft would be discussed with banks in 2013.

Box 1 : Equity- Basel III

The new Basel III framework, intended to be applied first by Basel Committee member countries, seeks to improve the quality and quantity of regulatory capital in order to strengthen banks' ability to absorb losses arising from financial and economic tensions. The main elements of this reform, which was published in December 2010 and revised in June 2011, are presented below :

- **A high-quality capital base to face risk exposures :** Capital and reserves should be the main part of the equity. As a ratio of risk-weighted assets, the ordinary and similar shares component must represent 4.5 percent and the total equity must form a ratio of 8 percent.
- **A framework to promote capital conservation :** The capital conservation buffers, composed of common equity of up to 2.5 percent of risk-weighted assets, require banks to build up capital buffers outside periods of stress, which can be raised in case of losses. Restrictions apply to discretionary distributions paid out of earnings, as dividend payments, when the minimum buffer is no longer respected.
- **Simplified equity structure :** Regulatory equity is composed of the core equity (Tier 1) and supplementary equity (Tier 2). Tier 1 equity includes common and similar shares (CET 1) and other items.
- **Strengthening of eligibility criteria equity instruments :** To be included in CET 1, the instruments must have the same qualities as common shares. Fourteen eligibility criteria have been defined to ensure in particular the sustainability of this equity, the flexibility of attached payments and ability to absorb losses in all circumstances. Eligibility criteria have also been defined for the other elements of T1 and T2 along with provisions to absorb losses at the point of non-viability.

Box 1 (continued)

- **Internationally standardized equity deductions :** The most important part of deductions is made at the level of Common Equity Tier 1 (CET 1). The deductions apply particularly to the goodwill and other intangible assets, deferred tax assets, own shares, cross shareholdings, holdings in credit institutions and insurance companies... A limit is also provided for on the share of minority interest that can be included in equity.

- **Transitional provisions for the adoption of the new standards :** A phase-in application is planned by the Basel Committee from 2013 to 2018 for the implementation of the new requirements in terms of solvency ratios, for instruments that are not eligible for other elements of T1 and T2 as well as for deductions.

2.2 - Short-term liquidity ratio

The Central Bank developed in 2012 a draft circular on the short-term liquidity ratio. This draft will implement in Morocco the liquidity coverage ratio (LCR) of the Basel Committee, by incorporating the changes made in January 2013 to this reform. As for equity, this draft will be discussed with banks in 2013.

The short-term liquidity ratio will be applied gradually. When the reform is fully implemented, this ratio will replace current minimum liquidity ratio.

Box 2 : Liquidity coverage ratio (LCR) - Basel III

This new global liquidity standard, published in December 2010 and reviewed in January 2013, aims to impose on banks to have unencumbered high-quality liquid assets to offset the net cash outflows which they might have to face, in a scenario of serious short-term crisis.

- The scenario adopted :
It is based on the circumstances of the global crisis that erupted in 2007 and includes shocks to banks and across the entire financial system. This is a scenario of high stress, but not an extreme case, based particularly on assumptions of partial withdrawal of deposits, loss of uncollateralized wholesale funding and activation of off-balance sheet commitments.

- calculation method :

$$\frac{\text{High-quality liquid assets}}{\text{Net cash outflows over 1 month}} \geqslant 100 \text{ percent}$$

Box 2 (continued)

Banks must comply with this ratio permanently. However, in times of stress, banks can use their stock of high-quality liquid assets and have therefore a LCR lower than the required minimum.

- High-quality liquid assets :

Level 1 is composed of :

- Cash;
- Central Bank reserves under certain conditions;
- Securities issued or guaranteed by sovereigns, Central Banks, public sector entities, some international institutions, and satisfying conditions in terms of credit quality and liquidity.

Level 2, which is subject to discounts and ceilings, is composed of :

- Securities issued or guaranteed by sovereigns, Central Banks, public sector entities and some international institutions ;
- Corporate bonds and shares (excluding financial companies), covered bonds and shares of residential mortgages loans securitization funds.

Level 2 assets must meet certain requirements in terms of credit quality and liquidity.

The high-quality liquid assets must also meet operational requirements. They must be unencumbered, available and convertible into cash to address any imbalance between cash inflows and outflows in times of stress.

- Net cash flows over one month :

Total outflows are calculated by multiplying the outstanding balances of various categories of liabilities and off-balance sheet commitments by their expected rate of disbursement. Total cash inflows are calculated by multiplying the outstanding balances of various categories of contractual claims by their collection rates expected to flow in up to an aggregate cap of 75 percent of total cash outflows.

- Implementation schedule :

The Basel Committee planned a progressive implementation of the LCR, but the minimum requirements will be set at 60 percent, as of January 1, 2015 and rise gradually by 10 percent per year to reach 100 percent on January 1, 2019.

3 - CIRCULAR ON RISK DIVISION RATIO

To facilitate banks' implementation of the measures outlined in the new circular governing the maximum risk division ratio, which came into force in 2013, the Central Bank has prepared a technical note setting out its practical application arrangements and a new reporting model.

This reporting requires disclosure of regular information as well as data related particularly to :

- Internal rating of beneficiaries and the share of defaulted risks;
- Decomposition of gross risks into direct risks, indirect risks due to a substitution effect and additional risks on the underlying assets of a vehicle due to a transparency effect;
- Credit-risk mitigation techniques;
- Risks within groups of related parties whose definition was extended.

II. BANKING SUPERVISION AND FINANCIAL STABILITY ACTIVITIES

In 2012, a year marked by a persistent economic and financial crisis in the Euro area, and a slower national economy, the Central Bank continued its efforts to strengthen the resilience of the banking sector. To this end, it took a series of measures to enhance micro-prudential supervision, through closer controls of credit institutions, and establishment of macro-prudential tools, by implementing, in a coordinated framework, the first foundations of institutional and operational arrangements aiming to supervise systemic risks.

Furthermore, the promotion of financial inclusion continued to be central to financial services development strategy. At the same time, the Central Bank has taken the initiative to coordinate financial education activities, as part of a long-term strategy supported by a national Foundation. Similarly, it has ensured that the credit institutions customers' protection is reinforced, in the light of the legal reforms to be in line with the best standards in this field.

1 - BANKING SUPERVISION ACTIVITIES

In 2012, Bank Al-Maghrib controlled 86 credit institutions and similar entities. It ensured that those subject to its control comply with the accounting and prudential rules governing the banking sector, sanctioned the identified deficiencies and addressed the difficulties faced by several institutions.

1.1 - Licenses and authorizations

In 2012, Bank Al-Maghrib granted 4 licenses, after having consulted the Credit Institutions Committee (CIC), to :

- establish a finance company specialized in the management of the means of payment ;
- merger a bank into its parent company ;
- change the control of a bank ;
- allow a consumer loan company to receive, from the public, funds with a term of more than one year.

It also authorized, after having taken the opinion of the CIC, a banking group to open branches in seven countries of the West African Economic and Monetary Union "WAEMU"[1] (UEMOA).

1 WAEMU includes eight countries: Senegal, Mali, Niger, Cote d'Ivoire, Burkina Faso, Benin, Togo, and Guinea Bissau.

Meanwhile, it received 23 applications to approve the appointment of statutory auditors within 6 banks, 6 finance companies, 1 offshore bank, 3 fund transfer companies, and 7 microcredit associations. It also approved the appointment of 53 board members and managers of 25 credit institutions.

Bank Al-Maghrib refused, after consultation with the CIC, two applications for license : one relating to factoring business and the other to the establishment of an offshore bank in Casa Finance City.

1.2 - Control activities

Bank Al-Maghrib carries out both offsite and onsite inspections. Offsite inspection examines the accounting and prudential statements submitted periodically by credit institutions, the annual internal control reports and auditors' reports. This information is supplemented by data collected during onsite inspections and regular meetings with managers of institutions that are being controlled.

All of these elements help assess the financial and prudential situation of entities under control, and provide input to these institutions' rating process. The results of this type of control are used to guide onsite inspections.

In response to the marked bank liquidity tightening, the offsite inspection established in 2012 closer monitoring of banks' situation and measures they took to diversify their funding sources. Monthly update meetings with officials of some institutions were held in this regard.

Particular attention was also paid to the quality of the banks' loan portfolio in an adverse economic environment. Many banks were invited to raise the level of provisions for hedging non-performing loans and that of macro-prudential provisions.

At the same time, it ensured that measures are taken by banks to comply with the minimum solvency ratios of 12 percent and 9 percent, which are expected to enter into force, as of late June 2013.

In view of the further expansion of Moroccan banks abroad, particularly in Africa, Bank Al-Maghrib strengthened the control over their foreign subsidiaries. It sought to strengthen the process of monitoring the implementation of recommendations made by the host country's regulators through regular reporting and update meetings, involving the management of subsidiaries and their parent companies. At the end of this year, it set up new reporting to monitor the accounting and prudential situation of these subsidiaries. It also intensified the exchange of information with regulators in host countries.

Regarding the stand against money laundering, and with a view to adjusting its control methodologies, the Bank adapted the questionnaire used to assess the system put in place by banks to fight against money laundering and terrorist financing. The goal is to enrich this system with detailed and more accurate information on the management of such a risk.

In coordination with the offsite control, onsite inspection focused its efforts on the most sensitive risk areas of the banking sector. Thus, nine general missions and three thematic or cross-cutting missions were carried out in 2012. They covered banks, finance companies, microcredit associations and fund transfer companies.

The investigations conducted in this context focused more on reviewing the quality of internal control and risk management as well as sensitive credit monitoring procedures.

Regarding the implementation of Basel II advanced approaches, a first mission to accredit a bank's internal models for market risks was carried out.

In terms of enhancing customer protection, controls focused on the banks' implementation of the new recommendations of Bank Al-Maghrib on the handling of customers' complaints, one year after they entered into force. They also focused on the management of payment defaults and the customers accounts closing process.

The findings of the checks carried out by Bank Al-Maghrib in 2012 were brought to the attention of the concerned institutions and the identified shortcomings were addressed in corrective action plans. Sanctions were imposed on some institutions, due to deficiencies regarding risk management and compliance with prudential rules.

Similarly, Bank Al-Maghrib withdrew the license from a fund transfer company for non-compliance with the required minimum capital rule.

In addition, the credit institutions disciplinary committee had to decide during this year on a disciplinary record of a consumer loan company and recommended that Governor of Bank Al-Maghrib withdraws the approval that he endorsed.

Box 3 : Mission and composition of the Credit Institutions Disciplinary Committee

The Credit Institutions Disciplinary Committee (CIDC) is responsible for handling disciplinary cases relating to violations of legal and regulatory requirements and expressing an opinion to the Wali of Bank Al-Maghrib on the sanctions that may be imposed on the institutions concerned.

It consists of two representatives of Bank Al-Maghrib, including the Managing Director as Chairman, two representatives of the Ministry of Finance and two judges named by the Minister of Finance and proposed by the Minister of Justice. The Chairman may invite any person whose cooperation is deemed useful to give the CIDC a view about the case referred to it. Its functioning mode is set by the provisions of Articles 23 and 24 of the Banking Act and its rules of procedure.

Bank Al-Maghrib is in charge of the secretariat of the CIDC.

2 - ESTABLISHING ACCOUNTING AND PRUDENTIAL REPORTING

In 2012, Bank Al-Maghrib brought into operation the IT platform for the collection of new prudential reporting, COREP (Common Reporting) and Financial IFRS, FINREP (Financial Reporting) standards. Thus, banks submitted to the Central Bank the first COREP, as at end-June 2011, and the first FINREP statements, as at end-December 2011. This first submission was used to test the arrangements in place and to identify some technical problems.

After this first experience, Bank Al-Maghrib will start in 2013 to implement the reporting on the Basel II advanced approaches and large exposures, using eXtensible Business Reporting Language (XBRL).

3 - PROMOTING FINANCIAL INCLUSION

The development of financial inclusion, a major concern of the Bank, is an important component of its three-year strategic plan. It requires :

- Providing access for a large part of the population to financial services and products tailored to their needs, while enhancing innovation ;
- Establishing customers’ protection on solid foundations ;
- Developing financial education.

3.1 - Developing access to financial services

The establishment of banks at the national level continued to strengthen in 2012 and a range of products and services tailored to each type of customer was developed (individuals, vSE, SME, Moroccans living abroad...), in order to achieve the bancarization' objective set by Bank Al-Maghrib, i.e. 2/3 of the population by 2014.

While strengthening their banking networks, banks pursued their Low Income Banking policy (LIB). They, in fact, developed partnerships on the distribution of banking services with intermediaries in banking transactions, particularly micro-credit associations, telecommunication companies and funds transfer companies.

To accelerate the development of payment services within a controlled framework, the banking act reform introduced the status of payment institutions. These new institutions would be entitled to hold payment accounts and issue electronic money.

Convinced that financial inclusion should not be limited to a quantitative approach to bank account penetration, Bank Al-Maghrib, inspired by recent standards in the field, developed new measurement indicators helping to take into account the quality of financial services and products offered.

These indicators should be communicated to Bank Al-Maghrib, especially by banks, on a biannual basis. They are likely to improve the assessment of the financial inclusion policy efficiency.

However, these new data would remain insufficient to measure the impact of the financial inclusion strategy and would need to be supplemented by demand data to be collected from actual and potential consumers.

The Bank also decided to carry out, in collaboration with the World Bank, a survey on the population's financial capacity. This survey will seek to better understand the population's behavior, motivations and knowledge regarding financial matters, with a view to improving the level of financial literacy, in order to make the supervisory body's interventions more efficient.

3.2 - Protecting credit institutions' customers

The development of financial inclusion was also made possible thanks to the measures taken to improve the regulatory framework aiming to create a more balanced and transparent relationship between credit institutions and their customers.

In this context, the Bank sought in 2012 to strengthen credit institutions customers' protection mechanisms, in light of the legal reforms launched by our country to be in line with the highest standards in the field. In this regard, it supported these institutions in implementing the Consumer Protection Act and the Personal Data Protection Act.

In addition, it monitored the banks' implementation of the recommendations it made in early 2012 to improve the handling of customers' complaints.

Box 4 : Key recommendations for handling customers' complaints

The recommendations made by Bank Al-Maghrib are a repository of best practices for managing, monitoring and controlling the handling of customers' complaints. They outline a set of principles in the following areas :

- **Complaints handling organization :** With a view to ensuring efficient and transparent management of complaints, credit institutions should put in place an appropriate organization providing a central complaint handling and monitoring unit, well-defined channels, a specific information system and procedures for the identification and handling of all claims in a reasonable time.
- **Informing customers on complaint handling :** Institutions are required to regularly inform customers on the internal (interlocutors and receiving channels) and external (Bank Al-Maghrib and mediation) complaint handling arrangements as well as the handling process in terms of time and procedure.
- **Control and monitoring process for handling complaints:** Institutions should set up a "customer relations" committee responsible for ensuring the efficiency of the complaint handling system and improving processes that cause them. This system should be permanently and regularly controlled and should be assessed at least once a year by the Audit Committee.
- **Staff training and awareness:** Institutions should ensure that their staff members, directly or indirectly involved in the complaints handling process, receive adequate training on the tools and procedures provided for this purpose.

Meanwhile, Bank Al-Maghrib along with the banking system started a thorough reflection on the banking mediation framework, established in 2009, in order to strengthen its means and broaden its expertise in the light of current legal developments, while capitalizing on the evaluation of the process currently in place.

3.3 - Implementing a financial education strategy

With a view to promoting financial inclusion, a breakthrough was achieved, when the Financial Education Foundation was established, in partnership with several public and private institutions.

The Foundation held the first meeting of its board of directors in March 2013 to adopt a National Financial Education Strategy; which aims to promote the principles and good practices on financial education and raise awareness of the public about a good knowledge of financial services and ways to protect themselves against possible associated risks. The annual awareness campaign, launched in 2012, for children and young people is one of the first milestones of this strategy. Other short-term actions targeted, in addition to schools, universities, micro-enterprises and very small and medium enterprises, as part of partnerships, and will form the bedrock of this national project.

Box 5 : Financial Education Foundation

Status : The Financial Education Foundation is a non-profit organization, bearing the name "*Fondation marocaine pour l'éducation financière*" (Moroccan Financial Education Foundation).

Its founding members are Bank Al-Maghrib, the Ministry of Economy and Finance, Ministry of National Education, Ministry of Higher Education, Ministry of Habous and Islamic Affairs, Capital Market Authority, Insurance and Social Security Control Authority, Casablanca Stock Exchange Managing Company, General Confederation of Enterprises of Morocco (CGEM), Moroccan Bankers Association (GPBM), Moroccan Federation of Insurance and Reinsurance Companies, Professional Association of Finance Companies and National Federation of Microcredit Associations.

Goal : The Foundation aims to coordinate its members' financial education actions and take any initiative in this area, mainly :
- Promoting the principles and good practices on financial education ;
- Making financial education a principle of financial inclusion ;
- Encouraging national public awareness campaigns in order to improve knowledge of financial risks and ways to protect the public against them.

Governance bodies :
1- **Governing board :** It is chaired by Bank Al-Maghrib's Governor and composed of representatives of the founding members.
2- **Management committee :** It may be created by the Board of Directors to delegate all or part of its functions.

Resources : The Foundation's resources consist mainly of contributions from some of its members, public and private donations and grants, loans taken out by the Foundation and income generated from the investment of its funds.

The first edition of the "Child Finance Days" was organized by Bank Al-Maghrib, in collaboration with other administrations and in partnership with the Child and Youth Finance International (CYFI), a non-governmental organization, based in Amsterdam and working for children and youth financial education.

This event targeted nearly 30,000 children aged 11 to 18, throughout Morocco, with support from the network of banks and insurance companies.

The program of this one-week event included visits to bank branches and headquarters of Bank Al-Maghrib for students, as well as trainings led by bankers in high schools. The visits were also paid to the Casablanca Stock Exchange, Bank Al-Maghrib Museum in Rabat, and Dar As-Sikkah.

Feedbacks on this first edition were positive, suggesting a new edition and more ambitious goals to attain.

The CYFI awarded to Morocco, through Bank Al-Maghrib, the prize of honor of the country that has the most successfully held the child financial education day, for a first edition.

A portal specifically dedicated to child financial education is being developed. The launch of this website will coincide with the second edition of financial education days.

3.4 - Relations with the Alliance for Financial Inclusion

Since 2011, Bank Al-Maghrib has been a member of the Alliance for Financial Inclusion (AFI). This allows it to exchange and share its expertise and knowledge with other members in order to improve access to financial services for the poorest.

Box 6 : Alliance for Financial Inclusion (AFI)

The AFI is the first independent global knowledge sharing network dedicated exclusively for financial inclusion. It unites policymakers from emerging and developing countries working together to increase access to appropriate financial services for the poor.

The AFI supports evidence-based policies according to the following six areas :
- Enable non-bank agents to provide financial services ;
- Increase access to financial services through mobile technologies ;
- Facilitate the creation and use of financial identities for poor customers ;
- Facilitate adoption of small savings accounts and micro-insurances ;
- Support regulation for more efficient commercial financial services ;
- Promote adequate consumer protection policies in financial services.

This network includes more than 95 institutions from 81 member countries and aims to facilitate access to financial services to more than 2.5 billion people in precarious conditions in the world.

The AFI is funded by the Bill and Melinda Gates Foundation and is based in Bangkok. It is administered on behalf of its members by the German International Cooperation (GIZ). It operates in conjunction with a wide range of financial inclusion stakeholders: high-level intergovernmental and normative bodies, development banks and agencies, research entities, industry associations and the private sector.

The AFI Executive Committee decided to change the structure to an international or intergovernmental organization, as an international association of civil law.

The AFI established four working groups on financial inclusion data, financial integrity, consumer protection and peer learning, and plans to create a fifth group on VSME' access to finance.

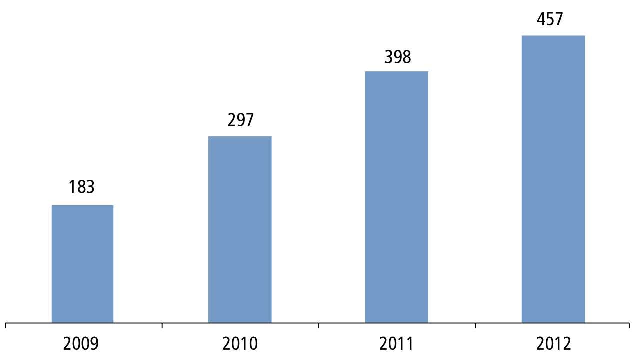
Bank Al-Maghrib participates in two working groups, namely the group on Financial Inclusion Data and that on Financial Integrity. It intends to strengthen its presence, given the benefit it derives from this partnership.

4 - HANDLING CUSTOMERS' COMPLAINTS

At the end of 2012, the Banking Supervision Department received and processed 675 complaints and inquiries, as against 577 in 2011, confirming the upward trend observed in recent years.

Considered separately, the number of complaints from customers of credit institutions increased, year on year, from 398 to 457, of which 63 percent were resolved in favor of customers.

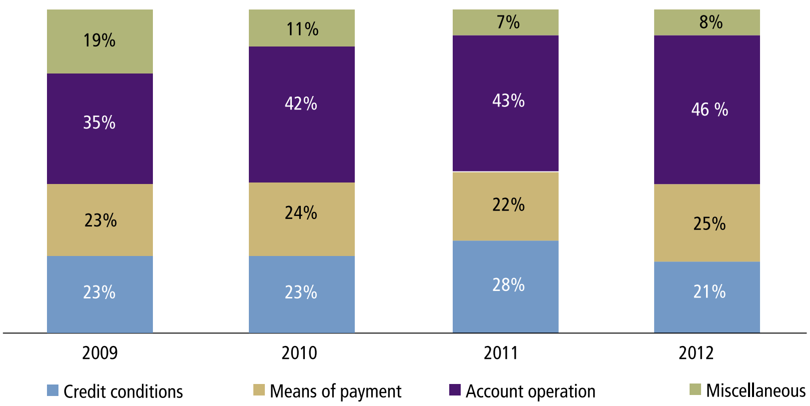
Chart 1 : Change in the number of complaints



The breakdown of these complaints by purpose indicates that the number of complaints about the opening, operation and closure of bank accounts increased from 172 to 208 and the number of those about payment means rose to 112 from 86 in the previous year.

The number of complaints about banks' conditions, particularly as regards credit, declined to 95 from 110 in 2011.

Chart 2 : Breakdown of complaints by type



Bank Al-Maghrib also received and handled 356 requests for information on bank accounts.

5 - FINANCIAL STABILITY ACTIVITIES

As evidenced by the international crisis, financial stability is fundamental to the financial system and the economy as a whole. Globally, it has become even more important with the increasing number of financial institutions operating in several countries or continents.

In Morocco, work to establish a macro-prudential supervision framework in the financial system and to prevent and manage financial crises, continued in 2012, in collaboration with other financial sector regulators. It helped complete the construction of a Bank's system supporting this new function.

5.1 - Macro-prudential framework

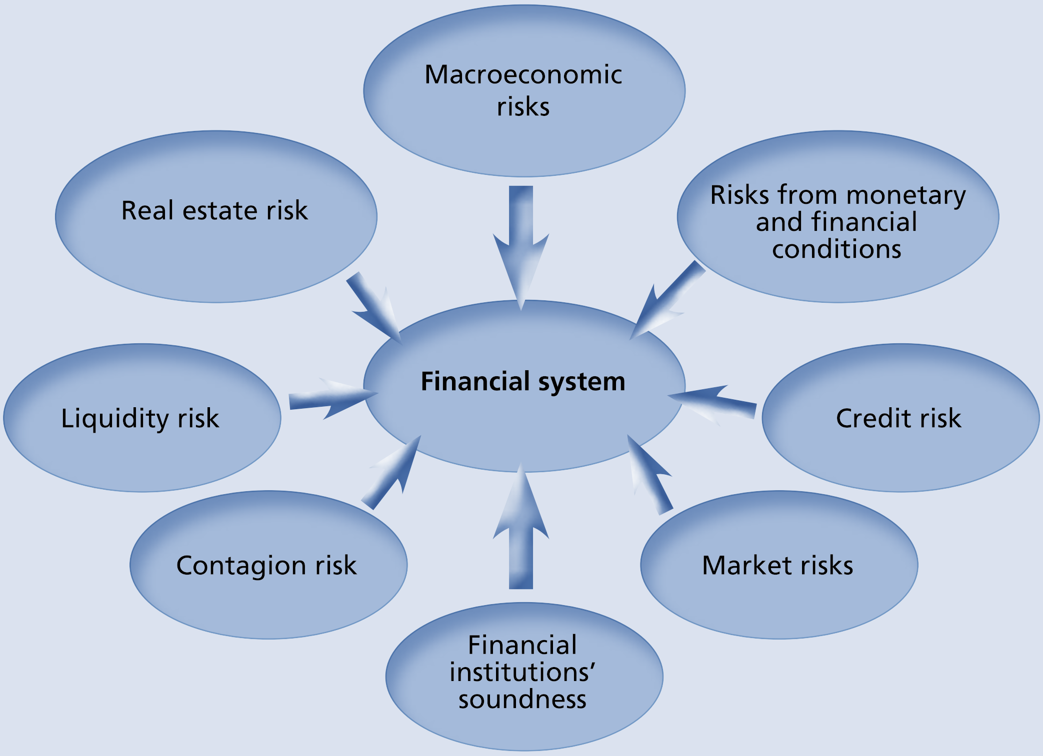
At the institutional level, the macro-prudential framework is supported by an Internal Financial Stability Committee at Bank Al-Maghrib ensuring coordination across sectors with the Coordinating Committee of Financial Sector Supervisory Authorities and the Crisis Management Committee, subject of a protocol concluded in June 2012 between regulatory authorities. This convention is intended to coordinate the authorities' actions to manage financial crisis.

Box 7 : Financial stability institutional framework

The Financial Stability Committee conducted in 2012 its first assessment exercises on financial system vulnerabilities, based on a risk mapping, a scoring system and stress-testing tools.

Box 8 : Systemic risk mapping

Systemic risk mapping is an essential component of the financial system stability analysis framework. It consists of a global balanced scorecard of the main sources of risks to the financial system. The chart below shows the eight risks that the Bank has chosen to follow in this framework.



The mapping is based on a selection of early warning indicators likely to identify the development of actual or potential risks to the system. These macro-prudential indicators are designed to assess risks in financial institutions and markets, as well as risks that might arise from the real economy, mainly corporate, real estate and household sectors.

Macro-prudential indicators are assessed in view of trends in their historical values over a long period and international comparisons with other developed and emerging countries. The projected change in some leading indicators is also considered, in order to give the analysis with a prospective dimension. It gives rise to the allocation of scores on a scale - of 1 to 5- which increases according to the risk level.

In addition to the risk mapping, the stress testing system is used to assess banks' resilience against the materialization of identified risks and to assess the adequacy of equity, provisions and liquidity buffers that they must hold to absorb losses.

Vulnerabilities and relevant mitigation measures were also discussed with other regulators in the Coordinating Committee, in order to provide comprehensive responses to identified risks.

This Committee continued to monitor the progress of the project aiming to set up a macro-prudential supervision framework covering different segments of the financial system. In this context, works were undertaken by the Central Bank and the Insurance Supervisory Authority in order to create a first mapping of financial soundness indicators specific to the insurance sector.

Meanwhile, a project was launched to assess the contagion risk in the financial sector. The first works focused on identifying the relationships between financial institutions within the banking and insurance sectors. It is planned to extend these works at a later stage to Undertakings for Collective Investment in Transferable Securities' sector.

Box 9 : Financial soundness indicators for banks – equity basis (in %)

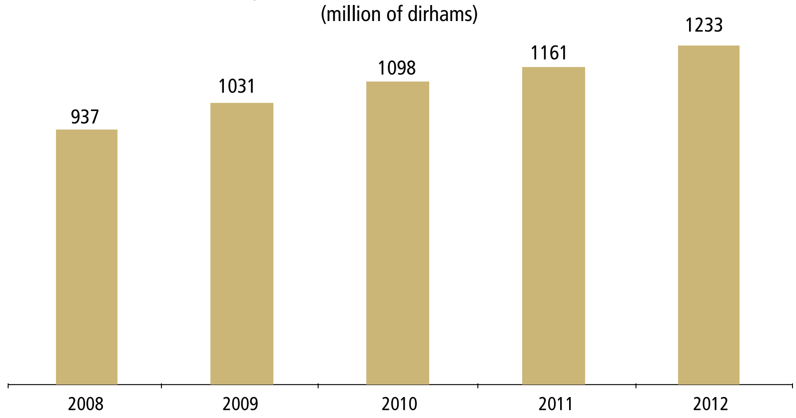
	2010	**2011**	**2012**
Capital adequacy			
Solvency ratio	12.3	11.7	12.3
Core equity / total weighted risks	9.7	9.6	10.1
Non-performing loans net of provisions (as a part of capital)	12.2	12.9	13.6
Assets' quality			
Non-performing loans rate (Non-performing loans/total loans)	4.8	4.8	5.0
Sectoral distribution of loans			
Loans to the primary sector	6.1	5.8	5.5
Loans to the the building and public-work sector	13.3	13.9	12.6
Loans to the processing industry	16.4	16.8	16.7
Loans to the general government and local communes	5.0	4.8	5.0
Loans to the trade sector	6.7	6.6	7.0
Loans to the tourist sector	2.9	2.8	2.9
Households	28.1	27.6	28.9
Loans to other sectors	21.5	21.7	21.4
Earnings and profitability			
Return on assets (ROA)	1.2	1.1	1.0
Return on equity (ROE)	14.2	13.4	11.8
Interest margin/net banking income (NBI)	76.3	75.8	76.6
General operating expenses/NBI	46.4	47.9	47.5
Liquidity			
Liquid assets / total assets	12.0	11.4	10.5
Liquid assets /short-term liabilities	16.0	16.1	14.7
Foreign exchange net open positions / capital	10.3	7.3	7.4

5.2 - Deposit insurance system

Deposit insurance systems are one of the key factors contributing to financial stability. They are part of the financial safety devices designed to protect depositors' funds.

In 2012, the situation of the Collective Deposit Insurance Fund (*Fonds Collectif de Garantie des Dépôts* – FCGD) continued to strengthen. Its resources increased by 13.5 percent to 13 billion dirhams, including over 82 percent from contributions of credit institutions. Nearly 97 percent of these resources are invested in Treasury bonds.

Chart 3 : Change in the annual contributions of credit institutions
(million of dirhams)



The ratio of the Fund's resources to total guarantee-eligible deposits stood at 2.1 percent at the end of 2012, up 10 basis points compared to last year.

The FCGD posted at the end of the exercise 2012 a net profit of 332 million dirhams, as against 296 million in 2011.

5.3 - Works of the Financial Stability Board Regional Consultative Group for MENA

The Financial Stability Board Regional Consultative Group for MENA, of which Bank Al-Maghrib is a member, held in October 2012 its second meeting to review vulnerabilities threatening the regional financial system stability.

The Group also considered the focal points for implementing the regional financial reforms. In this context, discussions focused on practical problems faced by the member countries in the implementation of the new liquidity standards as well as on the treatment of systemically important banks at the national level.

In the same vein, Bank Al-Maghrib responded to the survey conducted by the Financial Stability Board (FSB) among emerging countries to inquire about unintended effects of the international financial reforms. It also followed the work of this institution and closely considered its recommendations to the emerging countries.

Box 10 : FSB work regarding emerging and developing countries

Under the leadership of the G20 and in cooperation with the International Monetary Fund and the World Bank, the FSB conducts studies on emerging market and developing economies (EMDEs). In this context, it published :

- **Report on Financial Stability Issues in Emerging Market and Developing Economies,** in October 2011. This report follows from the debate on post-crisis financial reform debate which focused on addressing the problems that had arisen in the financial systems of advanced economies. It makes a series of recommendations to strengthen financial stability in EMDEs. These include strengthening the capacity of supervisory authorities of the financial system and promoting cross-border cooperation, developing domestic capital markets and their liquidity, as well as strengthening financial infrastructure. The report also recommends that the Basel II/III framework should be adopted by EMDEs in an appropriate pace depending on the complexity of financial systems and their degree of integration into the international system.
- **Study on the potential unintended consequences of financial reforms on EMDEs,** in June 2012. It was carried out among 35 emerging countries members of the FSB and FSB regional consultative groups. The study shows that the main concerns of emerging countries are :

• The potential impact on the lending capacity of banks induced by the fact that eligible high-quality liquid assets and calibrations used in the calculation of the Basel III liquidity ratios do not accurately reflect EMDEs' financial market characteristics.

• The impacts in financial and credit markets likely to be induced by deleveraging of international banks operating in EMDEs following higher Basel III equity requirements which they should comply with.

6 - CONSULTATION WITH PROFESSIONAL ASSOCIATIONS

The Central Bank held in 2012 several meetings with banking professional associations, in order to examine the implementation of the roadmap adopted as part of its dialogue and exchange- based approach to reforms and issues, involving directly or indirectly the banking sector.

Several subjects were addressed with the Moroccan Bankers Association (Groupement Professionnel des Banques du Maroc – GPBM). They focused particularly on issues related to the implementation of the Consumer Protection Act and the Personal Data Protection Act, VSME support mechanisms, proposed reform of prudential rules (risk division ratio, solvency ratio, Basel III, due diligence, etc), financial education, improving the Banks-Customers' relationship, banking mediation and payment systems, mainly matters on the opening of card payment acquisition market to new actors.

Discussions with the Professional Association of Finance Companies (APSF) focused on the pricing conditions of leasing operations, the factoring offer and the future of the consumer loan sector as well as the implementation of Law No. 31-08 prescribing consumer protection measures.

7 - INTERNATIONAL COOPERATION

In 2012, several partnerships were achieved to strengthen ties with international and regional financial centers. Similarly, several discussions and meetings were held between Bank Al-Maghrib and foreign Central Banks as well as regional and international financial institutions.

Regarding Casablanca Finance City, after the agreement with Singapore financial center, two new partnership agreements were signed in 2012. The first one was between Casablanca Finance City and Luxembourg financial center, which is specialized in investment funds and private banking. The second partnership agreement, concluded with the City UK [1], provides for an important cooperation component in more operational and specific areas, mainly the derivatives market, vocational training and qualification, and the insurance sector.

As part of its close relationship with other Central Banks, Bank Al-Maghrib participated in two high-level symposia organized respectively by the Central Bank of West African States (BCEAO) on the occasion of its fiftieth anniversary and by the Bank of Central African States (BEAC) as part of the celebration of its 40th anniversary. It also participated in the conference organized by the Bank of Algeria to commemorate its fiftieth anniversary.

Furthermore, it held in Casablanca, jointly with the European Central Bank, the seventh high-level seminar of the Eurosystem and Central Banks of the Mediterranean countries. This meeting, attended by governors and senior officials of the Eurosystem, the European Commission, the European Investment Bank and Central Banks of the Mediterranean countries, addressed, among others, the macro-prudential policy and financial stability according to the vision of the European Union and Mediterranean countries.

As part of the exchange of experiences, study visits were carried out to the Banking Supervision Department by banking systems' regulators from several African countries. They covered, in particular, prudential regulation, financial stability arrangements and micro-credit. At the same time, managers of this Department were invited by regulators from foreign countries to present the Morocco's experience in banking supervision.

Similarly, the Bank had discussions with representatives of several financial institutions, mainly the IMF, World Bank, ADB and EBRD. Focus was particularly brought on the banking sector, financial stability, vSMEs finance, financial inclusion, and business climate reforms.

Several discussions also took place with many representatives of the major rating agencies as part of an overall assessment of the banking sector, or as part of individual rating of credit institutions.

1 The City UK is an independent institution responsible for promoting financial services in Great Britain and abroad.

8 - HUMAN RESOURCES

In 2012, the staff of the Banking Supervision Department remained at 85 members, of which nearly half are assigned to control activities. During this year, the Bank continued its human resource development strategy aiming to provide the Department with qualified skills contributing to better fulfilling its mission.

The Department's staff received several training sessions both in Morocco and abroad, mainly on the new Basel III regulations, macro-prudential policies and international accounting standards.

As by the previous years, the Department provided guidance to some thirty university students on topics related to the banking and financial environment.

PART 2

Structure, Activities and Results of the Banking System

I. STRUCTURE OF THE BANKING SYSTEM

Despite an environment marked by persistently recessionary effects of the global economic crisis, the banking sector continued in 2012 its policy to develop the network and financial inclusion, while keeping a good level of activity and profitability.

1 - THE BANKING SECTOR WAS REINFORCED BY A PAYMENT-MEANS MANAGEMENT COMPANY

In 2012, a new payment-means management company joined the national banking system. Thus, control by Bank Al-Maghrib covered 86 institutions, including 19 banks, 36 finance companies, six offshore banks, 13 microcredit associations, 10 funds transfer companies, the Central Guarantee Fund (*Caisse Centrale de Garantie*) and the Deposit and Management Fund (*Caisse de Dépôt et de Gestion*).

Change in the number of credit institutions and similar entities

	2008	2009	2010	2011	2012
Banks	**18**	**19**	**19**	**19**	**19**
Including :					
Majority foreign-owned banks	7	7	7	7	7
Majority public-owned banks	5	6	6	5	5
Finance companies	**37**	**36**	**36**	**35**	**36**
Consumer loan companies	20	19	19	18	18
Leasing companies	7	6	6	6	6
Real estate loan companies	2	2	2	2	2
Surety companies	2	2	2	2	2
Factoring companies	2	2	2	2	2
Payment-means management companies	3	3	2	2	3
Other companies	1	2	3	3	3
Total number of credit Institutions	**55**	**55**	**55**	**54**	**55**
Offshore banks	**6**	**6**	**6**	**6**	**6**
Microcredit associations	**13**	**12**	**12**	**13**	**13**
Funds transfer companies	**7**	**9**	**8**	**10**	**10**
Other institutions	**3**	**2**	**2**	**2**	**2**
Total	**84**	**84**	**83**	**85**	**86**

In terms of capital structure, the banking system continued to be characterized by the diversity of its shareholding and a large international openness, given the importance of foreign institutions located in Morocco and the presence of Moroccan banks abroad. At the end of 2012, foreign interests, largely of French origin, were the major stakeholders in seven banks and nine finance companies.

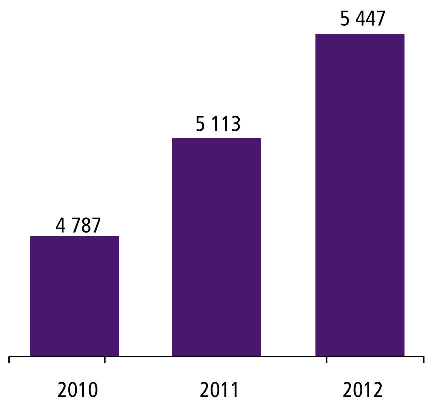
Meanwhile, the State continued to withdraw its capital from the banking sector, as it sold part of its stake in Banque Centrale Populaire. The State is still holding the majority of shares in five banks and four finance companies.

Fourteen credit institutions, including six banks, were listed on the stock market at the end of 2012, unchanged from the previous year.

2 - THE BANKING NETWORK CONTINUED TO EXPAND

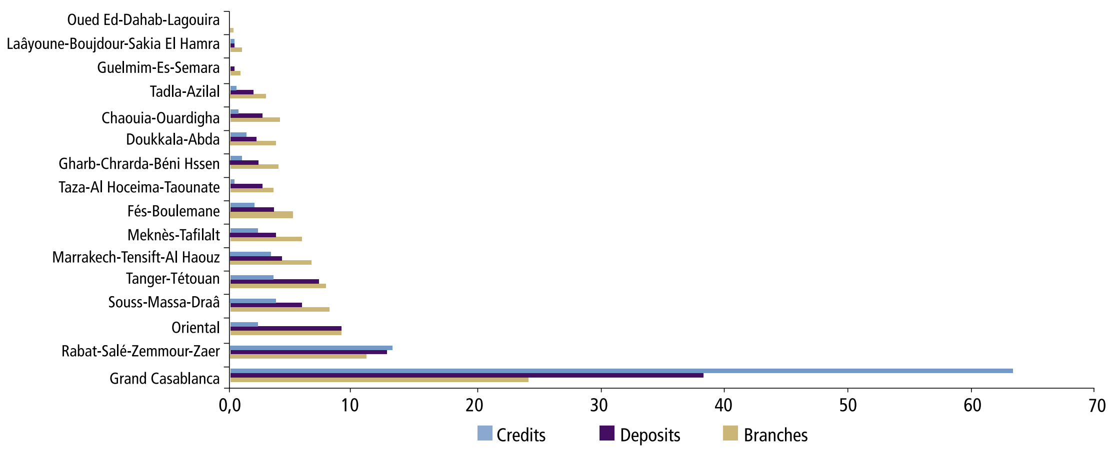
In 2012, banks opened 334 additional branches, raising their total to 5,447 branches, up 6.5 percent compared to 2011. Nearly 86 percent of these branches are located in urban areas.

Chart 4 : Change in the banking network



As a result, banking density, measured by the number of branches per 10,000 inhabitants, stood at 1.7 branch, as against 1.6 a year earlier.

Chart 5 : Share of each region in the total banking network, deposits and credits

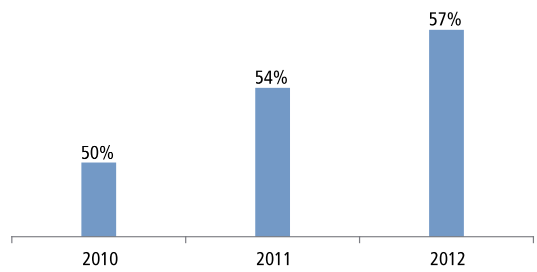


The regional breakdown of the banking network did not change significantly compared to the previous year. Thus, the region of Grand Casablanca has 24 percent of branches, 38 percent of deposits and 63 percent of loans, followed by the region of Rabat-Salé-Zemmour-Zaër, which concentrated 11 percent of branches, 13 percent of deposits and 13 percent loans. The Oriental region is positioned at third place with 9 percent of branches and deposits, and 2 percent of loans.

Along with a stronger banking network, credit institutions continued to develop financial inclusion by offering products tailored to their customers, while using innovative IT solutions and diversifying the services offered.

The bancarization' rate, calculated by dividing the total number of accounts opened with banks by the total population, increased by three points, year on year, to 57 percent. This rate includes disparate situations. Banking services, albeit under continuous improvement, remains low in rural and suburban areas.

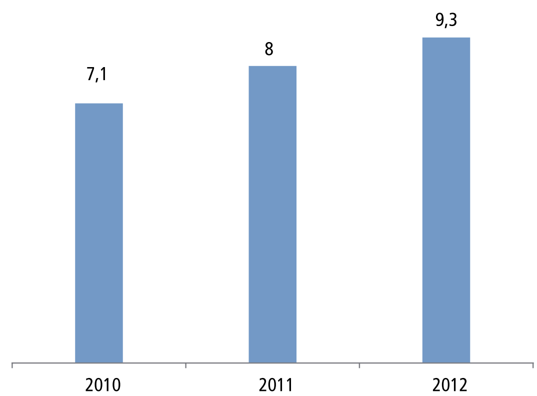
Chart 6 : Change in the ratio of the total number of bank accounts to population



The park of the banking automatic teller machines strengthened of 452 new installations to reach 5.476 units.

The use of credit cards in transactions, whether for cash withdrawal or payment, saw a marked bullishness. Their number rose again by 1.3 million units to 9.3 million cards in circulation. Cash withdrawal on the network of ATMs and bank cards' payments for merchants totaled 211.2 million operations at the end of December 2012, with a value of 180 billion dirhams, up 16.3 percent compared to 2011.

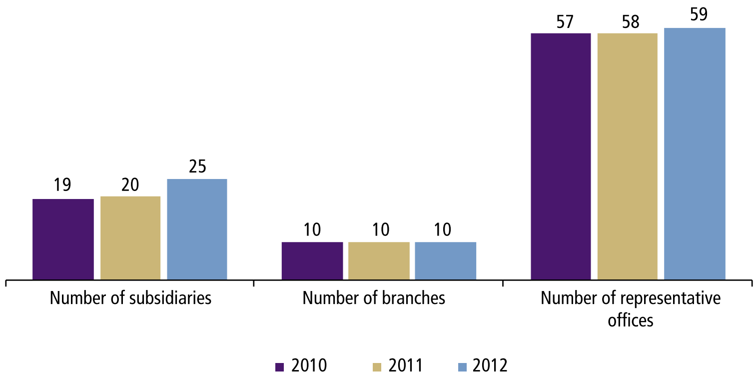
Chart 7 : Change in the number of bank cards in circulation (in millions)



3 - THE PRESENCE OF BANKS ABROAD FURTHER EXPANDED

The major banking groups have increased their presence beyond national borders, particularly at sub-Saharan Africa, giving an international character more and more marked in their activities and results. This move allowed them to expand their base of collecting deposits, to diversify their borrowing customers and to be directly present in new markets.

Chart 8 : Change in the number of banks based abroad



At the end of 2012, the number of bank subsidiaries abroad rose from 20 to 25 units. These entities have a network of more than 1200 branches, located mostly in the countries of sub-Saharan Africa. This network also includes 10 branches and 59 representative offices, mostly located in the euro area.

4 - THE PERSONNEL OF CREDIT INSTITUTIONS AND SIMILAR ENTITIES CONTINUED TO INCREASE

At the end of 2012, the personnel of credit institutions and similar bodies increased by 3.5 percent to nearly 48,600 agents.

Chart 9 : Change in the number of banks' personnel

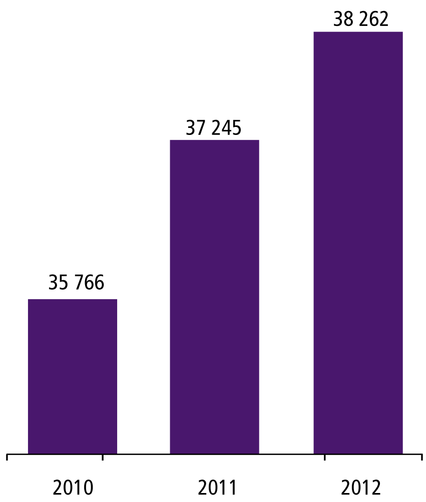


Chart 10 : Change in the number of finance companies' personnel

Banks employed 38,262 workers, up 1,000 additional employees over 2011, as against nearly 1,500 during the previous year.

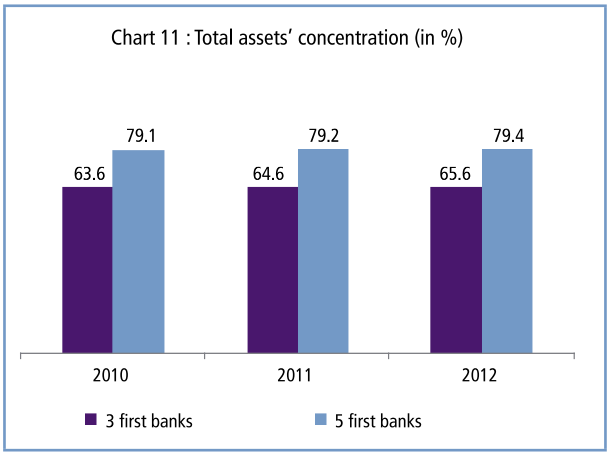
Finance companies increased their workforce by 224 people, bringing the total number to more than 3,600, of which 56 percent are employed by consumer loan companies and 11 percent by leasing companies.

5 - CONCENTRATION OF BANKING ACTIVITY

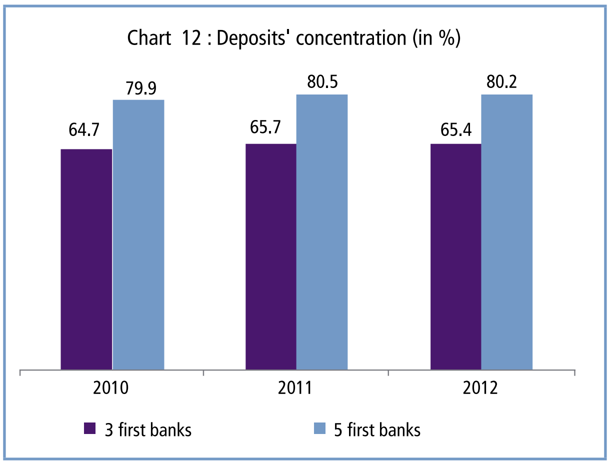
The analysis of the market shares of the main operators in total assets, deposits and loans did not change significantly. Herfindahl-Hirschman index, calculated for 2012, shows that the banking sector remains relatively concentrated.

5.1 - Concentration of banking activity on an equity basis

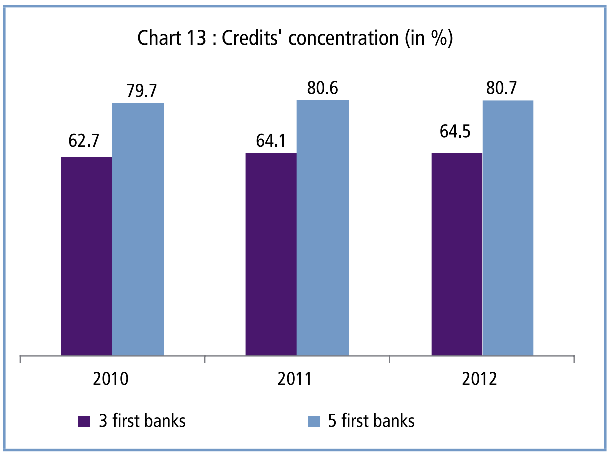
The share of the first three banks in total assets was 65.6 percent, up one point from 2011. The weight of the first five institutions increased 0.2 point to 79.4 percent.



For deposits, the level of concentration declined slightly. The share of the first three banks stood at 65.4 percent and that of the first five banks was 80.2 percent, as against 65.7 percent and 80.5 percent, respectively, in 2011.

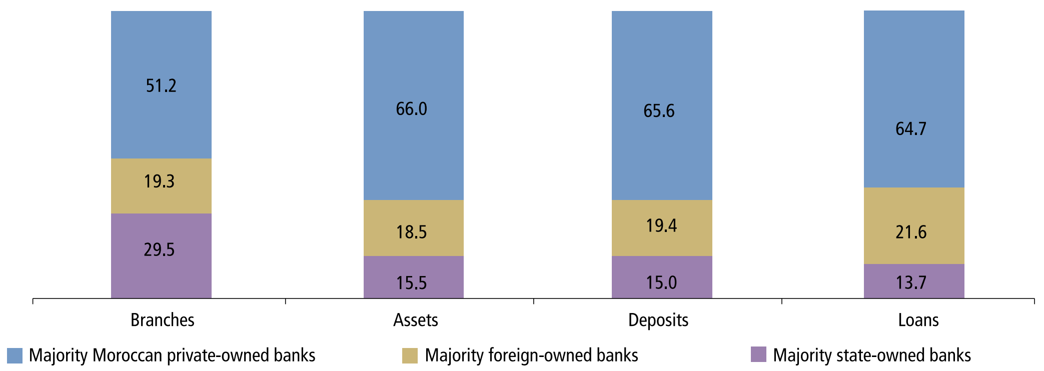


Regarding loans, the first three banks strengthened their position by 0.4 points to 64.5 percent. This share is 80.7 percent for the first five banks, with no significant change compared to the previous year.



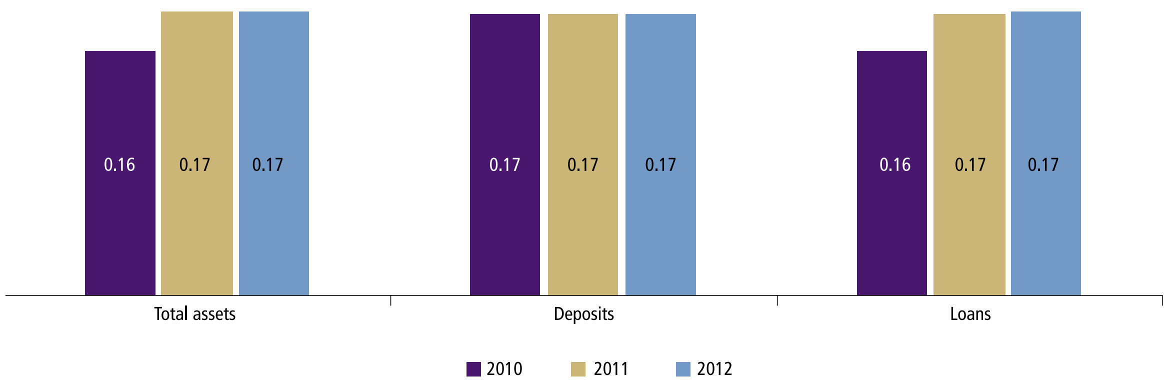
Majority Moroccan private-owned banks had, at the end of 2012, 51.2 percent of branches, 66 percent of assets, 64.7 percent of loans and 65.6 percent of deposits. Majority foreign-owned banks held 19.3 percent of branches, 18.5 percent of assets, 21.6 percent of loans and 19.4 percent of deposits. For their part, majority state-owned banks concentrated 29.5 percent of branches, 15.5 percent of assets, 13.7 percent of loans and 15 percent of deposits.

Chart 14 : Ownership's concentration (in %)



Herfindahl-Hirschman Index shows that the concentration of total assets, deposits and loans remained the same as in 2011.

Chart 15 : Banking concentration based on the Herfindahl-Hirshman Index



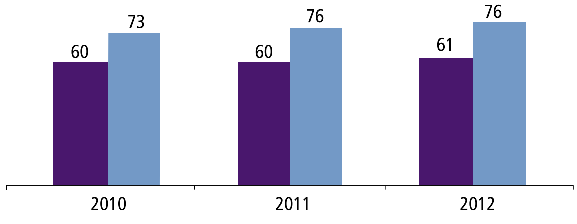
5.2 - Concentration of finance companies' activities

The degree of concentration broadly remained the same as in 2011 for consumer loan companies, while it rose for leasing companies.

The share of the first three consumer loan companies in the sector's total assets increased by one point to 61 percent and that of the first five institutions stabilized at 76 percent.

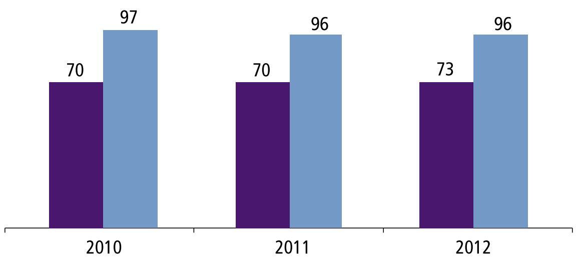
The share of eleven companies affiliated to financial institutions consolidated by one point to 98 percent.

Chart 16 : Total assets' concentration of consumer loan companies (in %)



Due to higher market share of large companies, the weight of the first three leasing companies in the sector's total assets increased by 3 points to 73 percent, while that of the first five companies remained stable at 96 percent.

Chart 17 : Total assets' concentration of leasing companies (in %)



5.3 - Concentration of lending activity on a consolidated basis

The concentration level of lending activity on a consolidated basis did not change, as the share of the top three banks remained at 64 percent and that of the top five companies at 81 percent.

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

	Equipment loans and cash facilities to businesses			Real estate loans			Consumer loans			Total loans		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
The first 3 banks	62	63	64	64	64	64	65	66	64	62	64	64
The first 5 banks	81	82	82	81	82	82	84	84	82	81	81	81

The analysis of the concentration by type of credit operation shows lower concentration for consumer loans and stabilization for cash facilities and equipment loans to businesses and real estate loans.

The first three banking groups made 64 percent of cash facilities. The same share was recorded for real estate and consumer loans. The first five groups were the source of 82 percent of cash facilities and equipment, real estate and consumer loans.

II. BANKING ACTIVITY AND RESULTS

The global economy continued to suffer in 2012 the effects of recent crisis, especially in the euro area. Moreover, the return to growth in Morocco's partner developed countries remains, moreover, tainted with uncertainty. The growth of the Moroccan economy, affected through the real propagation channels, mainly exports of goods and services, and current transfers, saw its growth rate slowing down in 2.7 percent from 5 percent in the previous year.

In this context, the Moroccan banking sector continued to show resilience, displaying generally satisfactory activity and profitability indicators.

1 - THE BANKING ACTIVITY SHOWED SLOWER GROWTH COMPARED TO 2011

In a difficult economic environment marked by a lower credit demand from businesses and a more risk-sensitive supply policy, growth of lending to the economy slowed down. In parallel, the securities portfolio strengthened. Regarding resources, scarcity of deposits was offset by the banks' continued recourse to the private debt market and refinancing from the Central Bank.

Developments below address the change in the banking activity, analyzed based on balance sheets tracing operations on an equity basis.

1.1 - Trends of banks' assets were marked by slower credit

The banking activity continued to grow in 2012 at a pace slower than the previous year. The banks' total assets increased 7.2 percent to 1,041 billion dirhams, after rising 9.6 percent in 2011. Lending and securities operations contributed positively to this trend, while claims on credit institutions and similar bodies continued to decline. Of this total, foreign currency assets with non-resident counterparties accounted for 2.6 percent, as against 1.9 percent in 2011.

The ratio of banks' total assets to GDP at current prices stood at 126 percent, as against 121 percent in 2011.

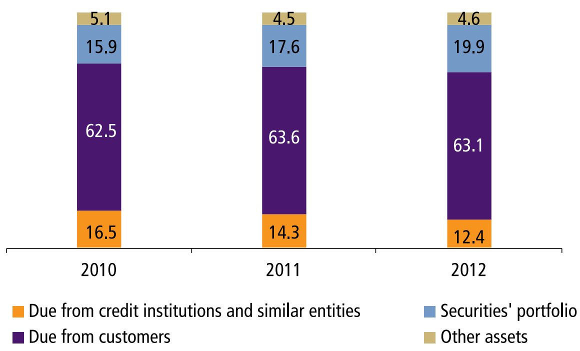
Change in banks' assets (Activity in Morocco) (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due from credit institutions and similar bodies	**146 057**	**139 271**	**129 398**	**-7.1**
Due from customers	**553 432**	**617 391**	**656 371**	**6.3**
Securities portfolio	**140 539**	**171 098**	**206 789**	**20.9**
Including Treasury bills	69 290	86 288	105 309	22.0
Fixed assets	**18 431**	**19 776**	**21 013**	**6.3**
Other assets	**27 157**	**23 399**	**27 077**	**15.7**
Total	**885 616**	**970 935**	**1 040 648**	**7.2**

N.B.: Headings net of amortization and provisions

The banks' assets structure is still dominated by loans to customers whose share, however, declined by 0.5 point to 63.1 percent. Due from credit institutions and similar bodies also dropped by 1.9 point to 12.4 percent, year on year. However, the share of the securities portfolio expanded by 2.3 points to 19.9 percent.

Chart 18 : Banks assets' structure (in %)

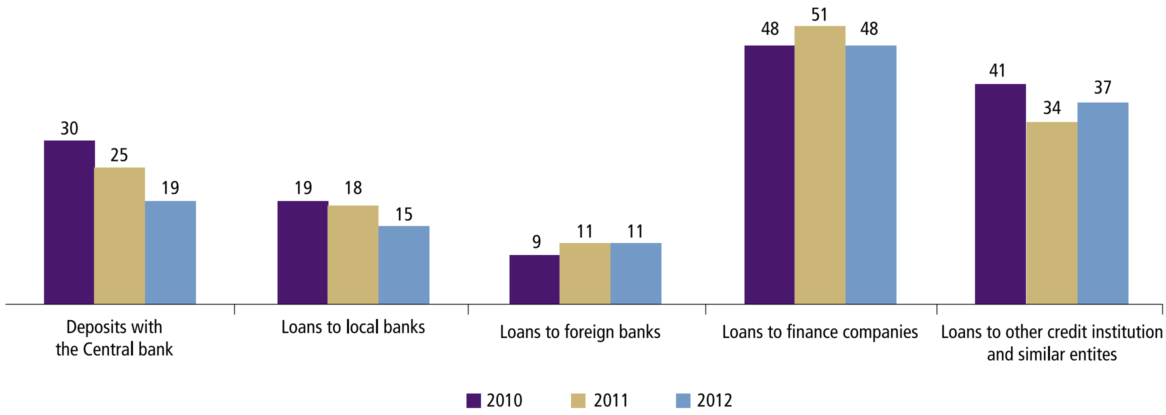


1.1.1. Loans to credit institutions and similar bodies continued their downward trend

Loans to credit institutions and similar bodies showed a further decline of 7.1 percent at the end of 2012, to 129.4 billion dirhams, due to lower deposits with the Central Bank and loans to finance companies.

Representing 21.6 percent of the total, foreign currencies loans held with these institutions fell by 5.6 percent, as against 3.4 percent a year earlier.

Chart 19 : Change in loans to credit institutions and similar entities (billion of dirhams)



Facing persistent pressure on bank liquidity, Bank Al-Maghrib in 2012 further reduced the required reserve ratio by 2 percentage points to 4 percent. As a result, banks' deposits with the Central Bank moved down 25.4 percent to 19 billion dirhams at the end of 2012.

Loans to local banks, amounting to 14.5 billion dirhams, also contracted by 21 percent, due to a 29.5 percent decline in cash facilities to 7.8 billion, a 2 percent downturn in financial loans to 4.2 billion and a 17 percent reduction in repurchase agreements to 2.5 billion dirhams.

Loans to banks located abroad remained around 11 billion dirhams, while they increased by 23.7 percent in the previous year.

Meanwhile, loans to finance companies moved down 6.2 percent, returning to their 2010 level, 47.6 billion, of which 33.2 billion as financial loans and 14.4 billion as cash facilities. This decrease is attributed to slower activity of both consumer loan companies and leasing ones.

In contrast, bank lending to similar bodies rose by 9.4 percent to 35.9 billion dirhams, after falling 15 percent in 2011.

1.1.2. The growth of loans to customers covers disparate situations

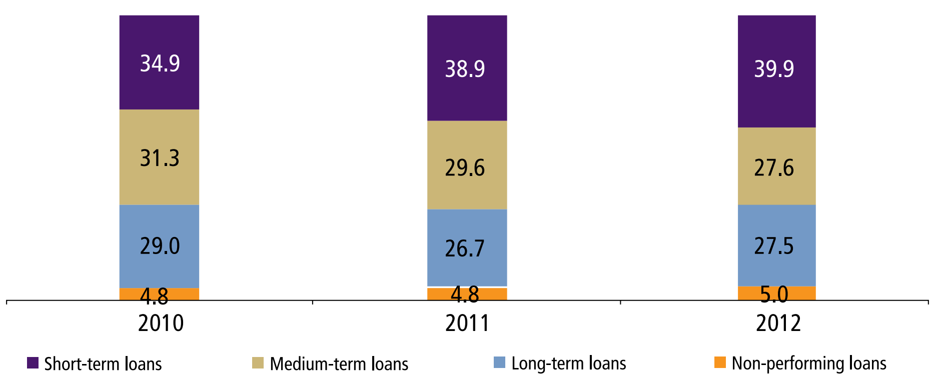
In 2012, banks continued to meet businesses and households financing needs, albeit at a pace slower than in previous years[1]. Indeed, the outstanding loans granted, totaling 722 billion dirhams [2], increased by only 5.3 percent, as against nearly 11 percent in 2011. This deceleration particularly affected loans to companies, reflecting the lack of strong economic activity and greater risk sensitivity of banks. In contrast, credit to households continued to grow on the same trend observed over the past three years.

However, considering the average monthly change in loans, the growth rate stood at 7.8 percent, as against 8 percent in 2011.

Foreign currency loans to customers, representing a share of less than 3 percent of the total outstanding credit, fell 12.6 percent to 18.8 billion dirhams.

Reported to GDP, the total outstanding loans reached a ratio of 87 percent, as against 86 percent a year earlier.

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



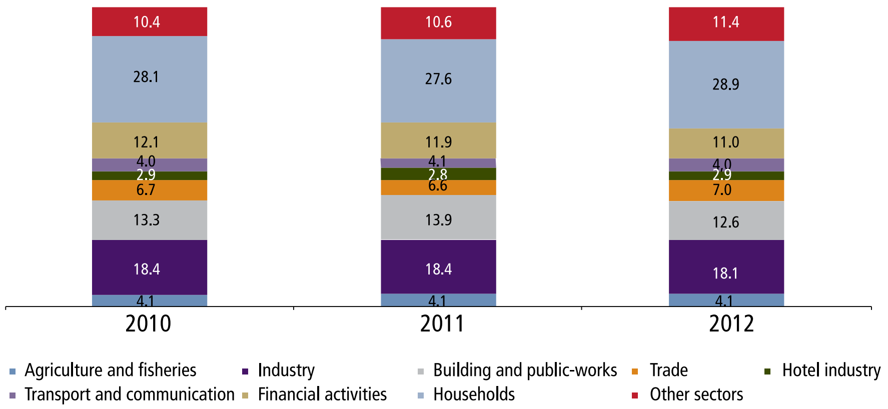
The decline in equipment loans and loans to real estate developers resulted in a 1.6 percent contraction of medium-term loans to 199.5 billion dirhams, representing a share of 27.6 percent, down 2 points from 2011. In contrast, short-term loans, driven by a faster increase in cash facilities and consumer loans, grew by 7.8 percent to 287.8 billion dirhams, or a share of 39.9 percent, as against 38.9 percent one year earlier. Similarly, outstanding long-term loans, composed mainly of housing loans, increased by 8.4 percent to 198.5 billion dirhams, or a share of 27.5 percent, as against 26.7 percent in 2011.

1 Annual average growth of 9.7 percent between 2008 and 2011, and 20.5 percent between 2005 and 2008.

2 The credit data are calculated from a prudential perspective. They are different from those used in the context of monetary statistics.

Sectoral breakdown of disbursement loans did not change significantly in 2012, with the exception of households whose share increased due to buoyant consuming and housing loans.

Chart 21 : Sectoral breakdown of disbursement loans (in %)



Thus, households remain one of the main beneficiaries of banks loans, with a share of 29 percent, accounting for an outstanding amount of nearly 209 billion dirhams, up 10.6 percent. Housing loans represent 75 percent of this outstanding amount.

The industry sector has outstanding loans of 130.5 billion dirhams, up 3.3 percent, as against 11.2 percent in 2011. Its share in total loans stood at 18.1 percent. This change mainly benefited the energy and water sectors, and to a lesser extent, the manufacturing sector.

Due to lower lending to real estate development, the building and public-works sector had an outstanding amount of loans of 91 billion, down 4.3 percent. Its share in total loans declined by 1.3 point to 12.6 percent.

Similarly, loans granted to financial activities contracted by 2.4 percent to 79.7 billion, a share down 0.9 point to 11 percent.

In contrast, lending to the trade sector grew by 12 percent to 50.5 billion. Its share in total loans increased by 0.4 point to 7 percent.

The transport and communications sector had an outstanding amount of 28.7 billion, up 2.3 percent, thus representing 4 percent in total outstanding loans, which is almost similar to the level of the previous year. Meanwhile, the hotel industry stood at 20.7 billion and its share in total loans stabilized at about 3 percent.

The amount of non-performing loans rose again by 9 percent, year on year, to 36 billion dirhams. This trend reflects the difficulties faced by companies operating particularly in the sectors most exposed to international competition and the impacts of lower external demand. However, the quality of exposure to households improved. Overall, the average ratio of non-performing loans amounted to 5 percent, as against 4.8 percent and their coverage ratio stood at 68 percent, as against 69 percent in 2011.

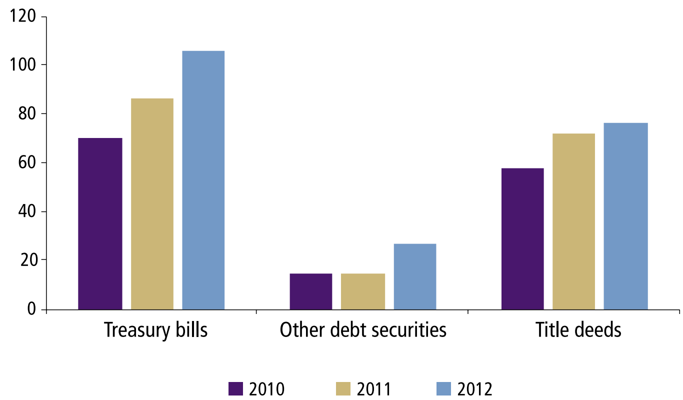
1.1.3. Banks' securities portfolio increased

At the end of 2012, the gross outstanding securities portfolio held by banks grew by 21 percent to 208.6 billion dirhams, representing nearly 20 percent of the sector's total assets, as against 17.6 percent in the previous year. This change is due to higher portfolio of Treasury bills and negotiable debt securities that contributed 87 percent to this growth.

Outstanding Treasury bills, the main component of banks' securities portfolio, moved up 22 percent to 105.4 billion dirhams. Their share in total assets increased one point to 10 percent.

Meanwhile, other debt securities showed a strong growth with an outstanding amount of 26.5 billion dirhams, almost doubling that of 2011, mainly due to higher borrowed certificates of deposit.

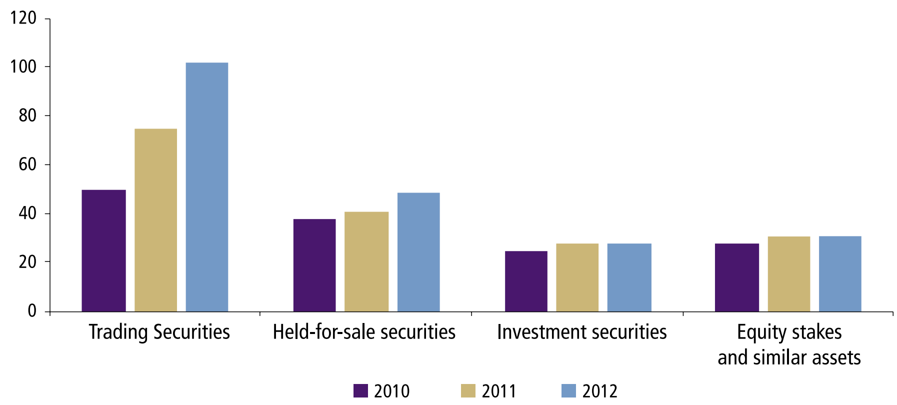
Chart 22 : Change in securities' portfolio by legal nature (billion of dirhams)



Meanwhile, title deeds showed a growth less sustained than in 2011 and their share in the overall securities portfolio shrank by 5 percentage points to 37 percent. They stood at nearly 76.8 billion dirhams, up 6.3 percent, as against 24.6 percent in 2011, a year marked by significant purchases of UCITS shares.

The analysis of the securities portfolio, according to the purposive accounting rules, shows that the trading portfolio recorded the highest increase, raising its share in the overall securities portfolio to 48 percent. Its outstanding amount stood at 100.3 billion, up 32.5 percent, as banks continued to improve their position in liquid assets through purchase and security borrowing transactions. At the end of 2012, this portfolio was composed of 49 percent of Treasury bonds, 11 percent of other debt securities and 40 percent of title deeds.

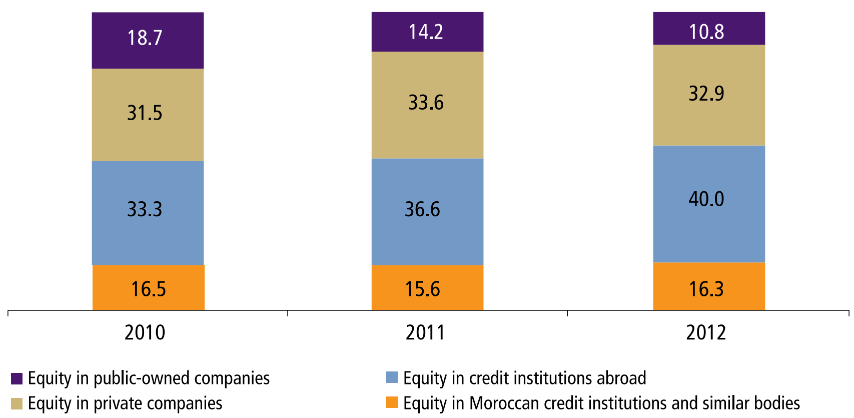
Chart 23 : Change in securities' portfolio according to purposive accounting rules (billion of dirhams)



The securities-held-for-sale portfolio, consisting of up to 68 percent of treasury bills, 22 percent of other debt securities and 10 percent of title deeds, also appreciated by 14.6 percent to 47.2 billion, or 23 percent of the total. The investment portfolio, which consists exclusively of debt securities, showed an increase of 14.3 percent to 29 billion dirhams.

Thanks to the acquisition of new banking subsidiaries abroad and higher holdings in the capital of institutions based in Morocco, the portfolio of this category of securities increased by 6.6 percent to 32 billion, including nearly three quarters as shareholdings in affiliated companies.

Chart 24 : Breakdown of equity portfolio by type of counterparty (in %)



The total amount of shareholdings in the capital of credit institutions based abroad strengthened by 14.2 percent to 12.2 billion, or 40 percent of equity portfolio and 14 percent of banks' equity.

The outstanding provisions for depreciation of securities portfolio, 81 percent of which are allocated to covering equity securities and similar assets, increased by 44 percent to 1.8 billion dirhams.

1.2 - Market resources continued to grow stronger

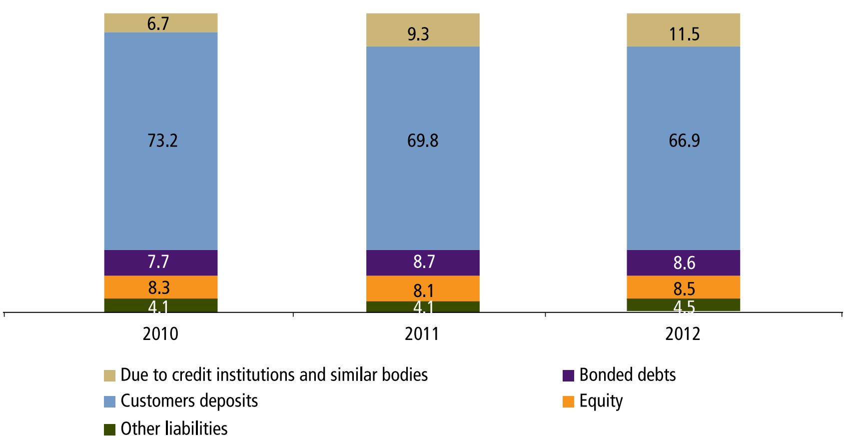
To ensure the financing of the economy, banks continued to develop collecting deposits, while diversifying their resources through bond debt emissions and recourse to refinancing in Central Bank money.

Change in banks' liabilities (Business in Morocco) (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar bodies	**59 226**	**90 151**	**119 592**	**32.7**
Customer deposits	**647 852**	**677 248**	**696 640**	**2.9**
Bonded debts	**68 546**	**84 318**	**89 566**	**6.2**
- Subordinated debts	20 074	21 610	22 725	5.2
- Certificates of deposits	45 168	59 734	62 084	3.9
- Other issued debt securities	3 304	2 974	4 757	60.0
Equity	**73 707**	**78 434**	**88 147**	**12.4**
Net income	**9 728**	**10 060**	**9 890**	**-1.7**
Other liabilities	**26 557**	**30 724**	**36 813**	**19.8**
Total	**885 616**	**970 935**	**1 040 648**	**7.2**

Under these conditions, the share of deposits collected from customers in total liabilities decreased by 2.9 points to 66.9 percent, due to a 2.2 points increase in the share of the debts due to credit institutions and similar bodies to 11.5 percent and a 0.4 point rise in the share of equity to 8.5 percent. The weight of bonded debts stabilized at around 8.6 percent.

Chart 25 : Structure of banks' liabilities (in %)



Banks' foreign currency resources held by non-residents represented 1.6 percent of banks' total resources, slightly down compared to 2011.

1.2.1. Banks made greater use of the Central Bank money

The debts due to credit institutions and similar bodies amounted to 119.6 billion dirhams, up 32.7 percent as opposed to 52 percent a year earlier. Dirham-denominated debts, totaling an outstanding amount of 86 billion, appreciated by 46.7 percent and foreign currency debt, with a share of 28 percent, registered an increase of 6.6 percent.

In view of persistently tighter bank liquidity, the Central Bank continued its accommodative policy to provide the necessary liquidity to banks. At the end of December 2012, loans granted by the Central Bank to banks doubled to 70 billion dirhams, or about 7 percent of total banks' liabilities.

Box 11 : Measures taken by Bank Al-Maghrib in 2012 to improve bank liquidity

To alleviate pressure on bank liquidity, Bank Al-Maghrib took in 2012 particularly the following actions :

- Decreasing the key rate by 25 basis points to 3 percent and the monetary reserve ratio from 6 to 4 percent ;
- Expanding the collateral accepted as security to its advances and relaxing relevant eligibility criteria ;
- Implementing an arrangement of loans to banks secured by bills representing claims on vSMEs.

At the same time, loans from local banks contracted by 37.5 percent to 14.4 billion, including 8.7 billion as cash facilities, 3.2 billion as financial borrowings and 2.5 billion as repurchase agreements.

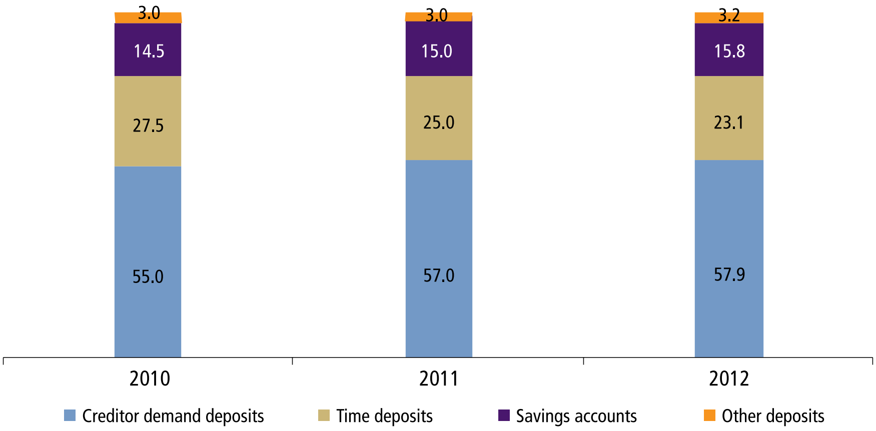
After doubling in 2011, debts due to foreign credit institutions declined by 6.6 percent to 15.5 billion, accounting for a share of around 13 percent. Out Of this total, loans from international financial bodies fell by 8.6 percent to 970 million dirhams, thus continuing their downward trend.

1.2.2. Deposits growth slowed down mainly owing to lower time deposits

Deposits collected from customers reached 696.6 billion dirhams at the end of 2012, registering an increase of less than 3 percent, as against 4.5 percent in 2011, continuing a slowdown that began in 2008. Of this total, foreign currency deposits accounted for 1 percent.

This growth was mainly supported by deposits in the form of demand and savings accounts, while time deposits contributed negatively to this growth.

Chart 26 : Change in the share of various deposits categories (in %)



After an increase of 8.3 percent in 2011, deposits in the form of demand accounts rose by 4.4 percent to 403 billion dirhams. Time deposits, which continued to decline for the third consecutive year, showed a further decrease of 5 percent to 160.7 billion, as against 5.2 percent in 2011. This trend reflects respective decreases of 6.3 percent and 1.6 percent in cash bonds and time accounts.

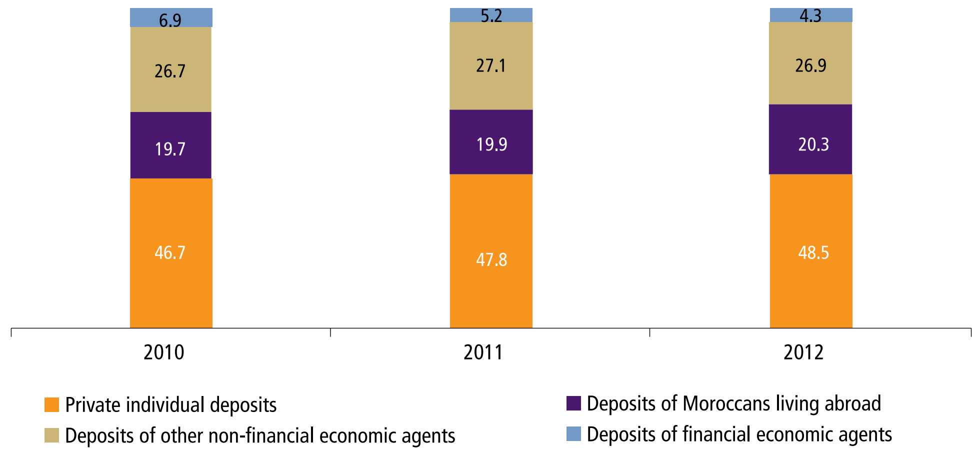
Amounting to 110.4 billion dirhams, savings accounts, which show a stable trend over time, grew at a slightly slower pace from 9 to 8 percent in 2012.

Given these developments, the structure of deposits shows a 0.9 percentage point rise in the share of demand deposits to 57.9 percent and a 0.8 point increase in savings accounts to 15.8 percent to the detriment of time deposits whose share shrank by 1.9 point to 23.1 percent.

The analysis of deposits by economic unit shows lower deposits of financial economic units[1] and higher deposits of non-financial units, albeit at a pace less than that of the previous year.

1 Other than credit institutions and similar entities

Chart 27 : Structure of deposits by economic agent (in %)



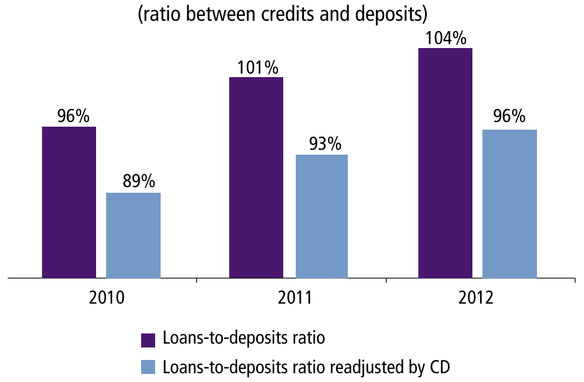
The deposits of resident private individuals, constituting nearly half of total deposits, increased by 4.3 percent at the end of December 2012 to 336.2 billion dirhams, after rising 7.4 percent in the previous year. Deposits of Moroccans living abroad, amounting to 141 billion, continued to grow to 5.2 percent, as against 5.7 percent in 2011, despite the difficult economic conditions in the host countries.

After an increase of 6.3 percent in 2011, deposits of other non-financial units showed a slower growth of 1.9 percent to 186.4 billion, reflecting lower saving capacity of companies, especially those whose business is linked to external demand.

Deposits of financial economic units, representing 4.3 percent of the total, stood at 30 billion dirhams, showing a further decline of 14 percent, as against 21.6 percent in 2011.

The growth in loans-to-deposits ratio resulted in a ratio of 104 percent. Readjusted by certificates of deposits, this ratio stood at 96 percent.

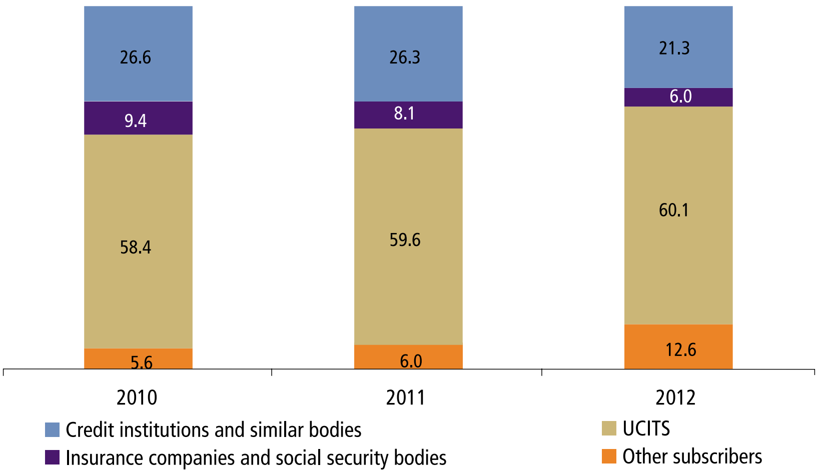
Chart 28 : Banks Loans-to-deposits ratio (ratio between credits and deposits)



1.2.3. Recourse to the private debt market continued, but slower than in 2011

Faced with a slowdown in deposits, banks continued to make use of the private debt market. Indeed, the outstanding bonded debts totaled 89.6 billion dirhams, up 6.2 percent, as against 23 percent in 2011. Of this total, certificates of deposits, amounting to 62 billion, increased by nearly 4 percent and subordinated debts rose by 5.2 percent to 22.7 billion dirhams, as against 7.7 percent in the previous year.

Chart 29 : Outstanding amount of certificates of deposit by type of subscribers (in %)



Most of issued certificates of deposits were subscribed to mainly by institutional investors, particularly UCITS (60 percent) and credit institutions and similar bodies (21.3 percent).

1.2.4. Banks' equity expanded again

In 2012, banks raised their equity by 12.4 percent to 88 billion dirhams, through capital increases and the transfer of a more significant share of profits to reserves. This increase responds to the compliance with the new prudential requirements, which are expected to come into force as of the end of June 2013.

Compared to total assets, equity stood at 8.5 percent, up 0.4 percentage point from one year to another.

1.3 - Off-balance sheet commitments showed divergent trends

Banks' off-balance sheet items consist mainly of given or received guarantee and financing commitments, as well as commitments in foreign currencies and derivatives.

Financing commitments given by banks totaled 76.4 billion dirhams, up 3.2 percent, after a decline of 4 percent last year. Of this total, commitments given to customers reached almost 72 billion, registering a growth of 3.5 percent, while those granted to credit institutions decreased by 1.4 percent to 4.5 billion dirhams.

The given guarantee commitments showed a rise of 3.6 percent to nearly 115 billion, after that of 15.4 percent in 2011. This slowdown reflects a 5 percent growth of commitments given to customers to 80 billion, while commitments to credit institutions and similar bodies remained at 35 billion dirhams.

The received financing and guarantee commitments totaled 56.8 billion dirhams, compared to 2011, reflecting a 19 percent increase in commitments received from customers to 4.9 billion and a 1 percent decrease in those received from credit institutions and similar bodies to 51.9 billion dirhams.

Banks' outstanding foreign currency commitments at purchase and sale decreased by 3.5 percent to 124.7 billion dirhams. Cash transactions moved up 62 percent to 16.3 billion, while forward operations fell by 9 percent to 108.4 billion dirhams.

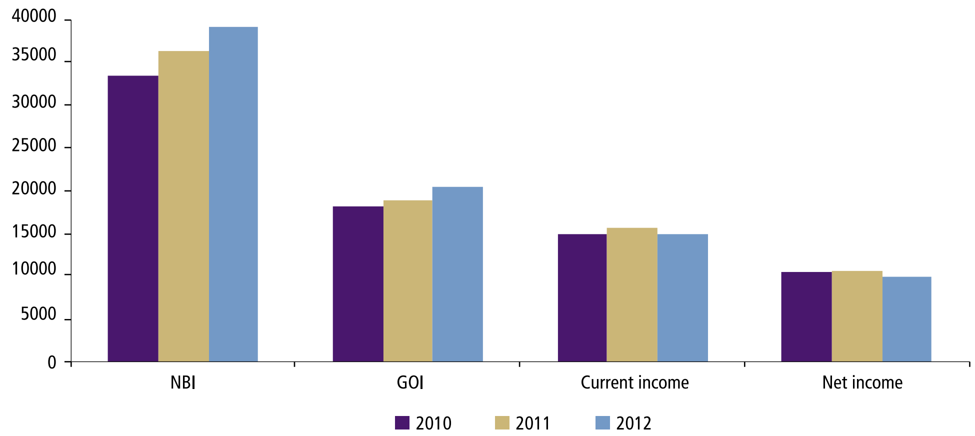
Commitments on derivatives increased by 23.4 percent to a notional amount of 41.4 billion dirhams, due to a 75.6 percent growth of commitments on exchange rate instruments to 20.3 billion dirhams. Commitments on interest rate instruments fell by 3.3 percent to 14 billion dirhams.

2 - DESPITE A DIFFICULT ECONOMIC ENVIRONMENT, BANKS WERE ABLE TO GENERATE SATISFACTORY RESULTS

Despite an environment marked by an increasing number of risk factors, banks were able to maintain satisfactory profit margins thanks to revenues generated by intermediation activities.

These changes are examined below through the analysis of the major management intermediate balances.

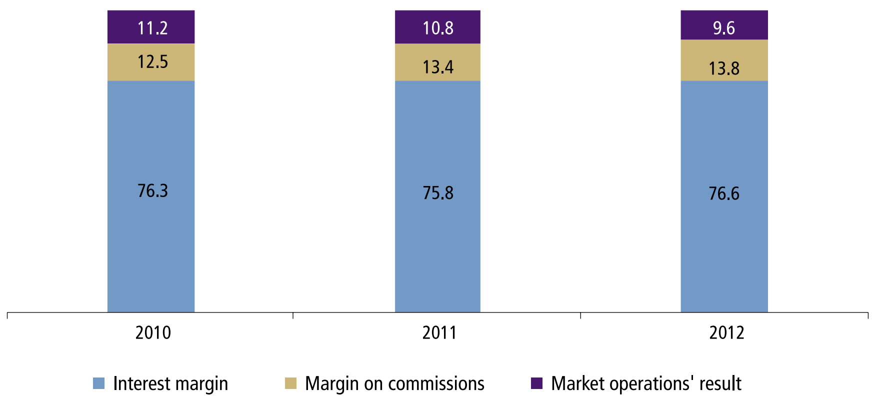
Chart 30 : Change in banks' management intermediate balances (million of dirhams)



2.1 - The net banking income showed a steady growth

The net banking income, amounting to 38.6 billion dirhams, maintained a steady growth despite a slowdown to 7.5 percent from 9.3 percent in 2011. Lower assets' yields, coupled with virtually stagnation of the costs of resources and a lower income from market activities, contributed to this deceleration.

Chart 31 : Structure of the net banking income (in %)



The interest margin, the main source of revenue of banks, increased by 5.9 percent, after 7.8 percent to 28.4 billion dirhams. This trend is due to higher interest expenses, which were greater than interest income, or 10 percent , as against 7.4 percent.

The analysis of the interest margin reveals a significant decline of 62 percent in net income from interest rates on transactions with credit institutions and similar bodies to 681 million dirhams, after rising 75 percent in 2011, in conjunction with a 56 percent increase in interest paid on interbank borrowings to 3.1 billion, while interest received on interbank lending remained at the level of last year.

Transactions with customers generated a net interest income of 26.8 billion dirhams, up nearly 10 percent, a rate similar to that of 2011. This growth reflects a 7 percent increase in interest received on loans to 36.3 billion and a stagnation of interest paid on deposits at 9.5 billion dirhams.

The net interest income from debt securities stood at 2.4 billion, showing a decline of 3.5 percent due to a rise of interest paid on issued securities (+10.6 percent), faster than that of interest on purchased securities (4.4 percent).

Meanwhile, the margin on commissions increased by 11.3 percent, as opposed to 16.6 percent a year earlier to 5.3 billion dirhams. Its share in NBI grew slightly to 13.8 percent.

Commissions on loans services increased by 11.6 percent to 5.5 billion, as against 16.7 percent in 2011. Of this total, commissions on payment means rose 16.2 percent to 1.9 billion and commissions on operating accounts moved up 10.6 percent to 1.1 billion, mainly in connection with an increasing number of the population using banking services. However, commissions on securities transactions were down 19.2 percent to 82 million, impacted by lower volume of stock transactions. This applies to commissions on sales of insurance products, which fell by 9.6 percent to 154 million dirhams.

Commissions on loans services increased by 13.1 percent to 454 million dirhams, as against 3.5 percent in the previous year.

After a 5.7 percent increase in 2011, the market operations' results decreased by 4 percent to 3.7 billion dirhams and its share in the NBI stood at 9.6 percent. In a context marked by lower stock prices and rising bonds rates, the result from securities transactions declined by 2 percent to 2.1 billion dirhams. At the same time, the result of foreign exchange operations recorded a further decline of 8.9 percent to 1.4 billion. In contrast, the derivative transactions generated a net profit of 214 million, up 12%.

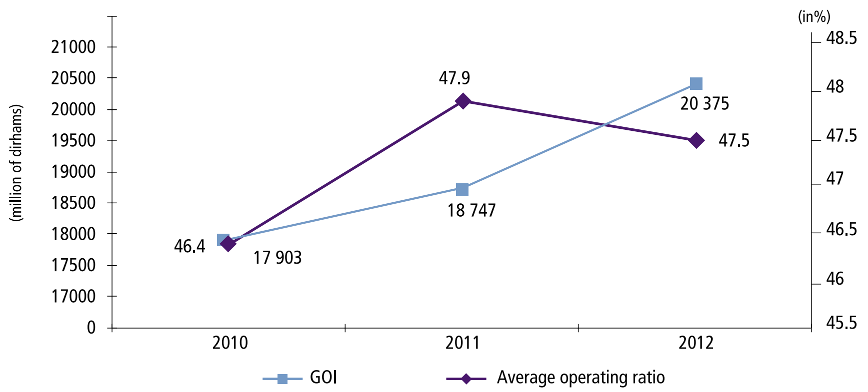
2.2 - The control of general operating expenses helped increase the gross operating income

General operating expenses rose by 6.5 percent to 18.3 billion dirhams, as against an increase of 13.3 percent in 2011, a year marked by the integration of Al-Barid Bank data, for the first time.

Personnel expenses, constituting 49 percent of general operating expenses, rose 6.2 percent to 9 billion dirhams, as against 13.6 percent in 2011. Other general expenses, amounting to 9.3 billion dirhams, moved up by 6.8 percent, due to a 7.6 percent increase in external costs to 6.8 billion, and 6.1 percent rise in depreciation allocations and provisions for intangible fixed assets to 1.9 billion, while taxes and duties were down 2.6 percent to 418 million dirhams.

The control of operating expenses contributed positively to the change in **gross operating income (GOI)**, which amounted to 20.4 billion, up 8.7 percent, as against 4.7 percent in 2011.

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

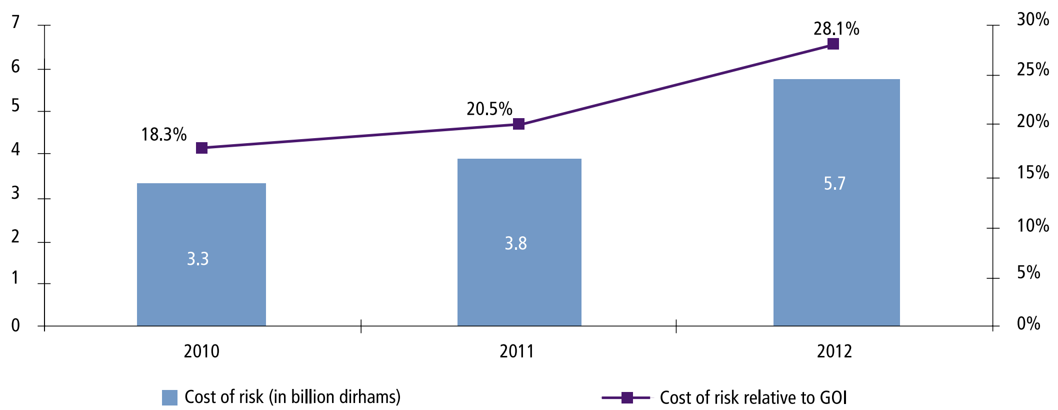


As a result, the average operating ratio, corresponding to the ratio of overheads to NBI, averaged 47.5 percent, as against 47.9 percent a year earlier.

2.3 - Banks' net income growth slowed due to significant increase in the cost of risk

The cost of risk, as measured by allocations net of reversals of provisions, increased by 49 percent, as against 17.2 percent, to 5.7 billion dirhams, absorbing 28.1 percent of GOI, as opposed to 20.5 percent last year. This increase, which occurred in a context marked by the deterioration in the corporate credit quality, requiring higher specific and general provisions, covers a 14.7 percent growth of allocations of provisions to 10.8 billion and an 8.5 percent decrease in reversals to 5.1 billion dirhams.

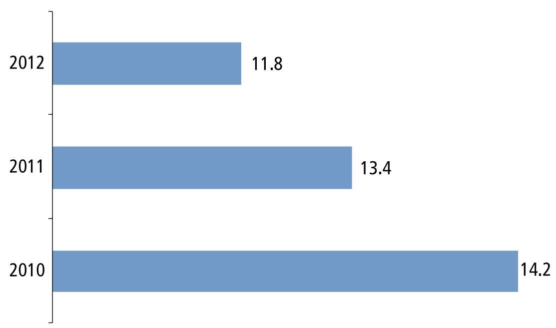
Chart 33 : Change in the overall cost of risk to banks' GOI



Overall, banks generated in 2012 a **total net income** of 9.9 billion dirhams, down 1.7 percent, as against an increase of 3.5 percent a year earlier. This slight decline was reflected in the profitability ratios, as shown in Charts 34 and 35 below. The return on equity (ROE) fell 13.4 percent to 11.8 percent and the return on assets (ROA) remained stable at 1 percent.

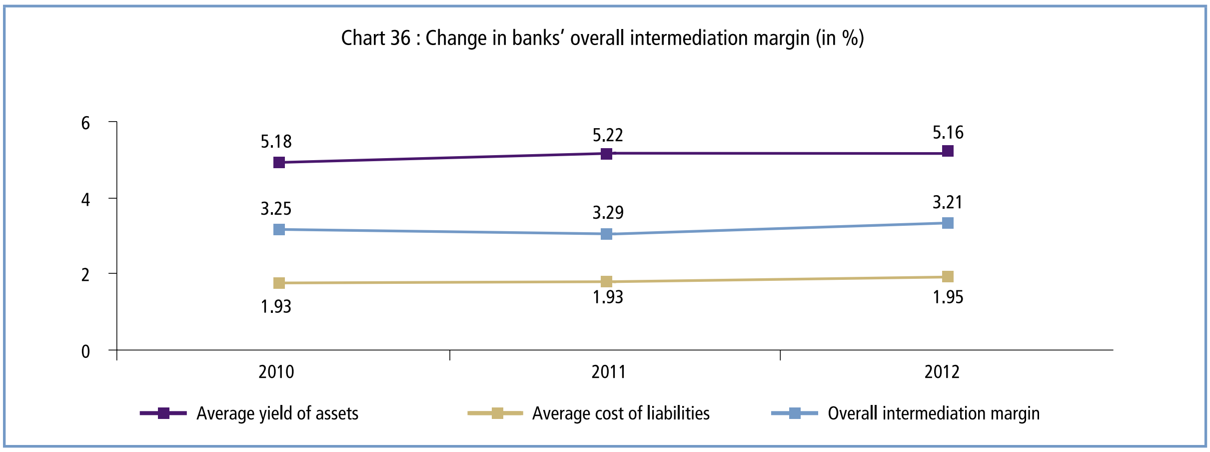
Chart 34 : Change in banks' return on assets (ROA) (in %)

Chart 35 : Change in banks' return on equity (ROE) (in %)

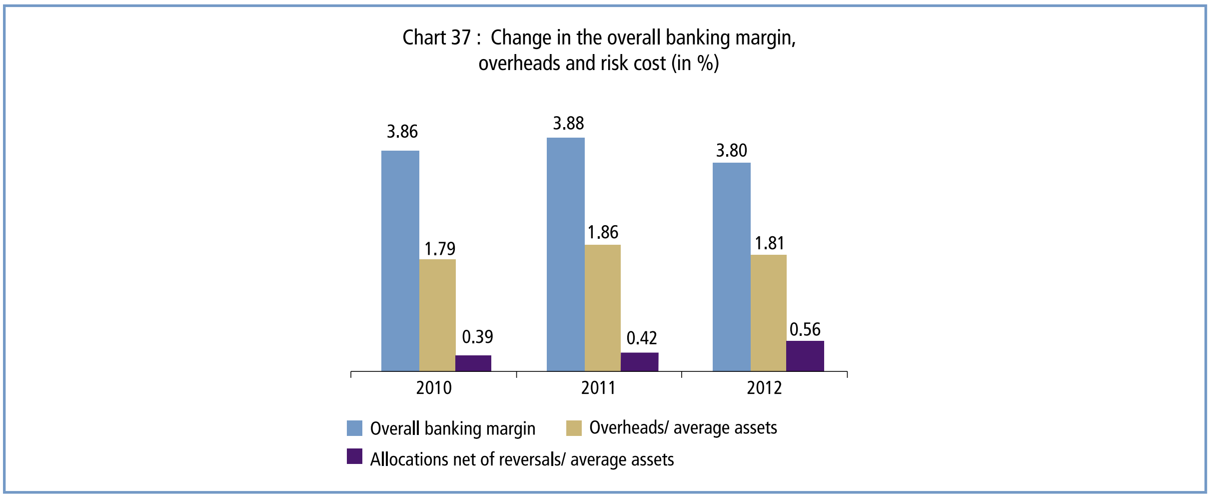


2.4 - Banks' overall intermediation margin declined

The strength of competition among banks in the credit market continued to exert pressure on the overall intermediation margin. This was reduced in 2012 by 8 basis points to 3.21 percent, under a combined effect of a 6 basis points decrease in the average yield of assets to 5.16 percent and a 2 basis points increase in the average cost of liabilities to 1.95 percent.



Customers' transactions generated an average return on loans of 5.62 percent, down 6 basis points and an average cost of deposits of 1.41 percent, down 4 basis points. As a result, the margin on customers' transactions stood at 4.21 percent, or 2 basis points lower than in 2011.



The overall banking margin, as measured by the ratio of NBI to average assets, declined by 0.08 point to 3.80 percent. It was absorbed by overheads at 1.81 percent, as against 1.86 percent and the cost of risk at 0.56 percent, as against 0.42 percent.

III. ACTIVITY AND RESULTS OF FINANCE COMPANIES

Despite a tough economic environment, finance companies[1] kept developing their business, albeit at a slower pace. This trend was accompanied by a satisfactory development of the profitability of consumer loans, while that of the leasing sector declined from the previous year.

1 - FINANCE COMPANIES' ACTIVITY INCREASED IN LESS FAVORABLE CONDITIONS

1.1 - The growth of finance companies' assets covers mixed trends across various businesses

At the end of December 2012, finance companies recorded total assets of 98 billion dirhams, up 8.5 percent. They posted an outstanding credit of 97.7 billion, up 6.8 percent, as against 7.3 percent last year. Their non-performing loans represented 9.7 percent of total credit, a level similar to 2011. These claims were covered by provisions amounting to 78 percent, as against 79 percent a year earlier.

Consumer loan companies recorded total assets of 45.8 billion dirhams, up nearly 6 percent, a rate almost similar to 2011.

Change in consumer loan companies' assets (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar bodies	**534**	**436**	**530**	**21.6**
Due to customers	**38 309**	**40 426**	**42 115**	**4.2**
Including lease with purchase option	4 364	6 218	9 629	54.9
Securities' portfolio	**47**	**30**	**46**	**53.3**
Fixed assets	**760**	**806**	**826**	**2.5**
Other assets	**1 104**	**1 592**	**2 321**	**45.8**
Total	**40 754**	**43 290**	**45 838**	**5.9**

NB: Headings net of depreciation and provisions

Amounting to 47 billion dirhams, the gross outstanding loans distributed by these companies increased by 4 percent, from 6.4 percent in 2011. This change covers contrasting situations. Leasing transactions, with an outstanding amount of 9.6 billion dirhams, continued to expand, posting a growth of 55 percent, as against 42.5 percent in 2011. This trend is due to dynamic sales of vehicles during this period. In contrast, the outstanding amount of other loans categories shrank by 4 percent, after rising 2.3 percent a year earlier.

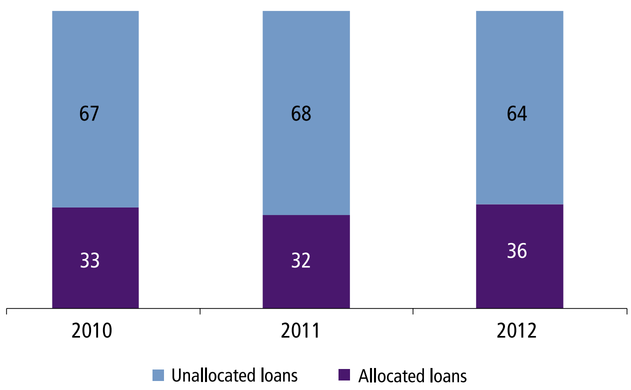
1 Finance companies include consumer loan, leasing, real estate loans, factoring, surety and payment means management companies.

Chart 38 : Gross outstanding amounts of loans and leasing transactions with option of purchase of consumer loan companies (million of dirhams)

The breakdown of consumer loan companies' outstanding amount by credit category shows that unallocated loans continue to represent the most significant share, albeit down compared to the previous two years, or 64 percent, as against 68 percent. Nearly 98 percent of unallocated loans are made up of personal loans.

Loans for purchase of vehicles accounted for nearly 97 percent of the allocated loans.

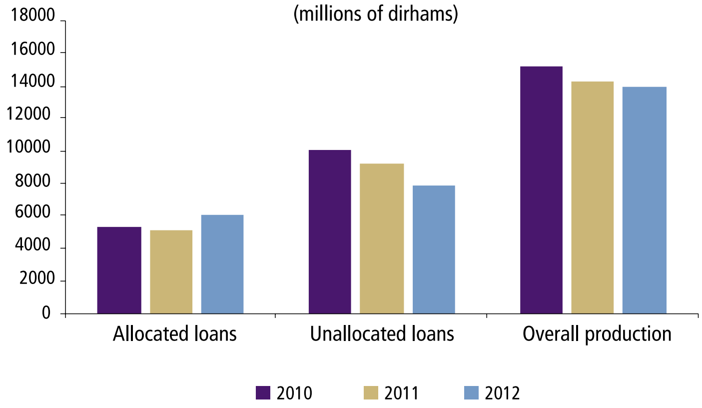
Chart 39 : Breakdown of allocated and unallocated loans granted by consumer loans companies (in %)



The credit trend was accompanied by a stagnation of non-performing loans at 6 billion dirhams, showing a risk ratio of 12.9 percent, continuing its downward trend that began last year. These non-performing loans were hedged by provisions amounting to 83 percent, a ratio similar to that of 2011.

In terms of production[1], consumer loan companies granted, in 2012, 14 billion dirhams, an amount lower than those of recent years, representing 451,713 files. Of this total, the production of allocated loans increased by 23.5 percent, year on year, to 6.2 billion, while that of unallocated loans decreased by 16.4 percent to 7.8 billion dirhams.

Graphique n°40 : Breakdown of allocated and unallocated loans production granted by consumer loans companies (millions of dirhams)



Leasing companies accumulated total assets of 42.5 billion dirhams, up 2.2 percent, as against 7.4 percent in 2011, a trend reflecting the negative impact of economic conditions on companies. Following the same trend, their gross outstanding loans were up 3.4 percent, as against 7.8 percent in the previous year.

Change in leasing companies' assets (million of dirhams)

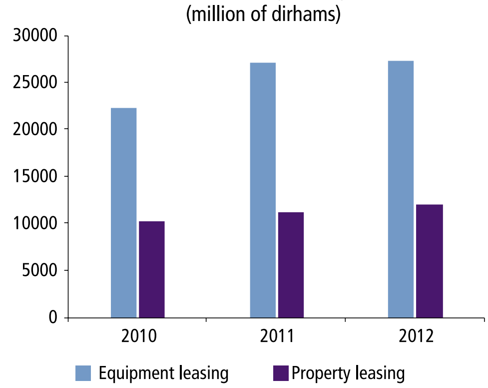
	2010	2011	2012	Change 2011/2012 (in%)
Leasing fixed assets	37 340	40 463	41 434	2.4
Other customers' loans	59	51	104	103.9
Securities' portfolio	30	30	30	0.0
Other assets	1 293	1 039	944	-9.1
Total	**38 722**	**41 583**	**42 512**	**2.2**

NB: Headings net of depreciation and provisions

1 Data from the Professional Association of Finance Companies

Equipment leasing operations, with a share of 69 percent of the total, remained at their level recorded last year, while property ones grew by 7.4 percent, as against 11.7 percent in 2011.

Chart 41 : Change in the outstanding amount of equipment and property leasing' transactions (million of dirhams)



Due to the deterioration in the risk quality, the outstanding non-performing loans of leasing companies grew by 20.5 percent to 3 billion dirhams, representing a risk rate of 7 percent, as against 6 percent in 2011. These loans were covered by provisions amounting to 65 percent, as against 67 percent.

In terms of production [1], leasing companies granted in 2012 lower amounts of loans than in the previous year, or 13.6 billion dirhams, as against 14.8 billion corresponding respectively to a number of files of 15.438 and 15.688. Almost 82 percent of this production was allocated to equipment leasing.

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

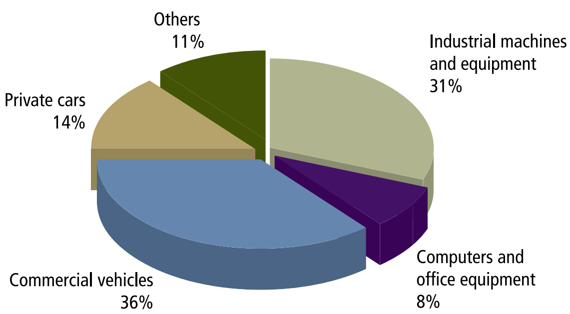
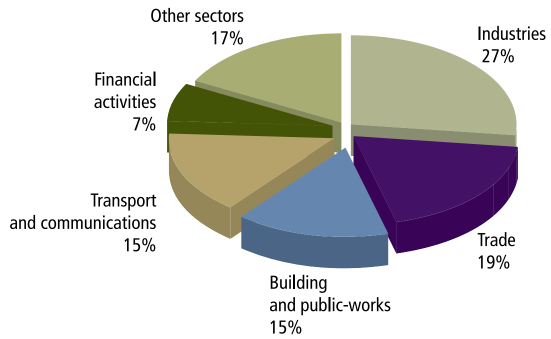


Chart 43 : Sectoral breakdown of property leasing production during 2012

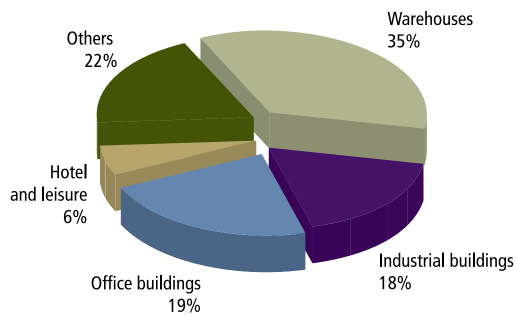


Equipment leasing was mainly allocated to financing commercial vehicles (36 percent), industrial machines and equipment (31 percent) and private cars (14 percent). On a sectoral level, it benefited particularly industrial activities (27 percent), trade (19 percent), building and public-works (15 percent), and transport and communications (15 percent).

1 Data from the Professional Association of Finance Companies

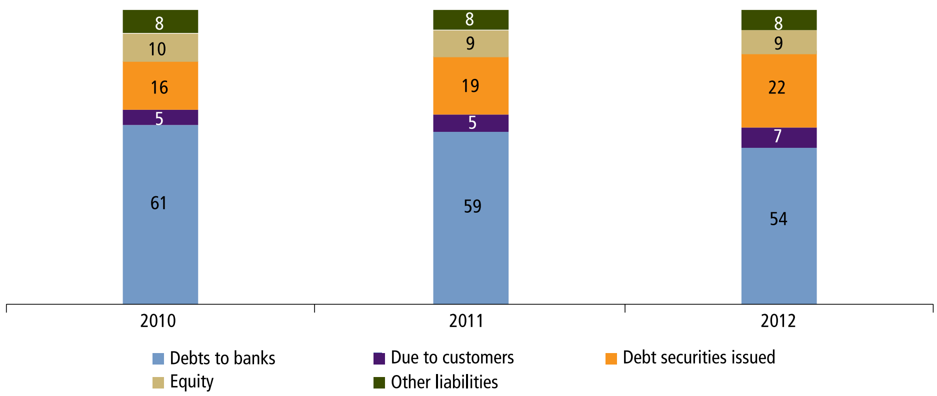
Property leasing was essentially used to finance the purchase of warehouses (35 percent), office buildings (19 percent) and industrial buildings (18 percent).

Chart 44 : Breakdown of property leasing production by type of fixed assets



1.2 - Finance companies' banking indebtedness declined, driven by bonded debt

Chart 45 : Change in the structure of finance companies' liabilities (in %)



At the end of 2012, finance companies' liabilities were composed of banks' debts with a share of 54 percent, loosing 5 points, compared to 2011 for debt securities issued, which represented 22 percent, as against 19 percent, and creditor customer accounts, whose share increased by 2 percentage points to 7 percent, year on year. Regarding equity, their share in liabilities remained stable at 9 percent.

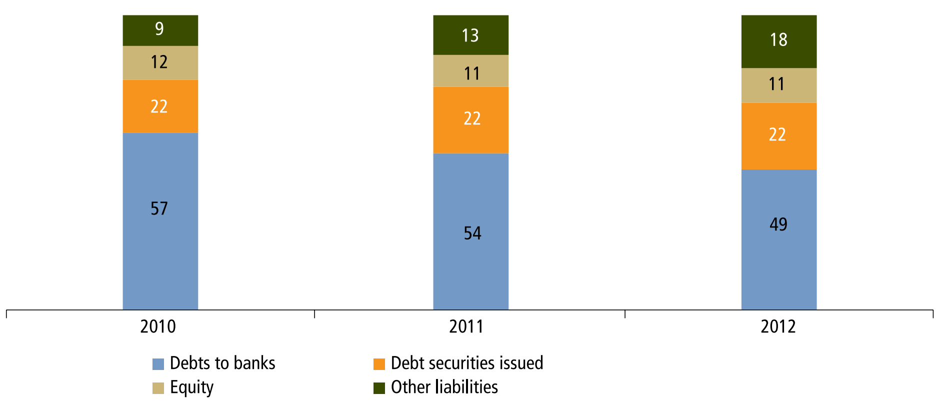
Most of the debt securities issued by finance companies in 2012 was subscribed by UCITS (63 percent), followed by credit institutions and similar bodies (34 percent) and insurance companies (3 percent).

Change in liabilities of consumer loan companies (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar bodies	23 113	23 199	22 445	-3,3
Due to customers	833	2 409	4 653	93,2
Debt securities issued	8 770	9 625	10 251	6,5
Equity	4 747	4 609	4 778	3,7
Net income	591	733	876	19,5
Other liabilities	2 700	2 715	2 835	4,4
Total	**40 754**	**43 290**	**45 838**	**5,9**

Consumer loan companies' banks debts, representing a share of 49 percent of liabilities, totaled at the end of 2012 an outstanding amount of 22.4 billion dirhams, down 3.3 percent, while the outstanding debt securities issued rose by 6.5 percent to 10.3 billion, accounting for an unchanged share of 22 percent compared to 2011.

Chart 46 : Change in the structure of consumer loans companies' liabilities (in %)



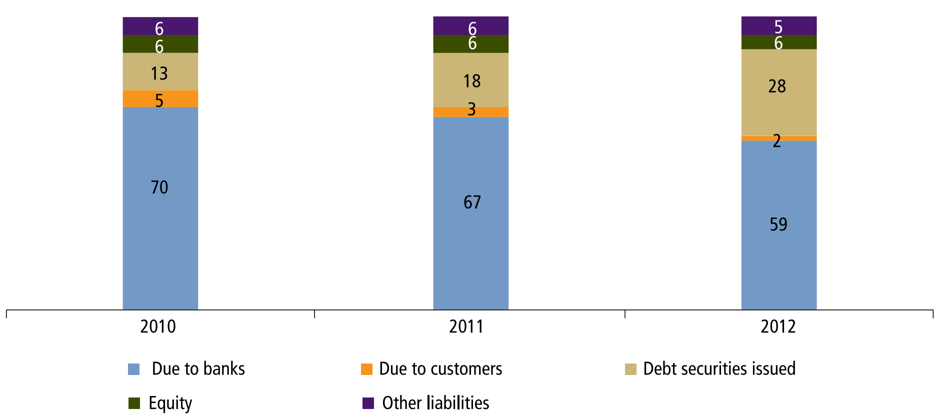
Their equity increased by 3.7 percent to 4.8 billion dirhams, representing 11 percent of liabilities, the same level reached in 2011.

Change in leasing companies' liabilities (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar bodies	27 094	28 017	25 041	-10.6
Due to customers	1 958	1 075	734	-31.7
Debt securities issued	5 124	7 625	11 924	56.4
Equity	2 143	2 322	2 509	8.1
Net income	361	383	290	-24.3
Other liabilities	2 042	2 161	2 014	-6.8
Total	**38 722**	**41 583**	**42 512**	**2.2**

Leasing companies' banks debts, representing nearly 59 percent of liabilities, contracted by 10.6 percent to 25 billion dirhams. This decline benefited debt securities issued, whose outstanding amount moved up by 56.4 percent to 11.9 billion dirhams.

Chart 47 : Change in the structure of leasing companies' liabilities (in %)

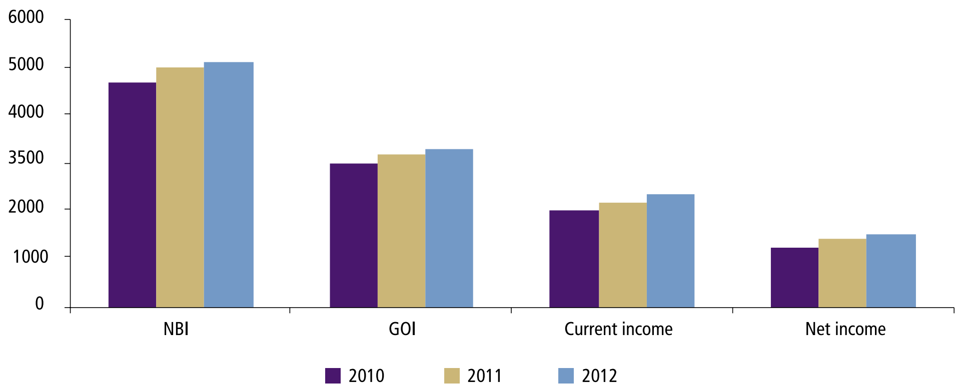


Their equity grew by 8 percent to 2.5 billion, representing a share of liabilities of 6 percent, the same level as last year.

2 - FINANCE COMPANIES' INTERMEDIATE MANAGEMENT BALANCES SHOWED DIVERGENT TRENDS

At the end of fiscal 2012, finance companies posted a net profit of 1.5 billion dirhams, up 8 percent, as against 17.6 percent last year. This change was due to slower net banking income.

Chart 48 : Change in finance companies' management intermediate balances (million of dirhams)



The NBI, standing at 5 billion dirhams, rose by 2.8 percent, as against 6.8 percent. This trend reflects a 6.4 percent growth in leasing transactions income to 3.3 billion and a 22 percent increase in the margin on commissions to 968 million, while interest margin declined by 26 percent to 706 million dirhams.

General operating expenses were up 7.2 percent to 2 billion dirhams, as against 6.8 percent, generating an average operating ratio of 40 percent, or two points higher than in 2011. In this context, the gross operating income, amounting to 3.2 billion, increased by 3 percent, as against 6 percent a year ago.

The cost of risk improved again from 983 million to 868 million dirhams, thus absorbing 27 percent of GOI as opposed to 32 percent.

As a result, the return on assets (ROA) stood at 1.5 percent, unchanged from 2011 and the return on equity (ROE) increased by 0.4 point to 16.8 percent.

The aggregate results of finance companies showed divergent trends across companies, whether consumer loan companies or leasing companies.

Chart 49 : Change in consumer loan companies' management intermediate balances (million of dirhams)

The NBI of **consumer loan companies** remained at 3.1 billion dirhams, after an increase of 4 percent in 2011. This change reflects a 27.4 percent a rise in the margin on commissions to 383.3 million dirhams and a 19 percent increase in the income from transactions of leasing with option of purchase to 418.5 million. Interest margin, in turn, was down 6.3 percent to 2.2 billion dirhams.

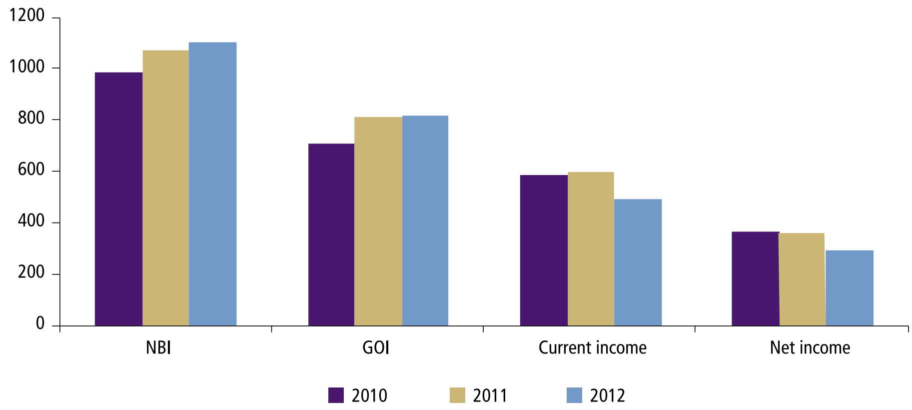
General operating expenses amounted to 1.3 billion dirhams, up 4.8 percent, as against 6 percent, generating an average operating ratio of 41 percent, or two percentage points higher, compared to 2011.

Given the changes in NBI and general operating expenses, GOI remained the same as in the previous year, as it reached about 2 billion dirhams.

For its part, the cost of risk showed a further decline of 31 percent to 533 million, as against 17 percent in 2011. It absorbed 28 percent of GOI, as opposed to 40 percent in the previous year.

The net income posted by consumer loan companies stood at 876 million dirhams, up 19.5 percent, as against 24 percent. Thus, the return on assets (ROA) stood at 1.9 percent from 1.7 percent and the return on equity rose from 16 percent to 18.4 percent.

Chart 50 : Change in leasing companies' management intermediate balances (million of dirhams)



Leasing companies recorded a stable NBI of 1.1 billion, as against an increase of 11.6 percent in 2011, a trend reflecting the impact of slower activity. This underperformance was attributed to a slight increase of 0.7 percent in interest margin [1], to 1.1 billion dirhams. The margin on commissions, while remaining negative, moved up by 28 percent to 5.7 million dirhams.

General operating expenses amounted to 294 million dirhams, up 5.8 percent, as against 2.5 percent in 2011. As a result, the average operating ratio stood at 27 percent, as against 26 percent. Regarding GOI, it fell by 0.7 percent to 803 million dirhams, after rising 15 percent last year.

The cost of risk, standing at 321 million dirhams, continued its upward trend, showing a growth of 65 percent, as against 55 percent in 2011. It absorbed 40 percent of GOI, as against 24 percent.

The rising cost of risk weighed on the overall net income generated by leasing companies. It shrank by 24.3 percent to 290 million, as against an increase of 6 percent in 2011. As a result, the return in assets fell from one year to the next, 0.9 percent to 0.7 percent and the return on equity moved down from 16.5 percent to 11.6 percent.

1 Including leasing transactions' income

IV. ACTIVITIES AND RESULTS OF OFFSHORE BANKS

Box 12 : Offshore banks

Offshore banks are governed by Law No. 58-90 relating to offshore financial centers as well as certain provisions of the Banking Act. They are six in total, a number unchanged since 2003. They are majority-owned by Moroccan banks that provide them with infrastructure, back-office management and administrative monitoring resources.

At the end of December 2012, offshore banks reported a business volume of around 35.4 billion dirhams, down 3.2 percent from one year to another, breaking with successive increases recorded over the past six years. This trend is due to an 18 percent decline in outstanding loans to 16.7 billion dirhams, after rising 31 percent a year earlier.

Change in offshore banks' assets (million of dirhams)

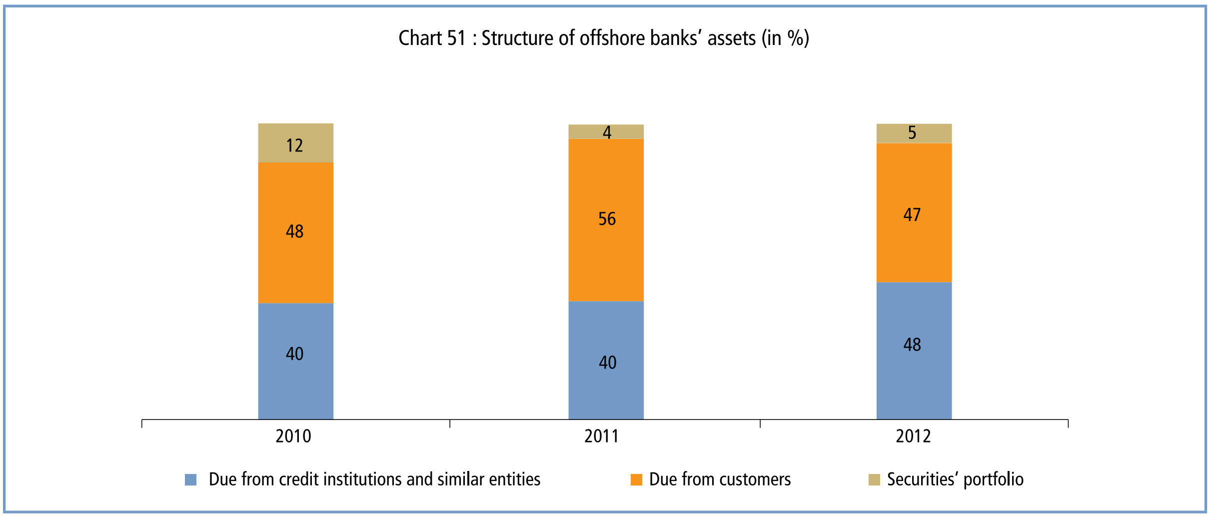
	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar entities	12 934	14 794	16 892	14,2
Due to customers	15 505	20 318	16 670	-18,0
Securities' portfolio	3 769	1 115	1 560	39,9
Other assets	142	306	236	-22,9
Total	**32 350**	**36 533**	**35 358**	**-3,2**

NB : Headings net of depreciation and provisions

The decline in loans resulted mainly from a 36 percent decrease in cash facilities, while equipment loans grew by 44 percent owing to increasing automotive industrial activities in Tangier zone. As regards outstanding non-performing loans remained limited to 68 million dirhams, or 0.4 percent of total loans.

Loans to credit institutions and similar bodies totaled 17 billion dirhams, registering a growth of 14.2 percent , as against 14.4 percent in 2011.

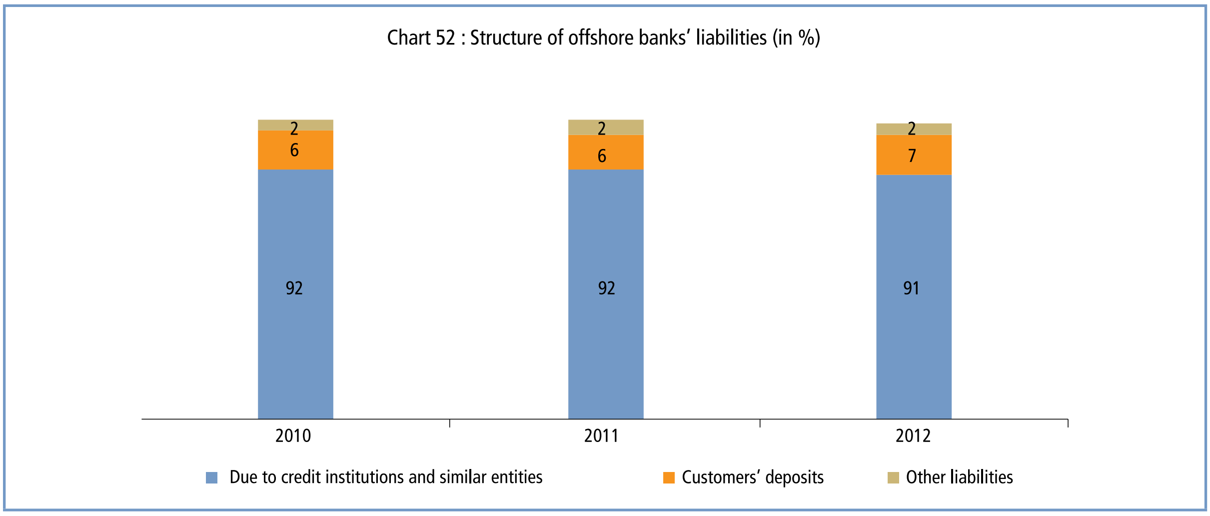
The securities portfolio, representing 5 percent of assets, were up 40 percent to 1.6 billion dirhams, including 68 percent as debt securities.



Change in offshore banks' liabilities (million of dirhams)

	2010	2011	2012	Change 2011/2012 (in %)
Due to credit institutions and similar entities	29 665	33 618	32 069	-4.6
Customers' deposits	2 093	2 096	2 433	16.1
Equity	364	399	450	12.8
Other liabilities	228	420	406	-3.3
Total	**32 350**	**36 533**	**35 358**	**-3.2**

After an increase of 13.3 percent in 2011, the amount of debts to banks fell 4.6 percent to 32 billion dirhams, bringing their share in total liabilities to 91 percent. In contrast, deposits collected from customers increased by 16 percent to 2.4 billion dirhams, representing about 7 percent of liabilities.



At end-2012, the equity of these banks totaled 450 million dirhams, or 1.3 percent of total liabilities.

Taking advantage of commitments given to their parent companies, financing commitments given by offshore banks multiplied by 10 to 313 million dirhams. Similarly, guarantee commitments nearly tripled to 1.5 billion dirhams, including over 90 percent given to customers. In contrast, received guarantee commitments, which totaled 13.3 billion, decreased by 18 percent, as against an increase of 39 percent in 2011.

Offshore banks generated, in 2012, a cumulative net profit of 200 million dirhams, up 33 percent, as against 10 percent in the previous year. This growth was driven by a 15 percent increase in NBI to 271 million, in conjunction with higher income from market operations, which more than quintupled to 41 million, combined with a significant reduction in the cost of risk. The latter fell from 30 to 4 million dirhams.

V. ACTIVITY AND RESULTS OF MICROCREDIT ASSOCIATIONS

In order to meet the challenges of the national strategy for microfinance, which aims to serve more than 3 million customers in the horizon of 2020, the microcredit sector, in 2012, continued to upgrade its structures and credit policies.

Indeed, technical assistance programs supported by donors were implemented with a view to strengthen microcredit associations' systems of governance, internal control, and information.

Drawing lessons from the past, these institutions sought to finance income-generating activities, while being vigilant on the issue of cross-indebtedness. They sought to expand their network and to diversify their activity by creating mobile service units and forging partnerships in micro-insurance products and funds transfer.

In this context, activity continued the decline observed in recent years, as the outstanding loans remained close to the level of the previous year, at 4.6 billion dirhams, 85 percent of which as loans to micro-enterprises, even though total active customers increased by 2 percent to slightly more than 800,000.

Beside the lack of equipment loans, and the continued decrease in social housing loans, this portfolio is marked by a decline in the risk rate to 6.7 percent, as against 4.3 percent in 2011, as non-performing loans were up 48 percent to more than 300 million dirhams. However, the provisioning ratio continues to improve, from 79 percent to 90 percent.

On the liabilities side, the sector's debts, of which 82 percent were obtained from local banks, fell by 14 percent to 3.3 billion dirhams, or two times the amount of equity and 61 percent of total resources. Only one institution could, concentrate 45 percent of this whole indebtedness.

Despite the losses recorded by some associations, the sector posted a total net profit of about 166 million dirhams, up 54 percent.

VI. BANKS' ACTIVITY AND RESULTS ON A CONSOLIDATED BASIS

The consolidated activity and profitability is analyzed through the financial statements prepared in accordance with IFRS (the International Financial Reporting Standards) by eight banking groups, holding more than 87 percent of market share on an equity basis.

Despite a particularly difficult economic and financial situation, both nationally and internationally, banks, in 2012, managed to further strengthen their financial situation.

1 - INTERNATIONAL EXPANSION SUPPORTED THE ACTIVITY OF MAJOR BANKING GROUPS

At the end of December 2012, total assets of the eight banking groups reached 1,113.7 billion dirhams, up 8.4 percent, slightly decreasing compared to 2011. This change mainly reflects the increase in loans and claims on customers, financial assets at fair value by result, and available-for-sale assets. On the liabilities side, the increase was primarily concerned by liabilities due to credit institutions, debt securities issued, and equity.

The development of activity on a consolidated basis was impacted by changes in the scope of consolidation following the acquisition by a bank group of new subsidiaries in Sub-Saharan Africa.

Chart 53 : Structure of banks' assets on a consolidated basis (in %)

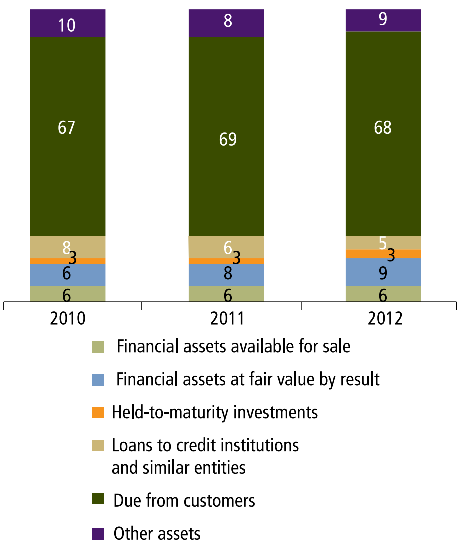
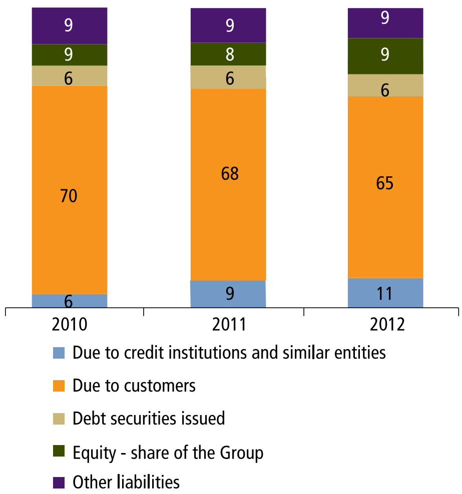
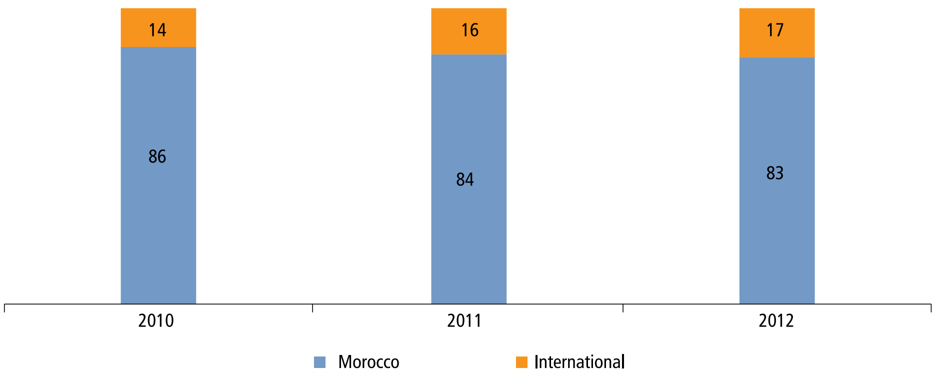


Chart 54 : Structure of banks' liabilities on a consolidated basis (in %)



As in previous years, due from customers continue to be the most important assets item (68 percent), while customers deposits, alone, account for 65 percent of liabilities.

Chart 55 : Change in the weight of international activity in the total assets of the three major banking groups (in %)



The three most internationally active groups conducted 17 percent of their business abroad, as against 16 percent in 2011.

1.1 - The growth in the assets of the eight banking groups was boosted by the good performance of credit and securities activity

Change in banks' assets on a consolidated basis (million of dirhams)

	2010	2011	2012	Change 2011-2012 (in%)
Financial assets at fair value by result	58 398	79 817	99 481	24.6
Financial assets available-for-sale	55 442	59 399	72 043	21.3
Loans to credit institutions and similar bodies	68 907	58 497	55 743	-4.7
Due from customers	624 904	707 636	759 839	7.4
Held-to-maturity investments	27 432	26 848	28 493	6.1
Other assets	94 712	94 872	98 128	3.4
Total assets	**929 795**	**1 027 069**	**1 113 727**	**8.4**

Financial assets at fair value by result, including held-for-trading securities, totaled 99.5 billion dirhams, up 24.6 percent, as against 36.7 percent, the previous year. Meanwhile, financial assets available-for-sale, consisting mainly of securities not included in the other headings, were also on the rise, achieving a growth rate of 21.3 percent from 7.1 percent in 2011, to stand at 72 billion dirhams. Held-to-maturity investments[1] totaled 28.5 billion dirhams, increasing by 6.1 percent, as against a decline of 2.1 percent, a year earlier.

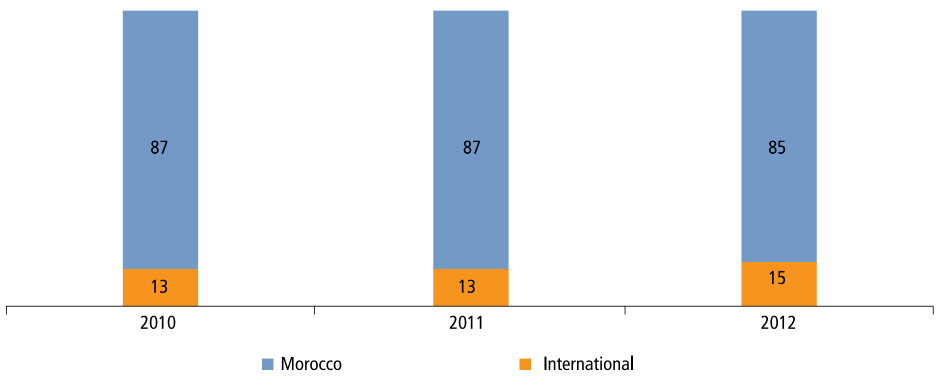
Loans to credit institutions and similar bodies continued the downward trend that began in 2009, falling by 4.7 percent to a total amount of 55.7 billion dirhams, compared with a decline of 15.1 percent in 2011.

Loans to customers [2], net of provisions, reached 759.8 billion dirhams, up 7.4 percent after 13.2 percent in 2011. The international activity of the three most active groups abroad generated 15 percent of these loans, up 2 points from 2011.

1 Held-to-maturity investments are valued at amortized cost, using the effective-interest-rate method.

2 Receivables from customers are valued at amortized cost, using the effective-interest-rate method.

Chart 56 : Change in the weight of international activity
in total loans to customers of the three major banking groups (in %)



1.2 - Growth in deposits was driven by the increase in resources collected by banking subsidiaries abroad

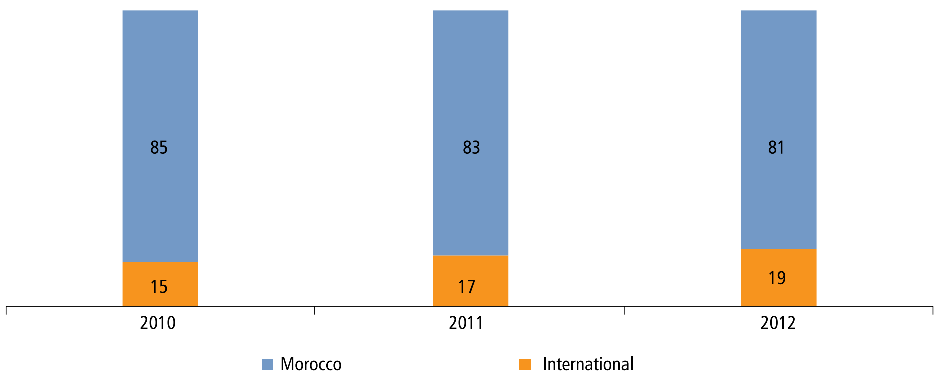
Change in banks' liabilities on a consolidated basis (million of dirhams)

	2010	2011	2012	Change 2011-2012 (in%)
Financial liabilities at fair value by result	3 447	2 728	1 024	-62.4
Due to credit institutions and similar bodies	55 763	92 974	122 990	32.3
Due to customers	652 095	691 293	724 916	4.9
Debt securities issued	53 775	65 178	71 294	9.4
Equity- Share of group	79 793	86 366	97 224	12.6
Including net income	10 452	10 980	11 221	2.2
Other liabilities	84 922	88 530	96 279	8.8
Total liabilities	**929 795**	**1 027 069**	**1 113 727**	**8.4**

After rising 66.7 percent the previous year, liabilities to credit institutions and similar bodies registered a new increase of 32.3 percent to 123 billion dirhams. At the same time, banks continued to resort to the private debt market in 2012, as the outstanding debt securities issued amounted to 71.3 billion dirhams, up 9.4 percent.

For their part, amounts due to customers totaled nearly 725 billion dirhams, a growth of 5 percent, a level reflecting the important contribution of resources made by some foreign subsidiaries, which mitigated the slowdown in deposits collected in the domestic market. Thus, nearly 19 percent of the deposits received by the three banking groups were made by their banking subsidiaries abroad.

Chart 57 : Change in the weight of international activity in total customers' deposits of the three major banking groups (in %)

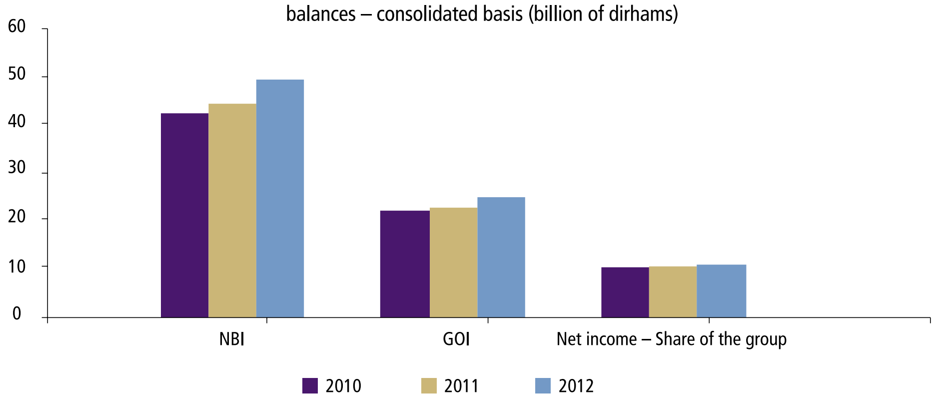


Accounting equity – group share, including the income for the year, increased by an average of 12.6 percent to 97.2 billion dirhams. This change was due to the rise in consolidated reserves by 6.8 percent and in capital and related premiums by 18.7 percent.

2 - PROFITABILITY INDICATORS WERE UP, DRIVEN BY BUSINESS ABROAD

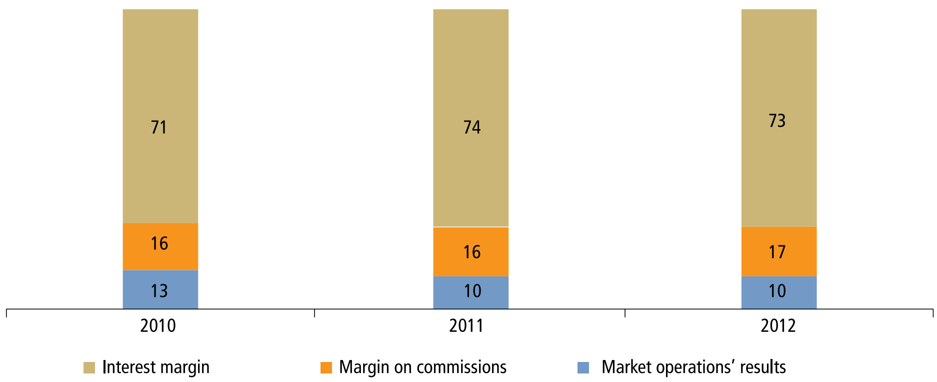
The analysis of profitability on a consolidated basis is carried out based on the income statements published by the eight banking groups. At the end of 2012, profitability trended better than that generated on an equity basis. This reflects an increase of NBI and control of overheads, while the cost of risk grew again, but at a faster pace than the previous year.

Chart 58 : Change in banking groups' major management intermediate balances – consolidated basis (billion of dirhams)



The net banking income reached nearly 49 billion dirhams, up 9 percent, as against 4.9 percent last year, benefiting from the healthy situation of its various components. Thus, interest margin, accounting for 73 percent of NBI, rose 7.3 percent to 33.9 billion dirhams, a rate similar to the level seen in 2011 [1]. This trend is mainly attributable to the rise in interest and related income by 8 percent, as against 1.9 percent, last year.

Chart 59 : Change in the NBI's structure on a consolidated basis (in %)



The margin on commissions, resulting from commissions on services provided, net of commissions for third party services, grew more rapidly than in 2011, up 12.7 percent from 4.2 percent, to stand at 8.3 billion dirhams. Its share in the NBI expanded by one point to 17 percent.

After a decline of about 16 percent in 2011[1], trading income ticked up 11.2 percent to 5 billion dirhams in connection with the 32 percent growth in net gains on financial instruments at fair value through by result, while they decreased by 16.2 percent in 2011.

1 Slightly changed figures after data update.

Chart 60 : Change in the weight of international activity in the net banking income of the three major banking groups (in %)

The change in the NBI reflects an increasingly higher contribution of the banking subsidiaries abroad. For the three most active banking groups abroad, this contribution increased from 23 percent in the previous year to 24 percent.

General operating expenses, totaling 23.8 billion dirhams, expanded at the same pace as in 2011, at 7.8 percent. They generated an average operating ratio of 48.6 percent, as against 49.1 percent a year earlier.

Given these developments, the gross operating income grew 10.2 percent to 25.2 billion dirhams, from a mere 2 percent in 2011.

Amid increased uncertainty, banking groups anticipated a possible deterioration in the credit cycle and increased their allocations to provisions. Therefore, the cost of risk recorded a significant surge of 50.5 percent to 5.6 billion dirhams, after decreasing by 19 percent in 2011. It accounted for 22 percent of the gross operating income, compared with 16 percent in the previous year.

In 2012, the net income-group share of the eight banking groups totaled 11.2 billion, up 2.2 percent, as against 5.1 percent in 2011. Almost 16 percent of the income of the three most internationally active banking groups was carried out by their subsidiaries abroad.

Chart 61 : Change in the weight of international activity in the net income of the three major banking groups (in %)

Return on assets (ROA) remained unchanged at 1 percent, and return on equity (ROE) fell 1.2 point to 11.5 percent.

PART 3

Trends in the Banking Risks

بنك المغرب

TRENDS IN THE BANKING RISKS

The difficult economic situation led to a slight increase in banks' risks on economic agents, particularly private non-financial corporations. However, the entire sector's solvency margin, which remained above the regulatory standard, was further strengthened.

To monitor these risks, Bank Al-Maghrib uses the accounting and prudential reporting of credit institutions as well as survey data from these institutions. This is supplemented by information collected during onsite inspection missions.

Box 13 : Surveys conducted by Bank Al-Maghrib to monitor credit risk

1 - **Survey on lending Conditions :** It focuses on lending criteria, banks' perception of trend in demand from businesses and households, as well as the factors that may explain changes in credit supply and demand. In 2012, the survey included 9 banks with a market share of 90 percent in terms of credit distribution.

2 - **Survey on real-estate Loans :** The eighth real-estate loan survey, conducted in 2012, was carried out among 8 banks with a market share of 94 percent in terms of real-estate loan distribution.

3 - **Survey on consumer loans :** This survey covered 15 finance companies with a market share of 99 percent, totaling 1,230,579 credit records.

I. CHANGE IN THE RISK COVERAGE BY EQUITY FROM A PRUDENTIAL PERSPECTIVE

In 2012, banks' equity increased steadily while net weighted risks, constituted of credit, market and operational risks, grew at a moderate pace.

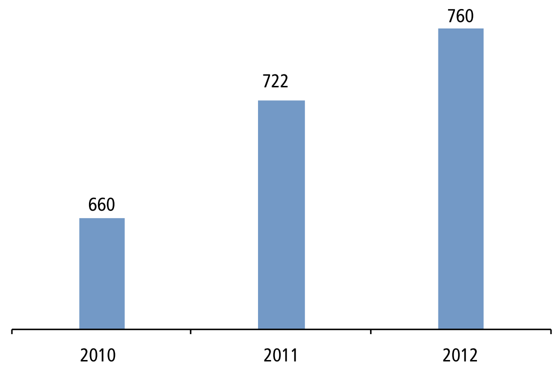
The change in the risks and solvency of banks, presented below, is analyzed on the basis of data extracted from the prudential statements of each entity, in accordance with Basel II standards.

1 - CHANGE IN THE NET WEIGHTED RISKS

The net weighted risks of banks, of which 85 percent are from credit risk, amounted to 760 billion dirhams. They grew by about 5.3 percent, down from 9.3 percent in 2011, in connection with the slowdown in credit distribution.

Banks' equity requirements for these three risks totaled 76 billion dirhams, as against 72 billion a year earlier.

Chart 62 : Change in the total net weighted risks (billion of dirhams)

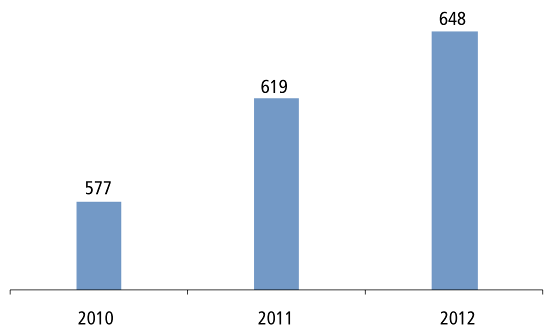


1.1 - Credit risk

The weighted assets of credit risk totaled 648 billion dirhams, up 4.6 percent, from 7.3 percent a year earlier, in line with the growth of customers' loans.

Equity requirements for this risk reached 65 billion, compared with nearly 62 billion the previous year.

Chart 63 : Change in credit risk (billion of dirhams)

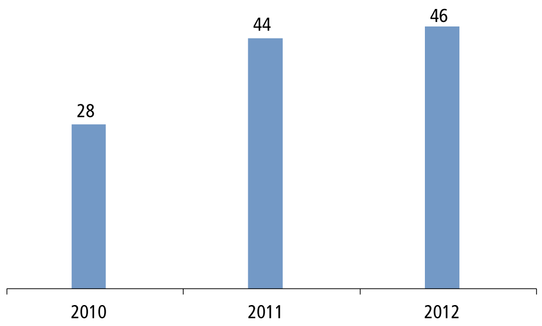


1.2 - Market risk

In conjunction with the decline in the market activities, market risk totaled 46 billion dirhams, with a growth rate of 4.6 percent, as against 54 percent[1] in 2012, a year marked by changes in the setting of assets weighting held by the UCITS of some banks. This may keep a low weight in all banking risks, or 6%.

Equity requirements for this risk amounted to 4.6 billion dirhams, as against 4.4 billion in 2011.

Chart 64 : Change in market risk
(billion of dirhams)

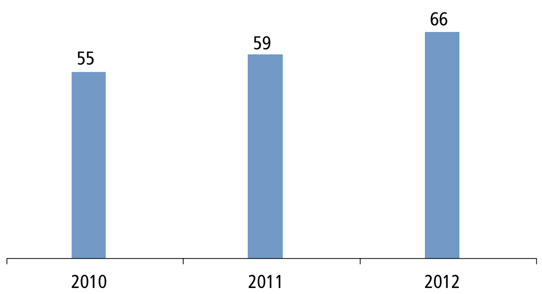


1.3 - Operational Risk

Equity requirements for operational risk continued their upward trend, reaching 6.6 billion, as against 5.9 billion in 2011.

Thus, Operational risk, calculated by most banks using the basic indicator approach[2], recorded a further increase of 13 percent, from 8 percent1 in 2011, to stand at 66 billion dirhams, due to the increase in net banking income.

Chart 65 : Change in operational risk
(billion of dirhams)



1 Revised figures after data update.
2 Under this approach, the equity requirement is equal to 15 percent of the three-year average of net banking income.

2 - CHANGE IN EQUITY

Box 14 : Composition of equity

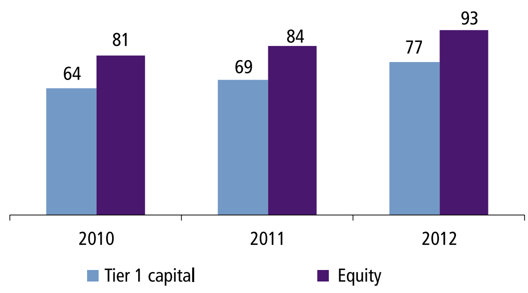
Equity is composed of core capital (Tier 1) and supplementary equity (Tier 2). Core capital consists of common shares, reserves and retained earnings.

Supplementary equity, the amount of which should be limited to that of "Tier 1", include capital able to absorb losses, mainly assets revaluation reserves, general provisions and subordinated debts meeting certain conditions.

In 2012, banks further strengthened their equity through capital increases and the retention of a larger share of profits. Thus, core capital grew at an annual rate of 10.7 percent to 77 billion dirhams.

Regarding equity, they accumulated a 93 billion dirhams amount, up 10.6 percent from 4.2 percent in 2011. This change confirms the ability of banks to meet the new ratios set by Bank Al-Maghrib as from June 2013.

Chart 66 : Change in regulatory capital (billion of dirhams)



In this context, banks' solvency ratios improved from 2011. On an equity basis, they showed a ratio of 12.3 percent, with 10.1 percent of tier one, as against, respectively 11.7 percent and 9.6 percent. On a consolidated basis, these ratios stood at nearly 13 percent and 10.2 percent, respectively, against 12.4 percent and 9.8 percent.

Chart 67 : Change in the average solvency ratio - equity basis (in %)

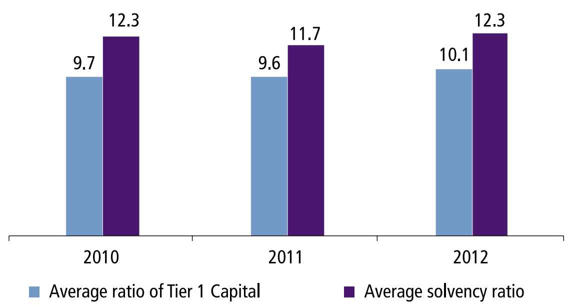
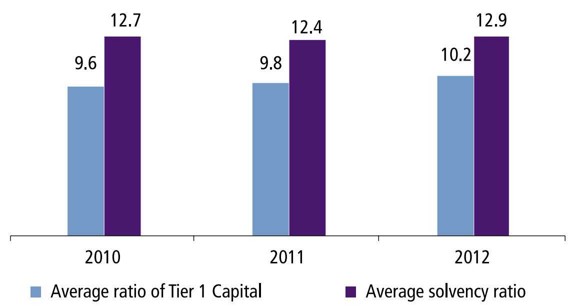


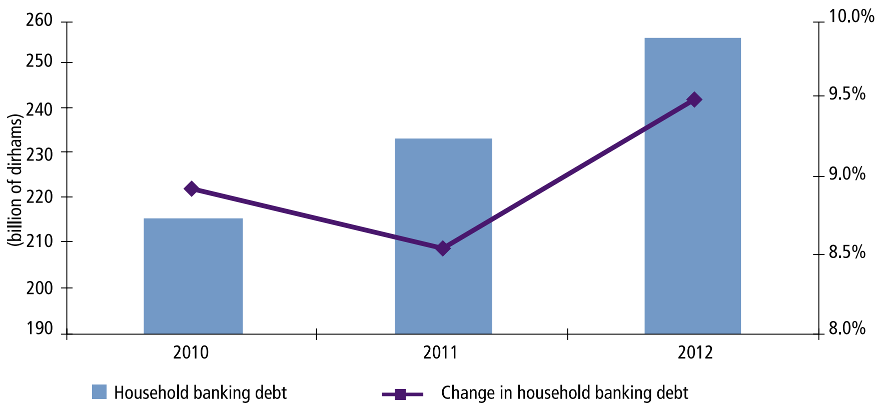
Chart 68 : Change in the average capital ratios - consolidated basis (in %)



II. HOUSEHOLD BANKING INDEBTEDNESS

At the end of 2012, household banking debt grew slightly faster than the previous year, by 9.5 percent, as against 8.4 percent. Its outstanding amount totaled 256 billion dirhams, representing 33 percent of loans distributed by credit institutions, compared with 32 percent in 2011. Relative to GDP, this amount stood at 31 percent, up 2 points from one year to another.

Chart 69 : Change in the households' banking debt



Housing loans continue to dominate bank loans to households, accounting for about 61 percent, as against 39 percent for consumer loans.

Chart 70 : Structure of the households' banking debt (in %)

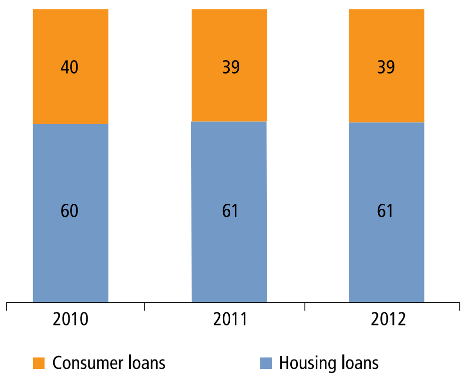
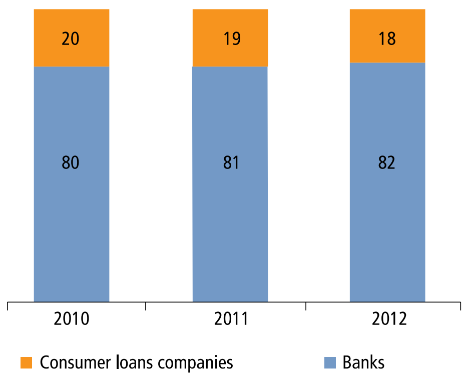


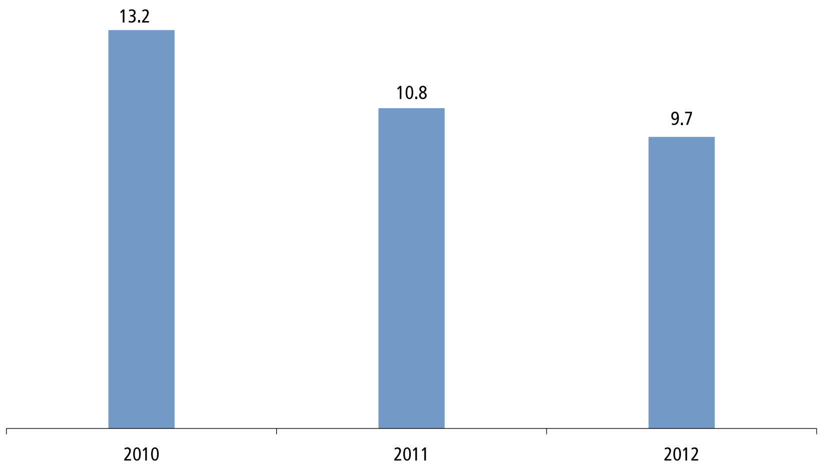
Chart 71 : Weight of banks and consumer loans companies in households' banking debt (in %)



1 - HOUSING LOANS

The accounting documents communicated by credit institutions show that the outstanding amount of healthy housing loans grew by 9.7 percent in 2012, as against 10.8 percent a year earlier. It reached 150.6 billion dirhams, representing 18 percent of GDP, one percentage point more than in 2011.

Chart 72 : Growth rate of housing loans (in %)



The regional distribution of housing loans shows that the large regions, such as Casablanca and Rabat-Salé-Zemmour-Zaër, maintained their share in the total outstanding, respectively at 38 percent and 15 percent.

Chart 73 : Breakdown of the housing loans' production into free loans and loans encouraged by the government (in %)

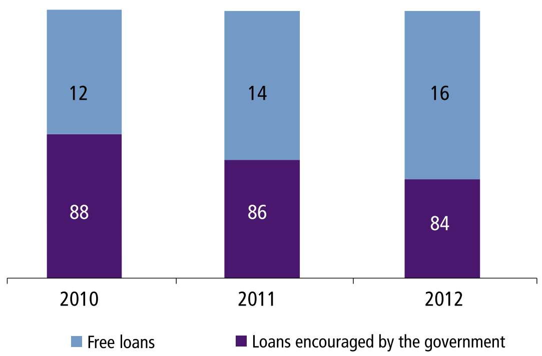
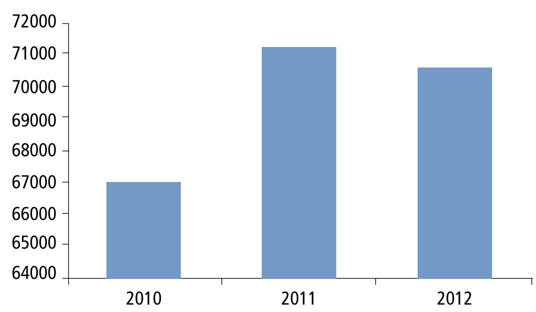


Chart 74 : Number of housing loan' beneficiaries

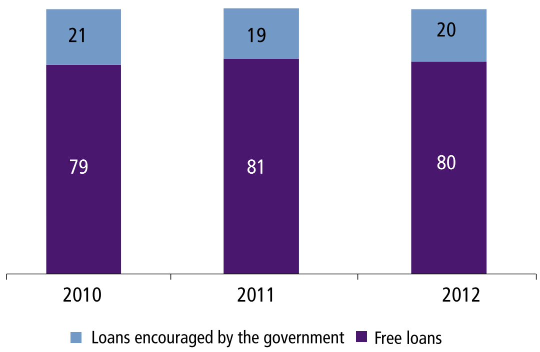


Albeit lower than in the previous year, housing loans' production remained buoyant. In 2012, banks distributed a total of 26 billion dirhams. The production of free loans decreased 2.3 percent, while that of loans encouraged by the government grew 11.2 percent.

Alongside this decline, the number of beneficiaries fell by 1 percent to nearly 71,000 customers, as against an increase of 6 percent in 2011. This change includes a decrease of 5 percent in free loans and an increase of 10 percent in loans encouraged by the government.

The outstanding amount of loans encouraged by the government totaled 28.5 billion dirhams, up 16.2 percent. Their share in total housing loans grew by one point to 20 percent. This is distributed among the outstanding loans under FOGALOGE and FOGALEF to 13.4 billion, against 5.5 billion under the Habitat Bon Marché and 9.6 billion for loans FOGARIM.

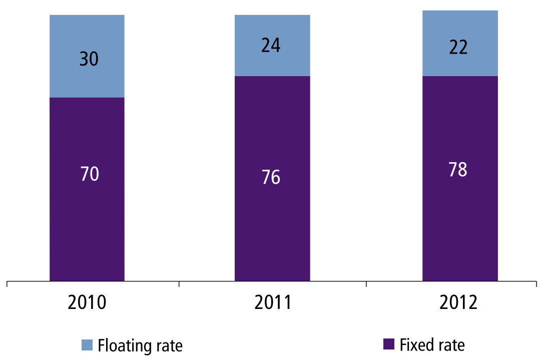
Chart 75 : Breakdown of the outstanding amount of housing loans between free loans and loans encouraged by the government (in %)



The average loan size increased by 3,000 dirhams to 374,000 dirhams. This average stood at 201,000 dirhams for loans encouraged by the government and 445,000 dirhams for free loans.

1 Loans encouraged by the government include both loans backed by guarantee funds (FOGARIM, FOGALOGE and FOGALEF) and the Low Cost Housing (Habitat Bon Marché (HBM)) loans.
FOGARIM : Guarantee fund for irregular and small incomes
FOGALOGE : Guarantee fund for housing loans to public sector staff
FOGALEF : Guarantee fund for housing loans to members of the Mohammed VI Foundation for the Promotion of Social Work for Education-Training Staff

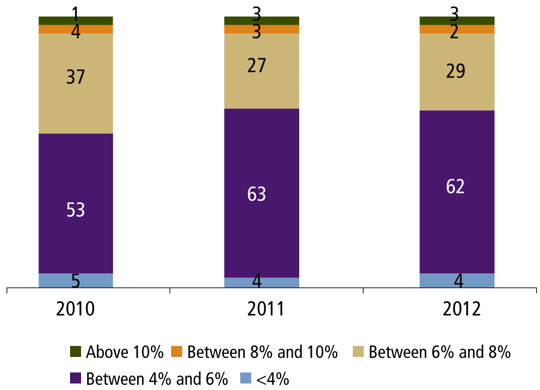
Chart 76 : Change in the outstanding amount of housing loans by type of rate (in %)



Since 2008, the production of fixed-rate housing loans has been growing, with a share of nearly 92 percent in 2012, up one point from the previous year.

In terms of outstanding amount, the share of fixed-rate loans increased by 2 points to 78 percent. While these developments are likely to protect borrowers, they expose banks to higher interest rate risk.

Chart 77 : Change in housing loan interest rates (in %)



The weighted average interest rate of housing loans continued to decline in 2012, standing at 5.28 percent, as against 5.56 percent last year.

The share of loans with rates between 4 and 6 percent and between 8 and 10 percent fell by one point to 62 percent and 2 percent, respectively. In contrast, the share of loans with rates between 6 and 8 percent increased by 2 points to 29 percent.

The share of loans with rates lower than 4 percent and those with rates higher than 10 percent remained stable at 4 and 3 percent, respectively.

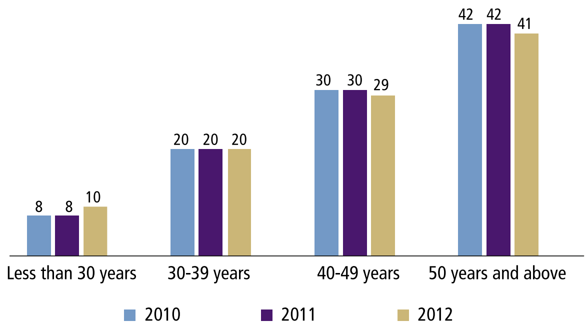
2 - CONSUMER LOANS

After increasing by 7 percent in 2011, the healthy outstanding amount of consumer loans rose by 10.3 percent to 90.7 billion dirhams [1], representing 12 percent of total lending distributed by credit institutions. Almost 52 percent of these loans are distributed by banks.

According to the survey N°3 referred to in Box 13, the penetration rate of consumer loans declined by 2 points to 70 percent for persons aged over 40 years in favor of persons aged less than 30 years.

The breakdown of outstanding amount based on the same criterion shows most consumer loan borrowers are persons aged over 50 years, with a share of 37 percent, comparable to that of last year. The share of people aged less than 30 years stabilized at 11 percent.

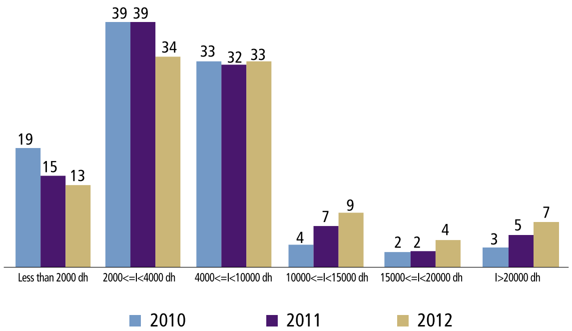
Chart 78 : Breakdown of the number of credit files by age of beneficiaries (in %)



Nearly 20 percent of credit files are held by people with an income above 10,000 dirhams (as against 14 percent in 2011). For their part, those with incomes below 4,000 dirhams saw their weight decrease by 7 points to 47%.

In terms of outstanding amount, the share of people with income higher than 10,000 dirhams reached 30 percent, as against a share of 36 percent for people with income below 4,000 dirhams.

Chart 79 : Breakdown of the number of credit files beneficiaries' income (in %)



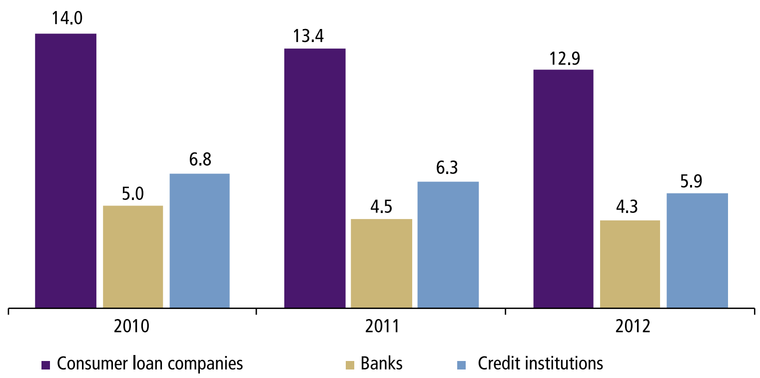
The breakdown of the number of consumer loans' files by socio-professional category shows that private and public sector employees hold respective shares of 38 percent and 39 percent.

1 Including overdrafts

3 - QUALITY OF EXPOSURE TO HOUSEHOLDS

The quality of exposure to households improved in 2012. The outstanding non-performing loans of banks and consumer loan companies to this category totaled 15 billion dirhams, representing a risk ratio of 5.9 percent, as against 6.3 percent the previous year. The coverage ratio of this category of loans by provisions remained around 71 percent.

Chart 80 : Change in the rate of households' non-performing loans (in %)

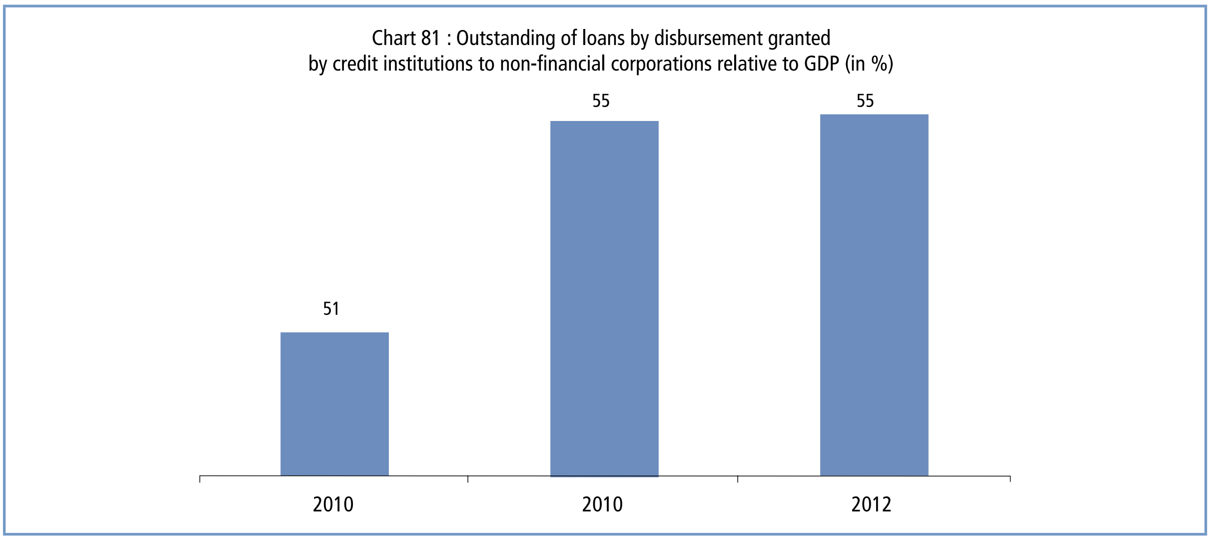


Banks' outstanding amount of non-performing loans to households increased by 4.1 percent to 8.9 billion dirhams, representing 4.3 percent of gross loans granted to this category, as against 4.5 percent, last year. That of consumer credit companies remained at 6 billion, generating a risk ratio of 12.9 percent from 13.4 percent in 2011. The survey N° 3 mentioned in Box 13 above showed that this ratio is higher among people aged less than 39 (16 percent) and lower among those aged above 50 years (10 percent).

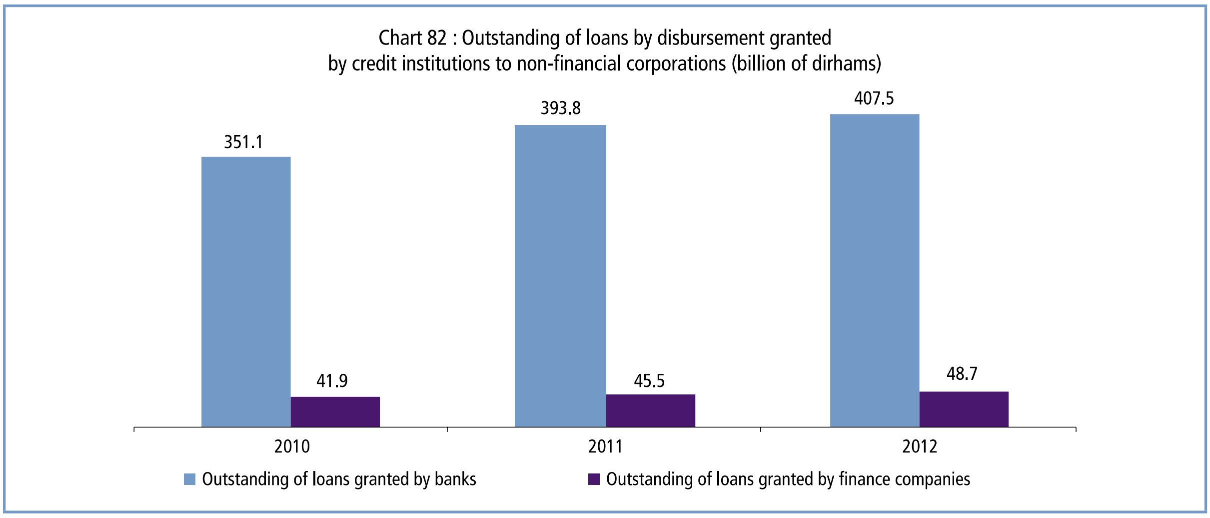
III. CHANGE IN NON-FINANCIAL CORPORATIONS BANKING INDEBTEDNESS

1 - GROWTH OF LOANS TO NON-FINANCIAL CORPORATIONS SLOWED DOWN

Amid a sluggish economic climate, banking indebtedness of non-financial corporations grew at a slower pace than in 2011. With an outstanding amount of 456.2 billion dirhams, credits by disbursement granted by banks and finance companies to this category of corporations increased at an annual rate of 3.8 percent, as against 11.8 percent a year earlier. They represented 59 percent of total loans granted by these institutions and 55 percent of GDP, comparable to the level observed in 2011.

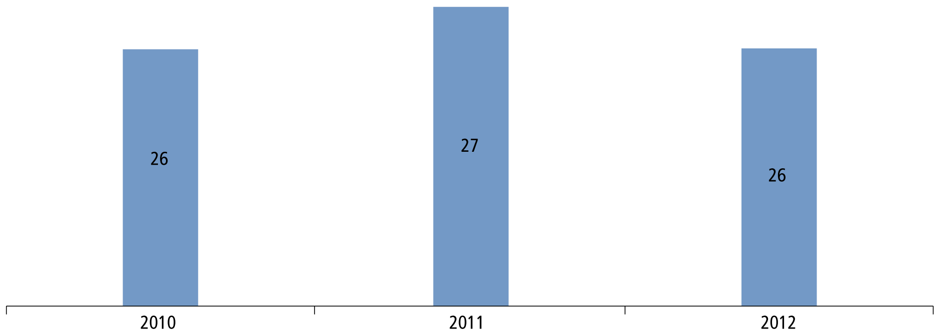


The outstanding amount of loans granted by banks, which account for 89 percent of this indebtedness, was up 3.5 percent to 407.5 billion dirhams, down from 12.2 percent. That of finance companies totaled 48.7 billion dirhams, up 7 percent, as against 8.5 percent in 2011.



The deceleration of credit to non-financial corporations primarily reflects the weak economic activity and the "wait-and-see" attitude of investors, as well as greater sensitivity of credit institutions to risk. This is confirmed by the results of the survey N°1 mentioned in Box 13 above.

Chart 83 : Share of loans to SMEs and vSEs
in total credit to non-financial corporations (in %)



The distribution of loans by disbursement by type of corporations remained broadly stable. According to the reporting of credit institutions, small and medium-sized enterprises (SMEs) and very small-sized enterprises (vSEs) benefited from 26 percent of total loans to non-financial corporations.

Box 15 : Main functions of the Observatory for SMEs and vSEs

In Morocco, the market for SMEs and vSEs lacks a comprehensive and coherent vision on issues related to funding, due to the weak coordination between stakeholders, the lack of reporting and the absence of surveys among SMEs and vSEs.

To remedy these shortcomings, Bank Al-Maghrib has included in its three-year strategic plan 2013-2015 the implementation of a specific mechanism to track the funding aspects of this category of companies. In this regard, it has initiate, with the banking system and other relevant partners, the creation of an observatory which will define a national common overall vision on the issue of funding and support for SMEs and vSEs. It would be entrusted with :

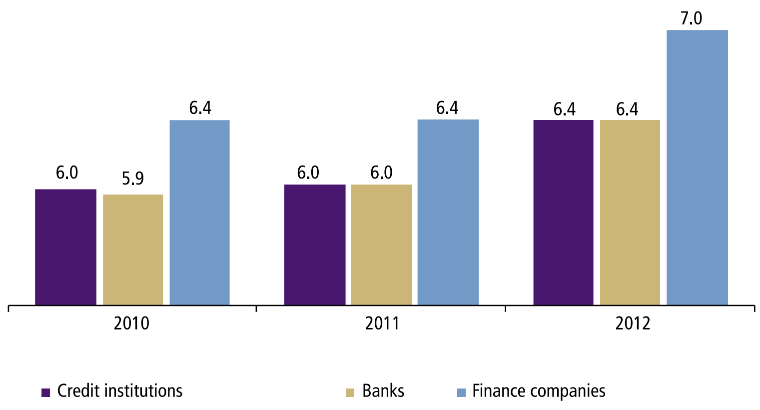
- collecting data on SMEs and vSEs;
- using data for diagnosis and analysis;
- developing periodic notes and an annual report on the environment and funding conditions of SMEs and vSEs.

2 - QUALITY OF EXPOSURE TO NON-FINANCIAL CORPORATIONS

The slowdown in economic growth led to an increase in credit institutions' non-performing loans to non-financial corporations. These loans rose from one year to the next by 11.5 percent to an outstanding amount of 29.4 billion dirhams, at end 2012, representing a non-performing ratio of 6.4 percent, as against 6 percent, a year earlier. The coverage ratio was at 69 percent, down from 71 percent.

The banks' outstanding non-performing loans increased by 10.7 percent to 26 billion, representing 6.4 percent, as against 6 percent in 2011. The coverage ratio of these loans reached 69 percent.

Chart 84 : Change in credit institutions' non-performing loans ratio to non-financial corporations (in %)



The outstanding amount of finance companies' non-performing loans to non-financial corporations reached 3.4 billion, up 17.8 percent. These loans accounted for 7 percent of total loans to this segment, as against 6.4 percent in 2011. They were covered by the provisions amounting to 69%.

APPENDICES

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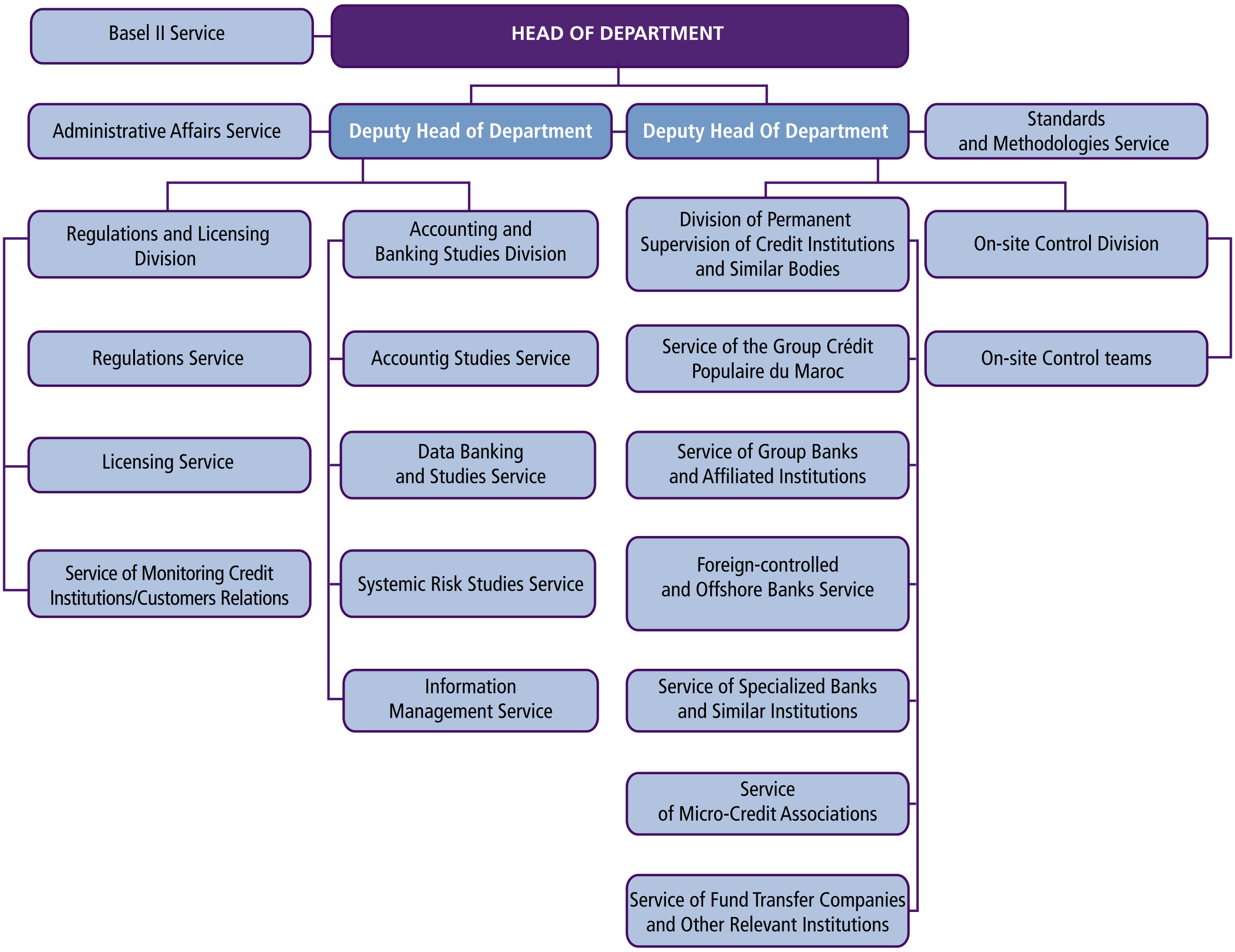
Appendix 1

Organizational chart of the Banking Supervision Department



Appendix 2

List of credit institutions - december 2012

Banks

Name	Head office address
AL BARID BANK	798, Angle Boulevard Ghandi et Boulevard Brahim Roudani - Casablanca
ARAB BANK PLC	174, Boulevard Mohamed V - Casablanca
ATTIJARIWAFA BANK	2, Boulevard Moulay Youssef - Casablanca
BANK AL-AMAL	288, Boulevard Mohamed Zerktouni - Casablanca
BANQUE CENTRALE POPULAIRE « B.C.P »	101, Boulevard Mohamed Zerktouni – Casablanca
BANQUE MAROCAINE DU COMMERCE EXTERIEUR « BMCE BANK »	140, Avenue Hassan II – 20000 - Casablanca
BANQUE MAROCAINE POUR LE COMMERCE ET L'INDUSTRIE « B.M.C.I »	26, Place des Nations Unies - Casablanca
BANQUE POPULAIRE DU CENTRE SUD	Avenue Hassan II - Agadir
BANQUE POPULAIRE D'EL JADIDA-SAFI	Boulevard Jamia Al Arabia - El Jadida
BANQUE POPULAIRE DE FES-TAZA	Angle Rue Allal Loudyi et Rue Abdelali Benchekroun - Fès
BANQUE POPULAIRE DE LAAYOUNE	9, Boulevard Mohamed V - Laâyoune
BANQUE POPULAIRE DE MARRAKECH - BENI MELLAL	Avenue Abdelkrim Khattabi - Marrakech
BANQUE POPULAIRE DE MEKNES	4, Rue d'Alexandrie - Meknès
BANQUE POPULAIRE DE NADOR-Al HOCEIMA	113, Boulevard Al Massira - Nador
BANQUE POPULAIRE D'OUJDA	Boulevard Derfoufi - Oujda
BANQUE POPULAIRE DE RABAT	3, Avenue de Tripoli - Rabat
BANQUE POPULAIRE DE TANGER-TETOUAN	76, Avenue Mohamed V - Tanger
CDG CAPITAL	Place Moulay El Hassan - Immeuble Mamounia. - Rabat
CREDIT AGRICOLE DU MAROC	2, Avenue d'Alger - Rabat
CASABLANCA FINANCE GROUP	5-7, Rue Ibnou Toufail - Casablanca
CITIBANK MAGHREB	Lotissement Attaoufik- Imm. I – Ensemble immobilier Zenith Millénium -Sidi Maârouf - Casablanca
CREDIT IMMOBILIER ET HOTELIER « C.I.H »	187, Avenue Hassan II - Casablanca
CREDIT DU MAROC	48-58, Boulevard Mohamed V - Casablanca
FONDS D'EQUIPEMENT COMMUNAL « F.E.C »	1, Rue Oued Baht Agdal - Rabat
MEDIAFINANCE	3, Rue Bab Mansour- Espace Porte d'Anfa - Casablanca
SOCIETE GENERALE	55, Boulevard Abdelmoumen - Casablanca
UNION MAROCAINE DE BANQUES « U.M.B »	36, Rue Tahar Sebti - Casablanca
BANCOSABADELL	Twin center, Tour ouest, 12ème étage angle Bds Zerktouni et Al Massira-20100 Casablanca
CAJA DE AHORROS Y PENSIONES DE BARCELONA « LA CAIXA »	11, Rue Aziz BELLAL Zerktouni, 5éme étage n° 5 Maarif -Casablanca

Consumer loan companies

Name	Head office address
VIVALIS SALAF	3, Rue d'Avignon - Casablanca
BMCI CREDIT CONSO	30, Av. des FAR - Casablanca
DAR SALAF S.A	207, Boulevard Zerktouni -Casablanca
DIAC SALAF	32, Boulevard de la Résistance - Casablanca
OMNIUM FINANCIER POUR L'ACHAT A CREDIT « FINACRED »	18, Rue de Rocroy, Belvédère- Casablanca
RCI FINANCE MAROC S.A	44, Bd Khaled Bnou Loualid – Aïn Sebaâ – Casablanca
SALAFIN	Zenith Millenium, Immeuble 8, Sidi Maarouf-Casablanca
SALAF AL MOUSTAKBAL S.A.	20, Boulevard de La Mecque - Laâyoune
SOCIETE DE CREDIT A LA CONSOMMATION « TASLIF »	29, Boulevard Moulay youssef - Casablanca
SOCIETE DE FINANCEMENT D'ACHATS A CREDIT « SOFAC-CREDIT »	161, Avenue Hassan II - Casablanca
SOCIETE DE FINANCEMENT NOUVEAU A CREDIT « FNAC »	Sahat Rabia Al Adaouia, Résidence Kays Agdal - Rabat
EQDOM	127, Angle Bd Zerktouni et rue Ibnou Bouraîd - 20100 Casablanca
SOCIETE NORDAFRICAINE DE CREDIT « SONAC »	29, Boulevard Mohamed V - Fès
AXA CREDIT	79, Avenue Moulay Hassan 1er - Casablanca
SOCIETE REGIONALE DE CREDIT A LA CONSOMMATION « SOREC-CREDIT »	256, Bd Zerktouni - Casablanca
ASSALAF AL AKHDAR	1, Place Bandoeng - Casablanca
SOGEFINANCEMENT	127, Boulevard Zerktouni - Casablanca
WAFASALAF	Angle rue Jenner et Boulevard Abdelmoumen-Casablanca

Real-estate loan companies

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

Factoring companies

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

Leasing companies

Name	Head office address
BMCI- LEASING	Angle Rue Normandie et Rue Ibnou Fariss - Casablanca
COMPAGNIE MAROCAINE DE LOCATION D'EQUIPEMENT « MAROC- LEASING »	57, Angle Rue Pinel et Boulevard Abdelmoumen Casablanca
CREDIT DU MAROC LEASING « CDML »	201, Bd Zerktouni – Casablanca
SOCIETE GENERALE DE LEASING DU MAROC « SOGELEASE MAROC »	55, Boulevard Abdelmoumen -Casablanca
SOCIETE MAGHREBINE DE CREDIT -BAIL (LEASING) « MAGHREBAIL »	45, Boulevard Moulay Youssef-Casablanca
WAFABAIL	39-41, Angle Boulevard Moulay Youssef et Rue Abdelkader El Mazini, 20100 -Casablanca

Surety companies

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

Payment means management companies

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

Other companies

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

Appendix 3

List of offshore banks

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

Appendix 4

List of microcredit associations

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

Appendix 5

List of funds transfer intermediaries

Name	Head office address
CASH ONE	345, Avenue 10 Mars - Mabrouka-Casablanca
DAMANE CASH	97, Nakhla Bande Kelaa Sraghna-Marrakech
EUROSOL	Avenue Hassan II - Résidence Ahssan Dar Immeuble B, n° 3 et 4 - Rabat
QUICK MONEY	16/18 Lotissement Aattaoufik Espace Jet Business Class - Sidi Maarouf - Casablanca
MEA Finance Service	Résidence Hadi n°27, Rue Salim Cherkaoui 6ème étage - Casablanca
RAMAPAR	1, Rue des Pléiades - Quartier des Hopitaux-Casablanca
TRANSFERT EXPRESS	282, Boulevard de la Résistance et Angle Rue de Strasbourg - Casablanca
MONEYON MAROC	Espace Erreda, Bd Zerktouni n° 52, Bureau 16 Casablanca
UAE Exchange Morocco	Espace Porte d'Anfa, 3 rue Bab Mansour Casablanca
Maroc Traitement de Transactions "M2T"	Technopark route de Nouaceur, BP 16430 Casablanca

Appendix 6

Banks' aggregate balance sheet -Morocco business at December 31, 2012

(thousand of dirhams)

ASSETS	31/12/11	31/12/12
Cash values, Central Banks, Public Treasury and Postal Checks Service	**33 708 279**	**28 484 660**
Loans to credit institutions and similar bodies	**113 760 595**	**110 938 542**
. Demand	17 636 935	17 949 798
. Time	96 123 660	92 988 744
Due from customers	**613 938 781**	**649 704 147**
. Overdraft facilities and consumer loans	212 321 983	231 285 855
. Equipment loans	159 754 189	158 432 971
. Real-estate loans	205 281 714	218 116 548
. Other loans	36 580 895	41 868 773
Factoring loans	**3 452 269**	**6 667 169**
Trading and available-for-sale securities	**116 733 605**	**147 179 615**
. Treasury bills and the like	62 385 299	80 895 452
. Other debt securities	12 206 319	21 679 982
. Title deeds	42 141 987	44 604 181
Other assets	**13 846 021**	**15 693 974**
Investment securities	**25 471 409**	**29 116 095**
. Treasury bills and the like	23 902 861	24 414 310
. Other debt securities	1 568 548	4 701 785
Equity securities and the like	**28 893 065**	**30 494 618**
Subordinated loans	**1 355 559**	**1 356 224**
Fixed assets for leasing and rental	**695 773**	**812 977**
Intangible fixed assets	**4 326 904**	**4 652 958**
Tangible fixed assets	**14 753 028**	**15 547 470**
Total assets	**970 935 288**	**1 040 648 449**

(thousand of dirhams)

LIABILITIES	31/12/11	31/12/12
Central Banks, Public Treasury and Postal Checks Service	**1 196**	**28**
Due to credit institutions and similar bodies	**90 150 892**	**119 591 572**
. Demand	11 652 675	9 558 171
. Time	78 498 217	110 033 401
Customers' deposits	**677 248 089**	**696 640 145**
. Creditor demand deposits	386 081 769	403 055 686
. Savings accounts	102 150 083	110 356 485
. Time deposits	169 005 246	160 655 332
. Other creditor accounts	20 010 991	22 572 642
Debt securities issued	**62 707 656**	**66 841 295**
. Negotiable debt securities	59 733 867	62 083 520
. Bond loans	692 934	2 673 142
. Other debt securities issued	2 280 855	2 084 633
Other liabilities	**26 363 515**	**30 888 762**
Provisions for risks and expenses	**4 357 717**	**5 932 102**
Regulated provisions		
Subsidies, allocated public funds and special guarantee funds	**3 050 396**	**2 817 343**
Subordinated debts	**21 610 419**	**22 724 824**
Reevaluation gaps	**420**	**409 848**
Reserves and premiums related to capital	**51 732 289**	**59 269 364**
Capital	**21 531 246**	**22 585 303**
Shareholders. Unpaid capital (-)	**-48 000**	**-340 000**
Retained earnings (+/-)	**2 172 907**	**3 404 224**
Net income before appropriation (+/-)	**-3 595**	**-6 841**
Net income for the year (+/-)	**10 060 141**	**9 890 480**
Total liabilities	**970 935 288**	**1 040 648 449**

(thousand of dirhams)

OFF-BALANCE SHEET	31/12/11	31/12/12
COMMITMENTS GIVEN	**185 569 667**	**192 259 493**
Financing commitments to credit institutions and similar bodies	4 533 870	4 470 868
Financing commitments to customers	69 458 801	71 880 706
Guarantee commitments to credit institutions and similar bodies	34 971 388	35 059 512
Guarantee commitments to customers	75 988 986	79 872 007
Securities bought under repurchase agreements		
Other securities to deliver	616 622	976 400
COMMITMENTS RECEIVED	**56 652 916**	**56 862 341**
Financing commitments received from credit institutions and similar bodies	3 328 608	3 760 081
Guarantee commitments received from credit institutions and similar bodies	49 093 196	48 145 434
Guarantee commitments received from the government and sundry guarantee institutions	4 155 241	4 933 901
Securities sold under repurchase agreements		
Other securities to receive	75 871	22 925

Appendix 7

Banks' aggregate management balance statement - Morocco business
From January 1 to December 31, 2012

(thousand of dirhams)

	31/12/11	31/12/12
+ Interest and related income	42 276 356	45 405 008
- Interest and related expenses	15 496 387	17 044 717
INTEREST MARGIN	**26 779 969**	**28 360 291**
+ Gains on fixed assets leasing and rentals	146 489	152 066
- Expenses on fixed assets leasing and rentals	135 508	102 128
Income from leasing and rental transactions	**10 981**	**49 938**
+ Commissions received	5 162 042	5 748 754
- Commissions paid	369 974	415 440
Margin on commissions	**4 792 068**	**5 333 314**
± Gains on trading securities' transactions	1 728 477	2 046 861
± Gains on investment securities' transactions	389 221	29 835
± Gains on foreign exchange transactions	1 567 935	1 428 574
± Gains on derivatives transactions	191 139	213 676
Income from market operations	**3 876 772**	**3 718 946**
+ Other banking income	2 022 689	2 879 387
- Other banking expenses	1 594 002	1 762 336
NET BANKING INCOME	**35 888 477**	**38 579 540**
± Gains on financial fixed assets transactions	-277 170	-133 549
+ Other non-banking operating income	440 205	350 730
- Other non-banking operating expenses	105 332	101 106
- General operating expenses	17 199 397	18 321 108
GROSS OPERATING INCOME	**18 746 783**	**20 374 507**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-3 338 355	-4 181 887
± Other allocations net of reversals of provisions	-499 861	-1 535 534
CURRENT INCOME	**14 908 567**	**14 657 086**
EXTRAORDINARY INCOME	**-84 908**	**-59 865**
- Income tax	4 763 518	4 706 741
NET INCOME FOR THE YEAR	**10 060 141**	**9 890 480**

Appendix 8

Aggregate balance sheet of consumer loan companies at December 31, 2012

(thousand of dirhams)

ASSETS	31/12/11	31/12/12
Cash values, Central Banks, Public Treasury and Postal Checks Service	**176 628**	**87 562**
Loans to credit institutions and similar bodies	**436 150**	**530 447**
. Demand	407 926	498 149
. Time	28 224	32 298
Due from customers	**34 118 072**	**32 486 007**
. Overdraft facilities and consumer loans	32 688 485	31 262 461
. Equipment loans	131 708	112 286
. Real-estate loans	35 205	33 202
. Other loans	1 262 674	1 078 058
Factoring loans	**90 081**	**178 298**
Trading and available-for-sale securities	**10 488**	**28 384**
. Treasury bills and the like	9 011	
. Other debt securities		
. Title deeds	1 477	28 384
Other assets	**1 415 545**	**2 053 239**
Investment securities	**26**	**26**
. Treasury bills and the like		
. Other debt securities	26	26
Equity securities and the like	**18 798**	**18 403**
Subordinated loans		
Fixed assets for leasing and rental	**6 217 765**	**9 629 422**
Intangible fixed assets	**395 333**	**380 007**
Tangible fixed assets	**410 792**	**445 788**
Total assets	**43 289 678**	**45 837 583**

(thousand of dirhams)

LIABILITIES	31/12/11	31/12/12
Central Banks, Public Treasury and Postal Checks Service		
Due to credit institutions and similar bodies	**23 198 685**	**22 444 850**
. Demand	3 658 350	2 302 405
. Time	19 540 335	20 142 445
Customers' deposits	**2 409 378**	**4 652 772**
. Creditor demand deposits		
. Savings accounts		
. Time deposits		
. Other creditor accounts	2 409 378	4 652 772
Debt securities issued	**9 625 073**	**10 251 380**
. Negotiable debt securities	9 041 035	10 228 200
. Bond loans	101 278	
. Other debt securities issued	482 760	23 180
Other liabilities	**2 291 481**	**2 475 149**
Provisions for risks and expenses	**302 058**	**236 558**
Regulated provisions	**21 500**	**23 307**
Subsidies, allocated public funds and special guarantee funds		
Subordinated debts	**100 014**	**100 014**
Reevaluation gaps	**16 957**	**16 957**
Reserves and premiums related to capital	**2 494 178**	**2 560 863**
Capital	**1 867 504**	**1 949 875**
Shareholders. Unpaid capital (-)	**-5 629**	**-20 000**
Retained earnings (+/-)	**235 367**	**269 727**
Net income before appropriation (+/-)		**-1**
Net income for the year (+/-)	**733 112**	**876 132**
Total liabilities	**43 289 678**	**45 837 583**

Appendix 9

Consumer loans companies' aggregate management balance statement
From January 1 to December 31, 2012

(thousand of dirhams)

	31/12/11	31/12/12
+ Interest and related income	3 871 081	3 754 048
- Interest and related expenses	1 483 289	1 515 628
INTEREST MARGIN	**2 387 792**	**2 238 420**
+ Gains on fixed asset leasing and rentals	2 477 192	2 778 263
- Expenses on fixed asset leasing and rentals	2 125 656	2 359 790
Income from leasing and rental transactions	**351 536**	**418 473**
+ Commissions received	382 663	456 793
- Commissions paid	81 836	73 469
Margin on commissions	**300 827**	**383 324**
± Gains on trading securities' transactions	247	979
± Gains on investment securities' transactions	120	1 273
± Gains on foreign exchange transactions	-30	276
± Gains on derivatives transactions		
Income from market operations	**337**	**2 528**
+ Other banking income	54 823	66 531
- Other banking expenses	2 114	11 341
NET BANKING INCOME	**3 093 201**	**3 097 935**
± Gains on financial fixed asset transactions	-13	-137
+ Other non-banking operating income	50 686	97 091
- Other non-banking operating expenses	154	3 684
- General operating expenses	1 196 303	1 253 580
GROSS OPERATING INCOME	**1 947 417**	**1 937 625**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-717 998	-600 770
± Other allocations net of reversals of provisions	-51 481	67 781
CURRENT INCOME	**1 177 938**	**1 404 636**
EXTRAORDINARY INCOME	**19 537**	**-29 013**
- Income tax	464 363	499 491
NET INCOME FOR THE YEAR	**733 112**	**876 132**

Appendix 10

Aggregate balance sheet of leasing companies at December 31, 2012

(thousand of dirhams)

ASSETS	31/12/11	31/12/12
Cash values, Central Banks, Public Treasury and Postal Checks Service	**109**	**269**
Loans to credit institutions and similar bodies	**26 333**	**14 502**
. Demand	11 117	6 894
. Time	15 216	7 608
Due from customers	**51 152**	**104 186**
. Overdraft facilities and consumer loans	6 048	26 872
. Equipment loans		
. Real-estate loans	27 659	26 590
. Other loans	17 445	50 724
Factoring loans		
Trading and available-for-sale securities	**454**	**454**
. Treasury bills and the like		
. Other debt securities	454	211
. Title deeds		243
Other assets	**842 747**	**753 072**
Investment securities	**27**	**27**
. Treasury bills and the like	27	27
. Other debt securities		
Equity securities and the like	**29 723**	**29 723**
Subordinated loans		
Fixed assets for leasing and rental	**40 463 390**	**41 433 518**
Intangible fixed assets	**143 505**	**148 186**
Tangible fixed assets	**25 748**	**28 455**
Total assets	**41 583 188**	**42 512 392**

(thousand of dirhams)

LIABILITIES	31/12/11	31/12/12
Central Banks, Public Treasury and Postal Checks Service		**25**
Due to credit institutions and similar bodies	**28 017 200**	**25 041 552**
. Demand	3 099 509	3 293 840
. Time	24 917 691	21 747 712
Customers' deposits	**1 074 727**	**733 634**
. Creditor demand deposits	4 432	14 970
. Savings accounts		
. Time deposits	943 319	591 788
. Other creditor accounts	126 976	126 876
Debt securities issued	**7 624 785**	**11 924 138**
. Negotiable debt securities	7 579 256	8 727 181
. Bond loans		3 141 169
. Other debt securities issued	45 529	55 788
Other liabilities	**1 995 008**	**1 847 822**
Provisions for risks and expenses	**107 121**	**104 583**
Regulated provisions	**1 602**	**1 373**
Subsidies, allocated public funds and special guarantee funds		
Subordinated debts	**58 091**	**60 613**
Reevaluation gaps		
Reserves and premiums related to capital	**1 100 748**	**1 148 725**
Capital	**805 209**	**820 609**
Shareholders. Unpaid capital (-)		
Retained earnings (+/-)	**415 682**	**539 284**
Net income before appropriation (+/-)		
Net income for the year (+/-)	**383 015**	**290 034**
Total liabilities	**41 583 188**	**42 512 392**

Appendix 11

Aggregate management balance statement of leasing companies
From January 1 to December 31, 2012

(thousand of dirhams)

	31/12/11	31/12/12
+ Interest and related income	10 209	1 685
- Interest and related expenses	1 635 578	1 750 148
INTEREST MARGIN	**-1 625 369**	**-1 748 463**
+ Gains on fixed asset leasing and rentals	14 049 751	14 524 067
- Expenses on fixed asset leasing and rentals	11 333 036	11 676 811
Income from leasing and rental transactions	**2 716 715**	**2 847 256**
+ Commissions received	5 669	6 748
- Commissions paid	10 160	12 489
Margin on commissions	**-4 491**	**-5 741**
± Gains on trading securities' transactions		
± Gains on investment securities' transactions		
± Gains on foreign exchange transactions	-47	16
± Gains on derivatives transactions		
Income from market operations	**-47**	**16**
+ Other banking income	1 614	2 794
- Other banking expenses	1 092	198
NET BANKING INCOME	**1 087 330**	**1 095 664**
± Gains on financial fixed asset transactions		
+ Other non-banking operating income	7 283	7 971
- Other non-banking operating expenses	8 073	6 341
- General operating expenses	277 928	294 181
GROSS OPERATING INCOME	**808 612**	**803 113**
± Allocations net of reversals of provisions for non-performing loans and commitments by signature	-188 581	-313 577
± Other allocations net of reversals of provisions	-5 833	-7 462
CURRENT INCOME	**614 198**	**482 074**
EXTRAORDINARY INCOME	**2 802**	**-5 827**
- Income tax	233 985	186 213
NET INCOME FOR THE YEAR	**383 015**	**290 034**

Appendix 12

Consolidated balance sheet of the eight banking groups at december 31, 2012

(thousand of dirhams)

ASSETS	31/12/11	31/12/12
Cash, Central Banks, Treasury and Postal Checks Service	38 052 620	36 415 593
Financial assets at fair value by result	79 816 936	99 481 276
Hedging derivatives		
Financial assets available-for-sale	59 399 330	72 043 133
Loans and due from credit institutions and similar bodies	58 497 224	55 743 042
Loans and due from customers	707 636 079	759 839 250
Asset revaluation gap on interest hedged portfolios		
Held-to-maturity investments	26 847 710	28 493 277
Current tax assets	2 123 775	2 258 184
Differed tax assets	1 526 451	2 152 232
Adjustment accounts and other assets	16 606 906	18 671 651
Non-recurrent assets held for sale	150 209	27 698
Participations in businesses -equity method	1 393 480	1 521 213
Investment property	2 244 247	2 389 185
Tangible fixed assets	21 348 511	22 584 220
Intangible fixed assets	3 011 016	3 187 558
Goodwill	8 414 837	8 919 624
Total assets	1 027 069 330	1 113 727 136

(thousand of dirhams)

LIABILITIES	31/12/11	31/12/12
Central Banks, PublicTreasury and Postal Checks Service	**231 971**	**534 282**
Financial liabilities at fair value by result	**2 728 196**	**1 024 499**
Hedging derivatives		
Due to credit institutions and similar bodies	**92 974 145**	**122 989 537**
Due to customers	**691 293 336**	**724 915 518**
Issued debt securities	**65 177 665**	**71 293 899**
Liability reevaluation gaps on hedged interest portfolios		
Current tax liabilities	**2 803 308**	**2 291 573**
Differed tax liabilities	**3 976 674**	**4 397 170**
Adjustment accounts and other liabilities	**25 123 151**	**29 735 456**
Liabilities linked to non-current assets held for sale		
Technical provisions of insurance contracts	**18 804 327**	**19 172 216**
Provisions	**3 864 813**	**4 240 159**
Subsidies and similar funds	**3 230 274**	**2 969 475**
Subordinated debts and special guarantee funds	**20 587 837**	**21 681 164**
Equity	**96 273 633**	**108 482 188**
Equity - Share of the Group	**86 365 999**	**97 224 352**
Capital and related reserves	46 182 684	54 807 803
Consolidated reserves	28 248 416	30 160 724
Unrealized or deferred gains or losses	954 599	1 034 957
Income of the year	10 980 301	11 220 868
Minority shareholdings	**9 907 634**	**11 257 836**
Total liabilities	**1 027 069 330**	**1 113 727 136**

Appendix 13

Consolidated income statement of the eight banking groups
From January 1 to December 31, 2012

(thousand of dirhams)

	31/12/11	31/12/12
+ Interest and related income	49 309 491	53 253 475
- Interest and related expenses	17 711 950	19 363 746
INTEREST INCOME	**31 597 541**	**33 889 729**
+ Commissions received	8 317 912	9 342 734
- Commissions paid	958 069	1 047 867
MARGIN ON COMMISSIONS	**7 359 843**	**8 294 867**
+/- Net gains or losses on Financial instruments at fair value by result	2 918 233	3 864 301
+/- Net gains or losses on financial assets available for sale	1 592 703	1 153 869
+ Income from other activities	7 197 010	7 543 602
- Expenses on other activities	5 800 535	5 835 719
NET BANKING INCOME	**44 864 795**	**48 910 649**
- General operating expenses	19 748 760	21 319 190
- Amortization and depreciation allocations of tangible and intangible fixed assets	2 292 623	2 437 297
GROSS OPERATING INCOME	**22 823 413**	**25 154 162**
- Risk cost	-3 709 451	-5 581 488
OPERATING INCOME	**19 113 961**	**19 572 674**
+/- Share of the net income of equity-consolidated companies	153 815	186 273
+/- Net gains or losses on other assets	122 708	-209 695
+/- Value change of goodwill	-416	-298
INCOME BEFORE TAX	**19 390 068**	**19 548 954**
- Income tax	6 686 761	6 617 804
+/- Net income of discontinued activities or activities being discontinued		
NET INCOME	**12 703 307**	**12 931 150**
Minority shareholdings	1 723 006	1 710 282
NET INCOME - SHARE OF THE GROUP	**10 980 301**	**11 220 868**

Appendix 14

Balance sheet of the deposit insurance fund
at december 31, 2012

ASSETS	Amounts in DH	LIABILITIES	Amounts in DH
INVESTMENT SECURITIES	12 646 006 421,79	CONTRIBUTIONS OF CREDIT INSTITUTIONS	10 714 341 331,26
INVESTMENT SECURITIES GUARANTEED BY THE STATE	63 940 000,00	RESERVES	2 003 456 756,15
SECURITIES BOUGHT UNDER REPURCHASE AGREEMENTS	17 993 855,64	INCOME FOR THE YEAR	332 347 600,82
« CURRENT ACCOUNT WITH BANK AL-MAGHRIB »	3 804 411,40	LIABILITY ADJUSTMENT ACCOUNTS	9 624 957,38
RECOVERABLE VAT	159 761,66		
GOVERNMENT - VAT CREDIT	2 740 210,02		
ASSETS ADJUSTMENT ACCOUNT	325 125 985,10		
TOTAL ASSETS	**13 059 770 645,61**	**TOTAL LIABILITIES**	**13 059 770 645,61**

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